

# ELITE AND MASS SUPPORT FOR FOREIGN AID VERSUS GOVERNMENT PROGRAMS: EXPERIMENTAL EVIDENCE FROM UGANDA

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## Abstract

Extant studies have left unresolved whether foreign aid enables or constrains elite capture, which in turn has effects on the public. Building on prominent debates in the foreign aid literature, we theorize that foreign donors wield substantial control over the flow of aid dollars, making elite capture more difficult and by extension mass benefits more likely. To assess the argument, we compare elite and mass support for foreign aid versus government spending on development projects through an experiment and survey on members of the Ugandan national parliament and a parallel study on a representative sample of roughly 3,600 Ugandan citizens. For two actual aid projects, we randomly assigned exposure to the projects' different funders. Significant treatment effects on attitudes and behaviors reveal that members of parliament support government programs over foreign aid, whereas citizens prefer aid over government. The argument also implies that respondents should favor foreign aid more as their perceptions of government clientelism and corruption increase. Using subgroup analysis, we explore this pattern and also report on several possible competing mechanisms: partisanship, co-ethnic bias, nationalism, incumbency, and a foreign media effect. Effects are most apparent for members of parliament and citizens who perceive significant government corruption, suggesting that citizens see foreign aid as an escape from corruption, but elites perceive more avenues for the capture of government resources compared to aid.

## Introduction

Academic disputes rage over what foreign aid allows politicians to do. For some scholars, aid enables political elites to buy votes, build militaries for repression, and enrich themselves through corruption (Svensson 2000, Alesina and Weder 2002, Bräutigam and Knack 2004, Easterly 2006, Morrison 2009, Moyo 2009, Morrison 2012). Aid may thus undermine citizens' ability to hold political elites accountable for how public revenues are spent (Ross 2004, Knack 2009, Morrison 2009, Moyo 2009). In this view, foreign assistance is often captured by powerful political elites in recipient countries, thus benefiting elites and hurting masses.

Alternatively, others argue that foreign aid can bypass corrupt politicians and target the delivery of needed public goods directly to recipients even as it promotes civil society actors that can demand better governance (Finkel, et al. 2007, Wright and Winters 2010, McLean and Schneider 2014, Bermeo 2015, Mosley forthcoming). Additionally, much aid targets government capacity building and might contribute to the development of better-functioning institutions and thus constrain politicians to clean up corruption and mismanagement (Riddell 2007, Baser and Morgan 2008). By this accounting, foreign donors have considerable influence over the distribution of foreign assistance, thus bypassing elites and benefiting the masses.

The debate remains unresolved for a number of reasons; we consider two important elements. First, greater attention needs to be focused on the perceptions of and preferences for aid of both political elites and citizens in recipient countries. Many scholars have addressed the debate by looking at flows of aid and correlating them with various "objective"

measures of economic or political development outcomes. This is an important exercise and has yielded many, although inconsistent, results about the impact of aid. We are interested in a different element of the aid equation. We thus want to know what elites and citizens who have experienced foreign aid believe about it, and how much they support it.

These subjective attitudes may matter just as much as objective outcomes. These attitudes and beliefs may have a strong correlation with how aid projects are actually performing. After all, Ugandans are likely to experience aid projects continually since aid is such an important part of their economy, as we detail later. Moreover, even if these perceptions do not correlate with objective outcomes, they may be more important for politics, policy, and development. Citizens and elites have attitudes and beliefs first and then take actions or not; objective measures of outcomes may not be known to them and are filtered through their beliefs in any case.<sup>1</sup> Even if we could agree on key objective development indicators,<sup>2</sup> it is not clear that they are as important as perceptions to citizen and elite behavior. This is especially true of public goods provision since objective measures of them are even less developed.<sup>3</sup> Research shows that attitudes and beliefs matter a great deal and

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<sup>1</sup> As a major recent study concluded, “there often seems to be a marked distance between standard measures of important socio economic variables like economic growth, inflation, unemployment, etc. and widespread perceptions. The standard measures may suggest, for instance that there is less inflation or more growth than individuals perceive to be the case, and the gap is so large and so universal that it cannot be explained by reference to money illusion or to human psychology. In some countries, this gap has undermined confidence in official statistics (for example, in France and in the United Kingdom. only one third of citizens trust official figures, and these countries are not exceptions), with a clear impact on the way in which public discourse about the conditions of the economy and necessary policies takes place.” (Stiglitz, et al. 2009, p. 7)

<sup>2</sup> See for instance the debates about using GDP per capita versus the Human Development Index (Srinivasan 1994).

<sup>3</sup> “Governments play an important part in today’s economies. They provide services of a “collective” nature, such as security, and of a more “individual” nature, such as medical services and education. ... Beyond the contribution of collective services to citizens’ living standards, individual services, particularly education, medical services, public housing or public sports facilities, are almost certainly valued positively by citizens.

even more than objective indicators. Subjective well-being is now a major element of development policy. Research on happiness—or life satisfaction, for instance, shows both that it is not closely related to objective indicators and has important effects on development (Easterlin 1973, 1995, Sen 1999, Frey and Stutzer 2002, Layard 2005, Kroll 2011). Research on trust is similar. It is not highly correlated with objective indicators of development, but it is essential for fostering development (Zak and Knack 2001, Tabellini 2010, Bjørnskov 2012). Finally, as we detail below, different theories about the impact of aid depend on and make assumptions about citizens' and elite attitudes, beliefs, and behavior. Examining these varying assumptions against evidence might yield a clearer picture about the role of aid. It should help us to understand under what conditions different theories of aid and its effects are more likely to be operative. Hence perceptions and preferences—especially as revealed by our behavioral outcomes—matter, not just objective indicators.

Second, aid does not occur in an institutional vacuum, so we need a meaningful baseline to which to compare it, and government projects provide the most relevant alternative. Most theories share expectations about domestic elites, arguing that they play a significant role in shaping how foreign aid affects their country. Yet, to our knowledge, no direct and systematic evidence has been gathered that employs politicians as respondents in studies where they reflect on the disposition of aid. Studies of recipient citizens' support for aid are likewise rare. And yet probing elite and mass perceptions about foreign and

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These services tend to be large in scale, and have increased considerably since World War II, but, in many cases, they remain badly measured. Traditionally, measures have been based on the inputs used to produce these services (such as the number of doctors) rather than on the actual outputs produced ... For a satisfactory measure of economic performance and living standards it is thus important to come to grips with measuring government output." (Stiglitz, et al. 2009, pp. 11-12)

government assistance may be precisely what is necessary to understand aid allocation and use.

Here we present two theories about the flow of aid within recipient countries and discuss the . We examine their assumptions about mass and elite perceptions of and preferences for aid and government development projects. We point out several hypotheses that derive from these arguments. The first theory, which we call the aid capture theory assumes that aid is purely fungible and can be used by recipient politicians at their will. It implies that elites should be at least indifferent between the two sources of funding for development projects or more strongly prefer foreign assistance because they can capture it like other non-tax revenues and use it for their own purposes. Citizens, on the other hand, should not support the foreign assistance strongly because elites are capturing the aid and society continues to suffer similar to with the problem with substantial non-tax revenues such as oil. The second theory, which we call the donor control theory, argues that donors have much more influence over aid and can channel and condition it. Unable to capture the aid easily, elites do not strongly support foreign aid and instead prefer government programs. Alternatively, benefitting more fully from the foreign assistance, citizens evince stronger preferences for the foreign aid relative to elite-dominated government programs. In this paper, we contend that donors do indeed exercise significant control over the flow of aid funds and, therefore, the expectations of the donor control theory are more likely to find support in empirical analysis.

We report two parallel experiments performed in 2012 in Uganda that contrast elite and citizen support for development projects in treatment conditions attributed to foreign

donors compared to identical projects in a control condition in which no donor was explicitly mentioned and that most sampled Ugandans took to be the domestic government. A sizable minority of subjects believed the unnamed funder in the control condition was actually a foreign donor, but this works in favor of the null hypothesis of no significant difference between treatment conditions and control. The differences reported below thus understate elites' and citizens' contrasting preferences for aid versus government projects given the information we have, a result we show in detail in the robustness section.

