China and Russia:
How Modern-Day Authoritarian Regimes Allocate Aid

By Julia Poon

Under Advisement of Dr. Christina Schneider

A Senior Honors Thesis Submitted to the Department of Political Science

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1. INTRODUCTION

1.1. Background

In just decades, authoritarianism has transformed to coexist with the democratic standards of the current world order, and dictators are far more likely to pioneer less violent, more covert, and more effective means of gaining power. Gone are the days of dictators such as Joseph Stalin or Mao Zedong, and overtly brutal methods of political repression. Instead, modern-day authoritarianism relies on psychological control and the spread of disinformation to keep their populations in check, and the manipulation of state media and elections to feign democracy to an international audience (Cooley 2015; Guriev and Treisman, 2022). Not only has authoritarianism transformed in such a way that is harder to effectively condemn, it is becoming an increasing threat to the liberal international order as powerful challengers rise in direct opposition to the United States and Western democracies (Stent 2020; Maizland 2022).

China and Russia are both authoritarian powers whose rise has come under increasing scrutiny in recent years, and it's obvious Western academics have become increasingly concerned with the threat of these two powerful regimes that oppose democratic expansion and seek to expand their own spheres of influence. Now, China and Russia have added remarkable fuel for their authoritarian campaign by issuing a joint statement on February 4, 2022 both reaffirming their strategic partnership as well as declaring a "new era" in the global order (President of Russia 2022). Their intentions to reshape the current liberal international order, to challenge the United States and posit themselves to lead a new order has never been more clear (Stent 2020; Maizland 2022). Besides politicians and democratic organizations, Americans are also markedly concerned with the partnership between China and Russia, with about 90% of U.S. adults saying it's a serious problem for the United States and 62% saying it's a *very* serious

problem (Huang et al. 2022). Amidst Russia's war in Ukraine, China's intensifying military harassment of Taiwan and the South China Seas, it is more important now, more than ever, to truly understand the driving force behind Beijing and Moscow and what tools and methods they use to expand their influence.

1.2 The Role of Foreign Aid

In the history of United States foreign aid, we know foreign aid to be one of our most important political tools. In many instances, foreign aid is a tool for soft power for the United States, meaning the determinants of aid goes beyond which country "needs" it the most. The US has used it to enforce and spread democratic ideals to recipient countries; to extract political concessions; to reward allies and punish enemies. For the US and other Western powers, foreign aid has long been used in this way (Dreher et al. 2014; Custer et al. 2022; Zheng and Li 2022).

In the 21st century, two new actors are emerging on the foreign aid scene. China, having experienced the most rapid economic rise of any country, is seeking new foreign markets, leading to the establishment of the BRI. Russia is technically re-emerging as a donor since the collapse of the Soviet Union, and as the country continues to recover it continues to expand its foreign aid approach. In this study, I will be investigating foreign aid as one avenue for directing soft power influence towards recipient countries for both China and Russia. I will be looking at where China and Russia strategically allocate their funds and why they choose the countries that they do. Additionally, I will be investigating if China and Russia have a similar approach in their use of foreign aid, or if Russia is closer