In all, we were able to conduct nearly hour-long interviews with more than two thirds of the sitting Ninth Ugandan Parliament (276 out of 375 members of parliament). We also conducted the study with 78 former MPs from the Eighth Parliament. (Total current and former MPs surveyed is 354.) Moreover, we randomly sampled a nationally representative group of roughly 3,600 Ugandan citizens for comparisons. The parallel experiments provided an opportunity for each set of subjects to demonstrate individual-level support for foreign aid or government funds through behavioral actions that imposed personal costs as well as through responses to attitudinal survey questions.

Interestingly, elites and masses in Uganda distinguish between these two sources of development funding. Members of parliament are significantly more likely to support projects in the control condition that most took to be the government rather than treatment projects identifying foreign donors. However, citizens are significantly more likely to support foreign donors, precisely the opposite of the elites. Effect sizes are generally modest and approach a ceiling, but the differences are significant and robust across a variety of

specifications. These differences between the public and elite in Uganda form an interesting and novel puzzle and offer support to the donor control theory.

These distinct preferences regarding aid should be related to other beliefs and preferences that elites and masses hold, if the donor control theory about aid is operative. In particular, if citizens perceive corruption and clientelism, then they should even more strongly prefer foreign assistance as donors might be the only source of assistance. If elites perceive corruption and clientelism, then they should even more strongly prefer government programs because influential foreign donors would not allow skimming from foreign funds. We evaluate possible subgroup effects and the results are consistent with the donor control theory. MPs who perceive greater government corruption are especially likely to prefer government projects over foreign aid, whereas citizens perceiving government corruption were significantly more likely to support the aid projects. Subjects who did not perceive government corruption appeared indifferent between aid and government projects. Effect sizes for corruption subgroup analyses were considerably larger than in the main analysis.

We also explore alternative mechanisms that might underlie these differences: partisanship, ethnicity, nationalism, incumbency, and a foreign reputation effect. In general, the remaining subgroup results provide null or weak evidence for all of the possible mechanisms. Taken together, our results tell an interesting story about mass and elite beliefs, preferences, and behavior. In particular they suggest that – at least in the minds of those with direct experience – aid may be less susceptible to political capture than government resources.

This study addresses key gaps in our understanding of the political economy of development. First, we build on recent debates about the role of foreign assistance in developing countries by advancing the theoretical argument that donors exercise considerable control over the flow of aid. This increased control results in greater support for foreign aid from citizens and less support from elites. Second, it is the first detailed study of foreign aid versus domestic government funding to employ members of parliament in a recipient government as respondents. This comparison of masses and elites provides a novel puzzle about divergent preferences for development assistance. Third, it considers additional implications of the donor control theory, namely, that citizens perceiving greater corruption and clientelism should prefer stronger donors who can nonetheless deliver aid, whereas elites should prefer the opposite. The results bear out this additional implication.

## The Debate

In developing countries, foreign aid has a non-trivial influence on the political and economic landscape, both at the level of leaders and citizens. Political and humanitarian motives for aid allocation (e.g., Alesina and Dollar 2000) as well as aid effectiveness in terms of objective measures such as economic growth (e.g., Burnside and Dollar 2000) are well represented in the aid literature. Sensing a diminishing utility in continuing these debates, scholars have turned to unpacking the specific political economies of aid in donor and recipient countries.



A vigorous debate is unfolding staking out two key positions. One approach we call the aid capture theory posits that donors provide foreign aid in exchange for policy concessions from the recipient government; donors give aid then without much concern for its use by the recipient. Aid is thus assumed to be a source of fungible government revenue, like other non-tax revenues including oil – and with potentially similar negative effects on the economy and polity as in the well-known resource curse (see Ross 1999, Humphreys, et al. 2007). By this accounting, donors provide aid in minimally invasive ways and, in turn, benefit from recipient policy concessions (Bueno de Mesquita and Smith 2007, 2009). In exchange, donors provide highly fungible aid such that the recipient political leaders who must approve policy concessions will benefit. An approach emphasizing donor self-interest is not without foundation; indeed, conventional wisdom contends that donors give aid for political over humanitarian reasons and would therefore prioritize aid delivery accordingly.

For recipient leaders, fungible aid is a boon because they can capture aid and benefit directly; for recipient citizens, it is a bane because, as a result of elite capture, they suffer. Thus, analysts have likened aid to natural resources in the way resources “curse” developing countries with conflict, autocracy, and poor governance (Morrison 2009, Moyo 2009, p. 59, Morrison 2012). Prominent studies have held that external sources of money, such as natural resources and aid, enable politicians to entrench themselves rather than be held accountable as is the case for tax revenues (Bräutigam 2000, Smith 2008, Morrison 2009, Gervasoni 2010). Citizens, it is claimed, demand more accountability and better outcomes when their tax dollars are at play (Schumpeter 1954, North and Weingast 1989, Ross

2004), thus making aid and oil net costs for citizens. By this logic, political elites in the donor and recipient countries are the major beneficiaries of aid, as aid functions to increase their political longevity, whereas citizens in poor recipient countries are the biggest losers from aid, as mass publics are forced to accept policy concessions they oppose and to endure more corruption from their own leaders (Bueno de Mesquita and Smith 2009, p. 311).

Other scholars have responded with a different theory about foreign aid. In this version we call the donor control theory, donors—especially those less motivated by foreign policy goals—have different motivations and are more interested in and capable of monitoring how aid is used in the recipient. By this accounting, donors do more than seek policy concessions in minimally invasive ways. Instead, they plan, commit, disburse, and monitor aid in ways that do not simply benefit leaders, but rather provide novel means of pursuing broader recipient-level goals including reaching the citizens who comprise the set of intended beneficiaries. Donors understand many of the challenges they face in developing countries and try to act strategically to advance their goals. In contrast to a story emphasizing donor allocation of relatively unrestricted fungible aid, donors attach conditions to aid, provide both non-fungible and fungible aid, alter the channel of delivery, and even withhold (or threaten to withhold) aid in response to recipient leader decisions.

At a broad level, Bermeo (2010, 2011) shows that donors goals have changed since the end of the Cold War and that they are now more focused on development and democracy promotion. She demonstrates that donors pursue “strategic development,” in strategically allocating different types of aid to different types of countries. Often, aid explicitly targets improvements in government capacity rather than providing narrow benefits to specific

leaders. For example, Bermeo (2015, p. 4) shows that aid does not inhibit democratization, noting that “aid is not oil. Foreign aid comes from donors and donors have preferences. They also have tools to provide a heterogeneous basket of aid which can look very different from the revenue stream attached to a state-owned enterprise.”

Even if aid fails to strengthen institutions or build capacity directly, this alternative literature claims that aid—especially for democracy and governance—can find ways around incumbent politicians. Dietrich (2013) shows that donors strategically decide how much aid to provide directly to governments and how much to bypass them. In weaker and more corrupt institutional environments, donors are more likely to decide to bypass the government and channel aid to helping build targeted projects in the recipient. This “circumvention” aid can support opposition parties, watchdog media, and civil society organizations that might effectively demand more accountability. Indeed, some evidence suggests that aid contributes significantly to democratization in recipient governments (Finkel, et al. 2007, Scott and Steele 2011, Aronow, et al. 2012).

In strategically targeting and delivering aid, donors provide less fungible aid. As Altincekic and Bearce (2014) argue, aid may never have been as fungible as many scholars imply. They astutely point out that the research on fungibility relies largely on a single paper (Feyzioglu, et al. 1998), which found high fungibility only in one sector: agriculture. Moreover, donors have grown less inclined over time to give aid as direct budget support, which is likely easier for elites to capture. Thus, aid may be highly restricted in ways that stymie recipient politicians’ rapacious designs.

Foreign aid – especially if it is monitored, has conditions attached to it, or is less fungible – may thus serve more as a public good that politicians struggle to divert to themselves and their allies (Mavrotas and Ouattara 2006). Aid may not be, in fact, similar to other non-tax revenues such as oil. If donors exercise substantial control over aid, then we should expect leaders and citizens to view aid differently. In contrast to citizens who may prefer foreign aid, leaders who do not benefit as much personally may support aid less enthusiastically.

The debate remains unresolved. Extant studies address the problem from multiple methodological perspectives, but thus far have not taken the study directly to the political elites who may use (or abuse) foreign aid nor to the masses who may benefit or suffer. While no methodology is perfect, and our experimental approach does not resolve the dispute, focused experiments using elites and citizens as subjects may contribute to this debate by providing evidence about who supports foreign aid or government funding for development projects, and their reasons for doing so. Support for different sources of revenue among masses and elites – particularly their behavioral support – ought to shed some light on the political economy of donor-recipient relations.

If the aid control camp is correct in claiming that donors do not exercise control over aid and that the recipient government can use aid as it pleases unlike tax revenues, then like other non-tax revenues politicians should prefer foreign aid over government-funded programs. Leaders would thus be freer to use the aid for their own purposes com-

pared to tax revenues for which they must answer to the public.<sup>4</sup> If, on the other hand, the donor control theory is correct and foreign donors exercise more control and accountability over aid funds, and donors have the capacity to audit, constrain, and punish politicians who try to use aid for their own political ends, then we expect a different result: elites should prefer government programs to foreign aid projects. MPs should be keen to use available resources to maintain their privileged position and should therefore prefer the funding source with fewer constraints (see van de Walle 2003, p. 313).<sup>5</sup>

Preferences of citizens should move in the opposite direction. If donors exercise sufficient control over aid such that it reaches the citizens in greater volume and efficacy, then citizens should prefer foreign assistance over government spending. This finding should be especially likely for those who perceive the government to be very clientelist or corrupt. If donors cannot impose control and aid is seen as reinforcing the problems characterizing all non-tax revenues, then citizens should more strongly support government spending over aid.<sup>6</sup>

Along nearly every major byway in Uganda, as in many developing countries, signs tying projects to foreign or domestic donors crowd the roadside and therefore would make the connection of aid to outcomes possible. Of course, citizens' perceptions may be mistaken about the effects of aid, and we are open to interpreting our data in this light. However,

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<sup>4</sup> To the extent that tax revenues are also not constrained by the public and aid is fungible with them, then elites should be indifferent between the two sources.

<sup>5</sup> Similarly, what Rothchild (1986) called "hegemonial exchange" and Bayart (1993) "reciprocal assimilation of elites," clientelism pervades Africa since political stability there has often been constructed by using state resources to forge alliances across different social elites, often in the form of overt power-sharing arrangements (van de Walle 2003).

<sup>6</sup> We also investigated preferences of local government officials (similar to state and city level officials in the US), but found no significant preference for government or aid-funded projects. This is likely the case because these officials mostly receive funds from the central government that are earmarked already.

even if citizens are misinformed, politicians, we would argue, have a better grasp of the effects of different sources of revenue on their political careers. Members of parliament often influence how aid is distributed in recipient countries. Learning MPs' disposition and behavior toward aid, especially as it compares with government funding, appears important to understanding how aid might be channeled through domestic institutions. And so combining studies of the two subject pools and comparing their attitudes and behaviors toward the same experimental conditions is useful and novel.

The results of this study – especially for the MP experiment – may reflect on our theories of aid and on key links in the causal chain connecting the political economies of donors and recipients. If we find that citizens and elites are indifferent between the two sources, this suggests that the aid capture theory is right and aid is very fungible and neither group can distinguish the two sources. If we find that on average citizens prefer aid and elites prefer government, we might conclude that the donor control theory about donors being able to channel aid had more support. And if we find elites prefer aid and citizens prefer government projects, it might suggest that again the aid capture theory has more support and that tax revenues can be better monitored than aid funds.

## **The Ugandan Context**

Context matters for the theories we are examining. In geo-strategically important developing countries and in ones that are democratic and well governed, the theories suggest that donors should be less worried about the recipient's use of funds. Channeling aid,

monitoring and bypassing the government should be less necessary. Uganda like many Sub-Saharan countries does not fit this description. Uganda currently has a semi-authoritarian regime in which the government of Yoweri Museveni's National Resistance Movement (NRM) has retained power for nearly 30 years (van de Walle 2007, Greene 2010). In 2006, Uganda began holding multiparty elections; yet they have not been fully free and fair (Cheibub, et al. 2010, Hyde and Marinov 2012). Scholars describe the party's ruling methods as relying heavily on patronage and clientelism to retain its control (van de Walle 2003, 2007, Muhumuza 2009, Green 2010, Tripp 2010). As one recent study points out, "In Uganda, the ruling NRM has established patronage networks throughout the country through the use of local government. The civil service is another such network of patronage, and perhaps the most important is the military. These clientelist networks, while consolidating key sources of support, at the same time undermine governance and erode the viability of institutions and leadership" (Tripp 2010, p. 25). As of 2010, Uganda ranks on the higher end of corruption scales, scoring in the 72<sup>nd</sup> percentile (129<sup>th</sup> out of 178) on Transparency International's *Corruption Perceptions Index*.

Partisanship and ethnic attachments have also played important roles in Ugandan politics at both the citizen and elite levels, revolving around the NRM-opposition split. However, recently, the NRM has faced important opposition not just from opposition parties, who are fractured and currently only hold 16% of the seats in parliament, but mainly from within the NRM's own ranks. In the run-up to the 2011 parliamentary elections, for example, the NRM primaries were hotly contested (in many instances more contested than the general elections). Ballot boxes were stuffed and elections rigged to ensure that party-

leader favorites won the NRM party nomination (Malinga 2010). This led to wide discontent among the losers of the primaries. Many of these individuals then ran as independents in 2011, and now the current parliament has more independents than any single opposition party, which makes the role of partisanship more complicated and less predictable.<sup>7</sup>

Ethnicity is also important in the Ugandan political context. Critically, shared ethnicity with the chief executive of the country has important political and developmental consequences in that the leader's co-ethnics are likely to benefit (Franck and Rainer 2012). In Uganda, it is commonly understood that when Northerners such as President Milton Obote were in power, the Northern region of the country received the most benefits in terms of development, government employment, and other material goods. Now, under President Museveni, many citizens argue that the Western region, especially those areas in which his fellow Muyankole are dominant, receive the new roads, schools, and clinics. Whether or not this is in fact true, citizens tend to operate under these assumptions (see Posner 2005).

Uganda provides a useful setting for the experiment because it receives substantial amounts of foreign development assistance. Since the 1990s, aid including off-budget sources equals approximately 70 percent of government expenditures. Moreover, aid encompassed about 15 percent of total GDP for much of that period, though the share has declined to some extent in the last few years as economic growth has increased. Some basic

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<sup>7</sup> The current Ugandan parliament has 375 members representing 7 political parties: 238 Constituency MPs, 112 Woman MPs, 10 Ugandan People's Defense Force (UPDF) representative, and 5 representatives for each of the following special interest groups: people with disabilities (PWD), workers, and youth. The vast majority of MPs are elected under plurality rules in single-member constituencies. Each district elects one female representative and each constituency (usually two or three constituencies are contained in one district) elects one Constituency MP. Eleven ex-officio members are appointed in addition, and each of the five geographical regions elects one PWD, Worker, and Youth representative and two UPDF representatives.



information garnered from our survey confirmed that citizens had general awareness both of foreign aid and their parliamentary representatives. More than two thirds of subjects knew that more than 30 percent of the Ugandan budget comes from foreign aid; the vast majority (66 percent) could name both their Constituency member of parliament and District Woman member of parliament; and the majority of subjects were aware of foreign aid flowing to their local areas.

Uganda is also typical of African countries in terms of its democratization processes, current level of democratization, and executive dominance (Bratton and van de Walle 1997, Resnick and van de Walle 2013). Likewise, much like many of the countries across the continent, the Ugandan parliament sees quite competitive elections and while it is much weaker than the executive it is much more than simply a rubber stamp and is a venue for important and lively debates (Humphreys and Weinstein 2012). Indeed the reading of the budget each year is one of the most controversial and important matters for every MP. If we consider Uganda's level of democracy (Polity IV score) and degree of aid dependence (World Bank's World Development Indicator of net official development assistance per capita), Uganda is very similar to Ethiopia, Guinea-Bissau, Togo, Chad, and the Central African Republic. While there are various other considerations such as ethnic diversity, colonial history, levels of economic development, etc., similarity on these two key measures are important for understanding to which cases these results most likely generalize. In these contexts then, we expect donors to be active and concerned about their aid dollars, and often unwilling to let recipient governments do as they please with the funds.

## Research Design

To investigate competing expectations regarding elite and mass preferences for foreign aid compared to government programs, we conducted two different experiments in the field, each with companion surveys. First, we carried out an experiment on a convenience sample of 276 of the 375 Members of the 9<sup>th</sup> Ugandan Parliament (the sitting legislature) and 78 former MPs from the 8<sup>th</sup> Parliament (total current and former MPs surveyed is 354). Although we sampled MPs by convenience, the distribution is strikingly similar to the actual parliament at that time, which we discuss below (See Table 1). Second, we conducted a nationally representative experiment on nearly 3,600 citizens in 42 of Uganda's 112 districts. We used a clustered random sample for the citizen survey to ensure regional and political representativeness. Both experiments were similar, but not identical. They were performed between June and October 2012 by local Ugandan enumerators.<sup>8</sup>

### [TABLE 1 ABOUT HERE]

To maximize the number of responses in the MP survey, we attempted to conduct a census of all current MPs and achieved a 72 percent response rate. In addition, we also contacted as many former MPs as possible (from the previous parliament) and obtained a 55

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<sup>8</sup> It is possible that subjects believed the local Ugandan enumerators represented a foreign aid donor or the government rather than academic researchers. Indeed, data from the Afrobarometer suggests that most respondents think the government is the one doing surveys. We examined the Afrobarometer questions about subjects' perceptions of who sent the enumerators. In the 2012 round of Uganda AB (Round 5), 56% of respondents thought the government sent the interviewer. In the 2008 round for 20 different countries pooled together, 58% of respondents thought the government sent the interviewer. This should bias against the results we find.

percent response rate.<sup>9</sup> While key aspects of the experimental instruments were identical for each group to facilitate comparisons, the citizen survey was lengthier.

The samples of respondents reflect the underlying populations well, and assignment to treatment conditions is not predicted by available observables, providing evidence of random assignment. For the MP survey, we do not have data on a few relevant individual MP characteristics including religion and education levels.<sup>10</sup> Table 1, however, presents descriptive statistics from our sample and from Parliament as a whole for gender, party, religion and MP type, which generally matches the 9<sup>th</sup> Parliament as a whole. The distribution of MPs by region is largely representative, though it slightly oversamples those from the Central region and undersamples those from the Northern region. And finally, assignment to treatment conditions among MPs is not significantly related to party, gender, MP type, or region, so there is good covariate balance across experimental conditions. For the citizen survey, balancing and randomization procedures also worked well. Key variables, such as education, gender, age, party, religion, and region, were not significantly related to whether citizens were assigned to a given experimental condition.

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<sup>9</sup> The former MP response rate is likely lower because many former MPs are scattered through the country and not as easily accessible.

<sup>10</sup> Given time constraints in the MP survey, we were unable to obtain much demographic data on MPs to compare with the mass sample. Beyond the comparisons in outcome data explored below, we can identify some comparisons. For example, the MP sample has more men, which is understandable given the parliament is disproportionately male and the MP sample also has a higher proportion of NRM than the mass sample.

## Interventions

The experimental manipulation presented each subject with a randomly assigned project description and a randomly assigned funder for that project. This between-subjects design is important for eliciting comparisons between government and foreign donor projects where direct comparisons might be too sensitive. We randomly assigned the manipulation for *actual* pipeline projects. As such, the study avoided active deception. The projects were co-financed by the World Bank and multiple agencies, which allowed us to manipulate which of the multiple donors was presented to the subjects as funder of the project. We also randomly assigned the type of project: an infrastructure project (electricity) and an education project. In order to generalize more, we used six different donors, including various multilateral and bilateral ones, and two different project types. MPs, in order to increase the number of observations, were presented with and asked to express their support in various ways for both the electricity and education projects individually (and in random order) but only one donor. Citizens received only one of the two possible projects.

We chose the electricity and education projects because they represent the types of projects that can be given selectively to constituencies that support politicians. For the mass survey, we randomly assigned the donor and the project type. Neither project type in the mass survey was significantly preferred over the other in the between-subjects design, which may reflect the fact that both types of projects are desperately sought after in Uganda. Because there were no significant differences between project types and among foreign donors, we focus our discussions on the difference between all aid donors and the government.

Our framing question read, “The Electricity Sector Development Project will improve the reliability of and increase access to electricity. One major aspect of the project is to extend electricity to those who do not yet have access to it. The project may require your community to provide funding for maintenance in the future. [This project will be funded by the {RANDOMLY ASSIGNED FUNDER}.] How much would you support this project?” We include the text for the education project in the appendix.

We included the sentence about future expenses (“may require your community to provide funding...”) to increase the respondents’ sense that this project might cost them in the medium and long term to support it. Given that aid may be perceived as “free money” whereas government programs may imply increased taxes, we were concerned that offering a project without any noted costs might lead all subjects to support it. A skeptic might worry that the added cost condition is not sufficient to overcome a bias toward “free” resources among subjects. Aid may feel like a windfall, but government programs appear costly. This is a reasonable concern, and we took some measures to address it in the robustness section below.

The funding organizations we randomly assigned in the MP experiment were the World Bank, the Government of the United States, a generic multilateral institution (“an international organization funded by many countries”), a generic bilateral agency (“a single foreign country”), and No Donor, in which we omitted the sentence indicating which agency was funding the project and served as the control condition. In the mass experiment, we

also included the African Development Bank and the Government of China because the larger subject pool enabled the possibility for more treatment conditions.<sup>11</sup>

In the case of the control condition, we assumed that recipients would associate this case with domestic government spending. We mentioned nothing about foreign aid or foreign donors in this version of the survey. We elected not to name the government explicitly for the citizen survey out of fear that generalized paranoia toward government or associations with the ruling party might bias responses.<sup>12</sup> We did the same for the MPs to avoid social desirability bias (i.e., government MPs might feel they *should* support projects by the government, and thus when the government is explicitly named, we would receive inaccurate responses).

Although we made this design choice in good faith at the time, in retrospect this design choice may not have been optimal: explicit identification of the Ugandan government would have presented a less ambiguous control condition. But as we describe below, this design choice actually works in favor of the null hypothesis of no difference between treatment and control; and therefore our results likely understate the full extent of treatment effects. Moreover, given the information we have, our results hold even if some sub-

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<sup>11</sup> In addition to testing the treatment effect of receiving an aid donor relative to the government control, we also tested the effect of individual donors across groups. Because elites did not receive the African Development Bank and Government of China treatments, we estimated difference in means tests to detect the effect of the various treatments relative to the control and the other treatment conditions. Across all groups, there is never a consistently significant effect for any of the individual donors.

<sup>12</sup> Concern for biased responses out of fear about the government seems fairly reasonable in a non-democratic context like Uganda. In round 5 of Afrobarometer done in 2012, the same year as our study, 50% of the respondents said they did not feel completely free to say whatever they believe, and 1/3 said they felt some kind of pressure about whom to vote for. Moreover, 63% admitted fear of being intimidated in election campaigns.

jects misinterpreted the control condition; see the detailed discussion in the robustness section below.

Further, our intervention focuses on one type of aid: project aid. Thus, our results may not apply to general budget support. Project aid is much more infungible and channeled than budget support. However, we chose to focus on project aid because it is the most common type, it constitutes the overwhelming monetary share, and it is the most visible to citizens and thus would maximize our ability to obtain informed preferences regarding aid. According to the AidData information base, which is the largest repository of aid statistics, between 2000 and 2012 Uganda received 157 budget support grants and loans summing to \$3.2 billion. Over the same period, the country was host to 16,019 aid projects summing to \$24.5 billion in total aid. This suggests that budget-support aid in Uganda constitutes 1 percent of the count but 13 percent of total Ugandan aid. This is roughly on par with the rest of Sub-Saharan Africa, which received 3,811 budget support grants and loans for \$57.5 billion in relation to 352,839 projects that totaled \$615 billion. Budget support in the region thus comprised 1 percent of the count but 9 percent of the money (Tierney, et al. 2011).

We acknowledge that project aid and budget-support aid might have different political effects. The findings of Tripp (2013) and Gazibo (2013) in Tanzania and Benin, respectively, suggest that budget support aid is more corruptible than project aid. In fact, perceptions of increased corruption have led donors to reduce budget support in Benin and Uganda in favor of project aid.

## Outcomes

Each survey asked a variety of demographic, political, and aid-related questions. To avoid priming effects, we posed all aid questions after the experimental portion of the survey. To measure the outcome of support or opposition for the foreign or domestic funded projects, we asked all respondents to first express their level of support, then to report to us their willingness to tell a higher authority (Party leader for MPs, and Local Council official for citizens) of their support (or not) for the project, their willingness to sign a petition voicing their support, and to actually sign the petition.<sup>13</sup>

MPs were asked to express their willingness to coordinate with peers in support of (or in opposition to) the project, tell constituents about the project, rally locals in support of (or in opposition to) the project, and sign a letter to the President in support of or opposition to the projects. Citizens, but not elites, were also asked if they were willing to send a text message (SMS) and to actually send the SMS in support (or not) of the project.

Because the MPs were presented with both projects, we have two observations for each on all of these outcomes, except the petition to the president. Each MP was asked to sign a single petition that reported their level of support for both projects to the President, thus we have one observation for each MP on this outcome. This design choice was made to reduce the burden on the MPs and to reduce redundancy of sending two nearly identical letters to the president. Because the MPs received the same donor across the two projects

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<sup>13</sup> Full text of the petition language is included in the Appendix. Note that the language in the petition only asks them to sign without specifying a foreign donor or government. If a donor would have been named in the petition language, then the treatment condition (with a donor named) would not have been comparable to the control condition (where no one was named). Instead, we opted to simply ask them to sign a petition in support or opposition.



this should not affect the results we report here because we are comparing differences in donors and not sectors (given that there was no meaningful difference between project types). These various measures of support present the respondents with varying levels of cost (attitudinal vs. behavioral responses) and will be used as the key outcome variables to gauge support for projects across treatment arms.

## Results

In this section, first, we ask whether MPs are more supportive of government programs or foreign aid projects. Second, we ask whether the mass public is more supportive of aid or government programs and then compare them to Ugandan MPs. And finally, we consider possible mechanisms that could explain the overall trends in preferences.

### *Differences across groups*

Table 2 reports results from difference-in-means tests comparing levels of support under all of the aid treatment conditions compared to the government control condition for MPs and masses. Panel A reports outcomes that were measured for all respondents (plus the SMS and Presidential Letter outcomes for citizens and MPs, respectively), and Panel B reports outcomes for those only measured for MPs. These overall results show that with only one exception, MPs are consistently more supportive of government projects than foreign aid. This difference in support is significant in 3 of the 9 outcomes, and treatment ef-

fects range from less than 1 to 12 percentage points.<sup>14</sup> See Figure A1 in the Appendix for a graphic representation of the treatment effects and significance levels for a subset of outcomes.

The results in Table 2 also show that citizens consistently prefer aid over government projects; this difference in support is significant in 5 of the 6 outcomes, including the behavioral outcomes. The treatment effects range from 2 to 4 percentage points, which are not large but nonetheless significant statistically. The modest substantive differences may result from strong ceiling effects given that the projects are extremely popular and therefore clustered near the upper bound of 100 percent support.

**[TABLE 2 ABOUT HERE]**

### *Why do these differences appear?*

These results present some interesting and counterintuitive findings. Since they seem to be consistent with the donor control theory about aid, we ask what mechanism might account for these differences. The logic of the donor control theory implies that perceptions of corruption and clientelism ought to magnify the effects observed above. We also explore other possibilities—partisanship, ethnicity, nationalism, government incumbency bias, and a bias due to foreign media—and report on them in the appendix. To

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<sup>14</sup> Note that Table 2 reports intent-to-treat effects. For the masses, we asked a manipulation check that allows us to determine the level of compliance. Those results are qualitatively the same as the intent-to-treat effects. Moreover, if we restrict the analysis to those subjects passing the manipulation check, the results show strong differences in favor of masses supporting aid in every possible outcome category. Because of the status of members of parliament, we opted not to ask manipulation check questions. We thus must rely on the intent-to-treat effects alone.

provide a plausible explanation, a subgroup mechanism needs to differ substantively between the masses and MPs, to explain the differences between the treatment and control within each subgroup, and most of all to account for the differences between treatment and control across the elites and masses. For the perceptions of clientelism and corruption mechanism, which was best supported by the evidence, we report results below; the rest of the results are reported graphically in the Appendix (Figures A2-A13).<sup>15</sup>

Before we proceed, it is important to first establish that MPs do not simply think that government projects are more effective or superior simply because the Ugandan government is involved. If that were the case, then our story would be simple: MPs prefer government projects because they view the government, of which they are a part, as a preferable manager of aid funds and projects.

MPs on average do not, in fact, hold the view that government-funded projects are superior. Only 32 percent of MPs believe government funds are more likely to go to those most in need compared to foreign aid funds, which 59 percent believe go more to the neediest. In addition, only 34 percent of MPs believe that government funds are more effective and less wasteful compared to foreign aid funds. Only 39 percent of MPs believe that government-funded projects better meet the needs of their constituents than do foreign-funded projects. And only 31 percent believe that government-funded programs are more transparent than foreign aid projects. Finally, when asked who they think would be the

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<sup>15</sup> We do not discuss the foreign media effect in detail, but note that mass respondents could be more likely to voice their support for a project when it is associated with a foreign donor rather than when it is a domestic source. Citizens and elites that prefer foreign media are more likely to be biased in favor of foreign projects because those projects are referenced favorably in the foreign media. We thus separated masses and MPs by the extent to which they prefer foreign media over Ugandan media. See Figures A2 and A3 in appendix. The results generally are in consistent and weak.

most effective in carrying out the electricity or education project, only 23 percent of MPs named the Ugandan government. Moreover, roughly 80 percent of MPs thought foreign aid had a positive effect on the government and their constituents. Therefore, MPs actually tend to have less confidence in government-funded projects compared to foreign aid even though they tend to more readily support government programs. One alternative implied by the donor control argument is that perceptions of clientelism and corruption may shape support for foreign assistance vs. domestic programs.

Evidence in favor of the corruption and clientelism mechanism would indicate that citizens who believe that the government is corrupt and clientelistic would prefer foreign aid projects. MPs should have the opposite preference. When politicians see corruption in government it may be a boon to them personally or electorally, and hence they may prefer government projects because they provide an easier way to access money for their own personal gains.

In the survey, we asked both MPs and citizens whether government funds are most likely “to benefit government officials and their political allies” or “help those most in need” to capture aspects of both clientelism and corruption (using money to help friends *and* themselves). Both are intimately linked concepts in Africa because corruption largely sustains clientelism (Szeftel 2000). We see a very large difference between the public and MPs in their perceptions of corruption and clientelism: 75 percent of the public believes that current government leaders take government money to benefit themselves and their friends rather than everyone in the country, while only 35 percent of the MPs agree with

this statement. We therefore use this question to divide the sample into those who see government funds as more susceptible to capture and abuse and those who do not.

We acknowledge the fact that the corruption question may be susceptible to social desirability bias; however, further analysis mitigates the concern. We can leverage evidence from our survey to see if social desirability is at play. If some MPs are more susceptible to social desirability pressures, then we should expect a strong positive correlation between low responses to the corruption question and a variety of other questions reflecting socially desirable responses, such as reporting more visits to the MP's constituency, perceiving a good economy, and claiming better attendance at plenary sessions of parliament. However, answers to these questions are never strongly positively correlated with low corruption perceptions. There is a weak negative correlation (Pearson's  $r$ ) between low corruption reports and claiming more days spent in the MP's constituency each month (-0.1189). There is a weak positive correlation between low corruption reports and maintaining that the national economy is in at least a "good" condition (0.1017). And finally there is a weak negative correlations between low corruption reports and declaring higher rates of attendance at plenary sessions of parliament (-0.0183). There seems to be no consistent social desirability bias. While we cannot rule out the possibility, our data suggest that MPs who are corrupt are not necessarily under-reporting corruption.

The analysis for MPs (reported in Table 3) shows that MPs who believe government funds are more likely to be used for corruption and clientelism are significantly more likely to prefer government-funded projects. For 5 of the 9 outcomes, MPs who see government funds as more corrupt and clientelist are significantly more likely to prefer government

funds. Importantly, these effects are strongly significant for the behavioral outcomes. The treatment effects range from 4% to 19%, thus indicating more meaningful substantive effect sizes.

**[TABLE 3 ABOUT HERE]**

Conversely, the difference in support for aid and government projects is not statistically significant for MPs who do not perceive significant corruption and clientelism (this is true for all outcome measures; see Table 3). This suggests that the MPs who see few avenues for corruption and clientelism express no preference for government-funded projects over aid. One plausible interpretation of these results suggests that if the MP cannot capture some of the funding, then s/he does not manifest a clear preference toward such projects.

The results in Table 4 report the difference-in-means tests and support the claim that citizen support for aid is also conditional on their perceptions of corruption and clientelism, but in the opposite direction. The citizens who believe that government funds are used for corruption and clientelism are significantly more likely to support aid over government projects for 3 of the 6 outcomes (4 of the 6 at the 0.1 level). Among subjects who do not perceive the corrupt use of government funds, there are no significant differences, but most of the negative signs suggest a slight preference for government projects over aid. (The results for MPs and masses are also plotted in Figures A12 and A13.)

**[TABLE 4 ABOUT HERE]**

We also ran additional tests to determine if the effect of corruption and clientelism is mediated by ethnicity, partisanship, or regional identities. Even though many studies ar-

gue that clientelism operates along ethnic or regional channels or through partisan networks (i.e., Wantchekon 2003, Stokes 2005), we find no clear evidence that the effect of clientelism found here is mediated by any of these variables, as reported in Appendix Figures A14 and A15.

This analysis provides support for the argument that citizens support aid over government programs conditional on their perceptions of corruption and clientelism. Further, we find that citizens do in fact consider corruption to be a bad thing: people who perceive there to be more corruption are significantly less likely to trust parliament, their MPs, and the president (effects are significant at the 0.01 levels). Taken together, this analysis offers some evidence that political elites may believe that government funds are more susceptible to clientelism and corruption. In addition, ordinary citizens who perceive corruption and clientelism in government behave in ways that suggest they see aid-funded projects as a more preferred mechanism than government action to obtain the public goods that they express they so desperately need.

## **Discussion of Robustness**

As with any experiment numerous design choices were required, all of which presented difficult tradeoffs. In this section, we discuss two important aspects of the experimental design. First, we discuss the cost condition, which tries to address the difference between “tax-based” government projects and “free” aid projects even though, as we argue below, this characterization is not accurate in the context of the study. Second, we discuss

the fact that the control condition does not explicitly name the government as the funder but is nevertheless interpreted as the government.

### *Taxed Government Projects versus Free Aid Projects: A False Dichotomy*

A first design objection might be that the public may prefer aid because it is viewed as free, whereas government projects require citizens to pay taxes. We do not believe this is the factor driving our results for several reasons. First, we added the cost statement to both the treatment and control conditions, so that individuals are aware that any project may require local funds.

Second, we undertook a follow-up study where we recruited an additional 460 subjects and randomly assigned them to receive the cost statement (or not) in association with one of the two randomly assigned project descriptions. The cost statement had no significant effect on subjects' support for the project. This may be either because the cost statement was too weak to produce treatment effects or because subjects were indifferent to costs for projects they feel they desperately need. While the cost statement may be weak, multiple reasons lead us to believe that citizens are relatively indifferent to costs for public goods.

First, subjects likely do not see government projects as costly to themselves any more than foreign aid is costly. The vast majority of Ugandans – 86 percent in our nationally representative subject pool – fall below the earnings threshold for paying income tax, which is roughly 600 dollars per year. And as Martin (2013) and Fjeldstad and Therkildsen (2008) note, Ugandan tax rates have been reduced recently. Most Ugandans also do not pay indirect taxes. Eighty percent of Ugandans live in rural areas and more than ninety percent



of our subjects reported earning less than two dollars per day in income. Most are not part of the formal market and hence do not pay indirect taxes like the VAT.<sup>16</sup> Further, the government raises little revenue from taxes and what revenues exist are often transformed into private goods and/or directed to political allies for the purposes of corruption or clientelism (see Cox and McCubbins 2001, Martin 2013).

### *The Government Control Condition*

A second design objection might be that the government was not named in the control condition. We were concerned about social desirability in responses if we actually labeled the control as the government. This is not a trivial concern in this context as the Afrobarometer data show (see footnote 9). For the citizens, we worried that they might fear government reactions and so always rank the government projects first. For the MPs, we feared social desirability bias in which they always said they preferred the government projects since they were part of the government and would want to avoid being seen as not supporting government development projects.

To assess what citizens perceived when they viewed the control condition, as well as what the implications of this are, we conducted a follow-up survey to ensure that subjects in the mass experiment did in fact interpret the control condition as the government,

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<sup>16</sup> As Kagambirwe (2014, p. 62) notes, “The majority of Ugandans that stay in rural areas of Uganda have no stable income amongst which the government can tax them. This thus leads to having a very limited domestic tax base amongst which URA can tax its citizens. It also limits the informal taxes such as Value Added Tax (VAT) income tax and pay as you earn (PAYEE) because the level of consumption of these commodities is low. Also the level of unemployment is so high thus limiting the citizens in earning money amongst which they can be taxed in form of pay as you earn (PAYEE).”

and we found that the majority of subjects did so (52% and 51% for the education and electricity projects, respectively) (Milner, et al. 2014). More than one third of subjects in the follow-up study, however, attributed the control condition to a foreign donor. While a more direct comparison may have been preferable, attribution of the control projects to foreign donors works in favor of the null hypothesis of no treatment effects.

The concern is that the control condition represented a combination of people who believe it implied either the government or a foreign aid donor; that is, support for the control is equal to some average of support for foreign aid projects combined with support for government projects. Because we know two of these three values—the outcome in the control condition overall and the outcome in the foreign aid condition, we can calculate the third: the level of support that subjects would provide had they been given the government control condition explicitly.

First, we know the average value that mass and MP respondents gave in support of the projects if they were assigned a foreign donor. In the two surveys we asked about support for the projects using 6 different aid donors for the masses and 4 for the MPs, assigning each subject a donor at random.<sup>17</sup> Our data show that across all these foreign donors, the mass respondents did not differentiate significantly between them, but on average they supported the foreign-funded projects at a higher level than did the control group. We have similar evidence for the MPs, except the MPs, on the other hand, supported all the aid pro-

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<sup>17</sup> Respondents were randomly assigned one of 6 donors: US, China, World Bank, African Development Bank, generic bilateral and multilateral donor. MPs did not see China or the AfDB.

jects on average *less* than the control condition. This implies that we can calculate an average value of support among the mass public and MPs for projects led by any foreign donor.

Second, on average the control group's level of support for the projects was lower than the average for all the foreign-donor treatment groups for the mass experiment. For the MPs, the control groups' support was higher than for all the foreign aid projects. Third, our post-survey data show that 51 or 52%, depending on the random assignment of electricity or education project, respectively, believe that the control was a government project and most of the remaining believed it was a foreign donor. So the actual value of support for the control group for those who thought it was the government can be deduced from this information. In the mass experiment it must necessarily be lower than that for the group that was given the foreign aid conditions, while in the MP experiment it must be higher.

We can use these three pieces of information to calculate the mean and standard errors of the mass respondents who attributed the control condition to the government. We can only obtain an estimate for the MPs since we did not ask them who they thought was funder in the control condition, but this still implies what the control group who attributed it to the government would have scored. Calculating the mean is straightforward. We know that the mean of the control group is made up of the respondents who thought that the control was a foreign donor and those who thought the control was the government:

$$\widehat{Control} = \alpha * \widehat{Gov} + (1 - \alpha) * \widehat{Foreign}$$

where  $\widehat{Control}$  and  $\widehat{Foreign}$  are the average levels of support for the development projects under the control and treatment conditions, respectively. These values are known from the

data and  $\alpha$  is the percentage identifying the control as the government. Rearranging to solve for  $\widehat{Gov}$  we derive:

$$\widehat{Gov} = \frac{\widehat{Control} - (1 - \alpha) * \widehat{Foreign}}{\alpha}$$

Calculating the standard error to create the confidence intervals is a little more difficult and we describe the procedure in the following footnote.<sup>18</sup> Using these calculated means and standard deviations, we can then compare those receiving the foreign treatment to the control condition as reported in the paper to the portion of control respondents who thought the condition was the government. Figure 1 demonstrates the relative differences for the strong support condition among the masses. For all other outcome conditions for masses and MPs, this relative ordering holds and so we do not display them here. As the figure shows, the difference between those receiving the explicit foreign condition and those thinking the control represented the government is much larger than between the explicitly foreign condition and the undifferentiated control. The direction of the effect is opposite in the MP case. Thus, the results we report in the paper work against our stated hypotheses and therefore provide the most conservative test; that is, had we named the government

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<sup>18</sup> We know that the standard error is the standard deviation divided by the square root of N. The standard error for the control will be comprised of the standard error of the respondents who believed the government was the donor and those who believed that it was a foreign donor:

$$SE_{control} = \frac{\frac{S_{Gov}}{\sqrt{N_{Gov}}} + \frac{S_{For}}{\sqrt{N_{For}}}}{2}$$

Again we can rearrange the formula to calculate the standard deviation of the government respondents:

$$S_{Gov} = \left( 2 * SE_{control} - \frac{S_{For}}{\sqrt{N_{For}}} \right) * \sqrt{N_{Gov}}$$

Since the standard error is just the standard deviation divided by the square root of N, we can calculate  $\frac{S_{Gov}}{\sqrt{N_{Gov}}}$  to get the standard errors of the government respondents.

explicitly in the control condition, we would have observed a much larger difference and therefore the results reported would be even stronger.

**[FIGURE 1 ABOUT HERE]**

For cost and logistical reasons we did not perform the same follow up study on MPs, but we expect that MPs might have voiced similar perceptions to other Ugandans. This of course means that some MPs, like some citizens, probably perceived the control condition as sponsored by foreign donors. Again, this would have led to an understatement of the difference between treatment and control in the MP experiment.

On the other hand, it is also possible that MPs may merely have a preference for unspecified over specified funding. The project descriptions were identical across conditions save the statement of the funding source, so the details of the education and electricity projects were equally specified between treatment and control, which diminishes our concern here. Moreover, two of the foreign donor conditions were deliberately generic in that they attributed the projects to either an unspecified multilateral or bilateral donor. MPs did not significantly prefer these generic conditions to conditions in which the World Bank or the United States were named, which moves us toward discounting the possibility that MPs simply prefer projects with unspecified donors. Rather, it appears more likely that their attribution of the control projects to the government prompted the treatment effects.

## Conclusion

This paper provides what is, to our knowledge, the first experimental study to compare aid preferences and actions for members of parliament and a nationally representative, random sample of ordinary citizens in a prominent developing country. We were specifically concerned with preferences towards foreign vs. domestic development projects. Citizens preferred aid over government programs consistently, and with most dependent variables to statistically significant degrees, especially in the behavioral outcomes. This was particularly so among the respondents who perceived problems with government corruption and clientelism, thus providing evidence consistent with the argument that aid can help overcome governance problems. Likewise, members of parliament consistently preferred government programs over aid.

Our study provides evidence concerning two different theories of the effects of aid. We find little support for the idea that aid is highly fungible and that recipient governments can do as they please with it. Neither elites nor the public are indifferent between aid and government-funded projects. Both perceive aid and government projects to be different from one another on average. But elites and citizens have distinct preferences. Citizens are more willing to support aid by taking behavioral action imposing personal costs through signing a petition and sending an SMS. They view aid as less politicized than government programs. This seems to be consistent with a view of aid donors as being strategic in their control of aid and of channeling, monitoring, and bypassing governments. In a weakly democratic context with known corruption problems, we expect donors who do not see the government as a critical geo-political ally to try to maintain control over aid, to limit its

fungibility and target it toward particular projects. Given that our data show that the public knows about foreign aid donors and trusts them more than domestic institutions, this evidence suggests the public is perceiving aid projects differently than government ones.

For these same reasons, it perhaps makes sense that political elites were less enthusiastic about aid than they were about government-funded projects. MPs' likely face fewer constraints over how they might utilize these domestic government resources. High levels of corruption and clientelism exist in developing countries even in the absence of foreign aid. And domestic resources may be even easier for governments to divert to these purposes since there are often no strong accountability mechanisms at work in poor developing countries. These perceptions and preferences may then tell us a great deal about the contending theories about aid's impact. Our evidence suggests that elites and masses are not indifferent between the two types of development funders, that they see project aid in a different light from government sponsored projects, and that donors may well be acting in ways that produce these distinct views.

Our study brings together two complimentary literatures. The large literature on clientelism and corruption in developing countries strongly implies that governments have the desire and will to use their funds to promote their own political purposes first and foremost. Staying in office is critical and using government projects to build support is one way to do this. Uganda's government is no exception. However, aid scholars often assess foreign assistance without any direct comparison to the most realistic alternative, which is government funding. Our study examines the beliefs and actions of both elites and citizens by comparing their support for these two different development mechanisms. These forms

of evidence shed new light on two very prominent literatures by making more central the preferences of political elites and citizens. We expect that much is to be gained by complementing existing macro-level statistical approaches with micro-level experimental data on politicians and beneficiaries of aid in developing countries.



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**Table 1: Comparison of MP Sample to the Actual 9<sup>th</sup> Parliament**

	Sample	9 <sup>th</sup> Parliament
Gender		
% Male	67	65
% Female	33	35
Party		
% NRM	74.6	73.5
% Independents	10.2	11.2
% FDC	8.5	8.8
% DP	3.1	3.4
% UPC	3.1	2.6
% CP	0.25	0.25
% JEEMA	0.25	0.25
Region		
% from Central	28	25
% from Eastern	28	27
% from Northern	18	22
% from Western	26	26
MP Type		
% Constituency MPs	59	62
% District Women MPs	28	29
% Special Interest MPs	6	7
% Ex-Officio MPs	8	2

**Table 2: Citizen and MP Preferences for Government versus Aid Projects**

Panel A: MP and Citizen Outcomes						
<i>MPs</i>	Strong Support	Tell	Willing to sign	Signed	Willing to <i>Sign Pres.</i>	Signed <i>Pres.</i>
Govt	0.84	0.97	.89	.78	.86	.75
N	136	136	136	138	59	59
Aid	0.83	0.99	.82	.75	.75	.68
N	567	567	567	570	292	292
Difference	-0.01	0.02	-0.07**	-0.04	-0.12**	-0.06
	Strong Support	Tell	Willing to sign	Signed	Willing to <i>SMS</i>	Sent <i>SMS</i>
<i>Masses</i>						
Govt	0.73	0.91	0.82	0.77	0.59	0.02
N	528	520	528	538	538	202
Aid	0.77	0.94	0.83	0.80	0.64	0.05
N	3007	2967	3008	3017	3017	1143
Difference	0.03*	0.03**	0.02	0.04*	0.04*	0.02*
Panel B: Elite Only Outcomes						
	Tell Constituents		Rally Local Officials		Coordinate with Peers	
<i>MPs</i>						
Govt	0.99		0.98		0.99	
N	136		123		136	
Aid	0.98		0.97		0.97	
N	567		501		567	
Difference	-0.00		-0.01		-0.02**	

A negative difference means that the proportion of support for projects in the control condition (government) is larger than the proportion under the treatment condition (aid), implying the government condition is preferred to the aid one. Note that if a subject stated s/he did not want to sign the petition (third column) we still presented them the possibility of signing the petition (fourth column). The higher Ns for willingness to SMS in the fifth column (e.g., 538 and 3017) are a result of subject refusals to answer the petition questions (where corresponding Ns are lower: 528 and 3008). That is, if a subject refused to answer petition questions, we still asked about SMS and fewer subjects declined to answer SMS questions. Also, the Ns decrease in the “Sent SMS” condition (relative to “Willing to SMS”) because we only calculate Sent SMS for subjects who owned a phone.

**Table 3: Testing the Corruption Mechanism (MPs)**

MP Support Conditional on Perceptions of Corruption						
	Strong Support	Tell	Willing to Sign	to Signed	Willing to Sign Pres.	Signed Pres. Pet.
Yes, Government Funds used for Corruption						
Govt	0.86	0.98	0.95	0.89	0.94	0.89
N	44	44	44	45	18	18
Aid	0.82	0.98	0.85	0.78	0.77	0.70
N	195	195	195	197	103	103
Difference	-0.05	0.01	-0.10**	-0.11**	-0.18**	-0.19**
No, Government Funds not used for Corruption						
Govt	0.82	0.97	0.86	0.73	0.83	0.68
N	90	90	90	91	41	41
Aid	0.83	0.99	0.81	0.73	0.74	0.68
N	366	366	366	367	188	188
Difference	0.01	0.02	-0.05	0.00	-0.09	-0.01

MP Support Conditional on Perceptions of Corruption			
	Tell Constituents	Rally Locals	Coordinate With Peers
Yes, Government Funds used for Clientelism			
Govt	0.98	0.97	1.00
N	44	39	44
Aid	0.98	0.96	0.96
N	195	171	195
Difference	-0.01	-0.01	-0.04***
No, Government Funds not used for Clientelism			
Govt	0.99	0.98	0.99
N	90	82	90
Aid	0.98	0.97	0.97
N	366	324	366
Difference	-0.01	-0.00	-0.02

A negative difference means that the proportion of support for projects in the control condition (government) is larger than the proportion under the treatment condition (aid), implying the government condition is preferred to the aid one. A positive difference implies that the aid condition is preferred to the government condition. Note that if a subject stated s/he did not want to sign the petition (third column) we still presented them the possibility of signing the petition (fourth column).

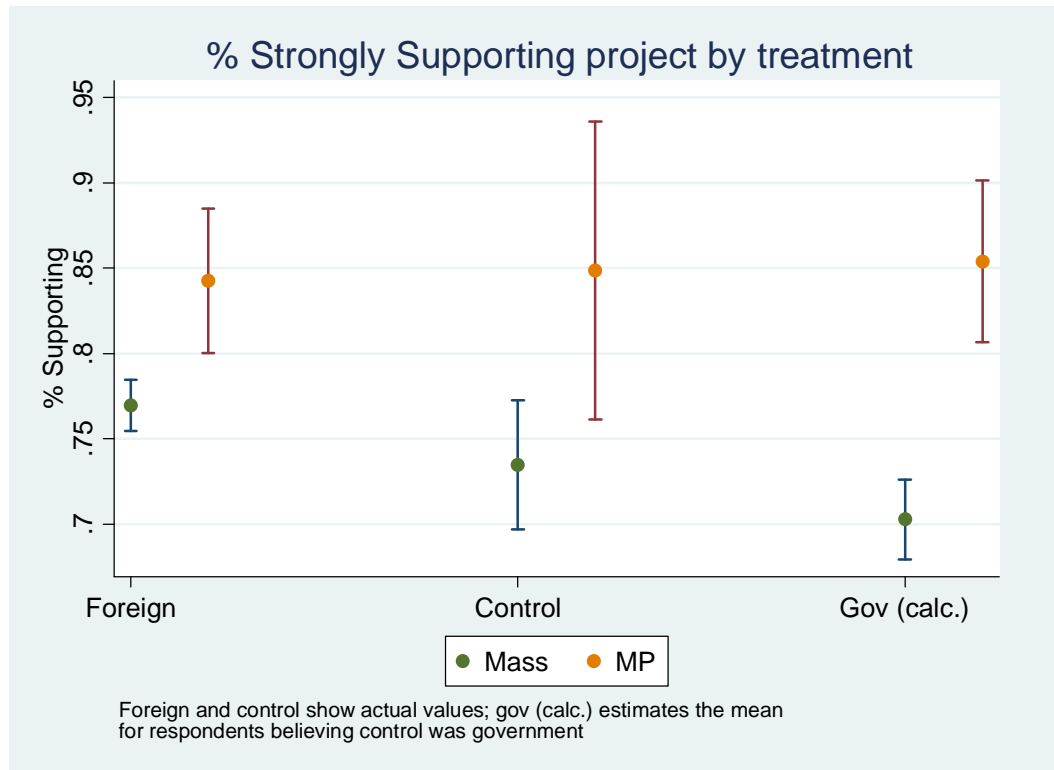


**Table 4: Testing the Corruption Mechanism (Masses)**

Mass Support Conditional on Perceptions of Corruption						
	Strong Support	Tell	Willing to sign	Signed	Willing to SMS	Sent SMS
Yes, Government Funds used for Corruption						
Govt	0.71	0.90	0.80	0.74	0.69	0.03
N	393	386	393	402	157	157
Aid	0.77	0.94	0.83	0.80	0.71	0.05
N	2274	2241	2274	2279	894	894
Difference	0.06**	0.04**	0.03	0.05**	0.02	0.03*
No, Government Funds not used for Corruption						
Govt	0.82	0.93	0.87	0.85	0.86	0.00
N	126	126	126	176	42	42
Aid	0.76	0.94	0.84	0.82	0.78	0.03
N	695	688	696	699	236	236
Difference	-0.06	0.01	-0.04	-0.03	-0.08	0.03***

A negative difference means that the proportion of support for projects in the control condition (government) is larger than the proportion under the treatment condition (aid), implying the government condition is preferred to the aid one. A positive difference implies that the aid condition is preferred to the government condition. Note that if a subject stated s/he did not want to sign the petition (third column) we still presented them the possibility of signing the petition (fourth column). The higher Ns for willingness to SMS in the fifth column (e.g., 538 and 3017) are a result of subject refusals to answer the petition questions (where corresponding Ns are lower: 528 and 3008). That is, if a subject refused to answer petition questions, we still asked about SMS and fewer subjects declined to answer SMS questions. Also, the Ns decrease in the "Sent SMS" condition (relative to "Willing to SMS") because we only calculate Sent SMS for subjects who owned a phone.

Figure 1: The Value of the Control if Government was Named



Calculation of control value if it had specified government using information from surveys.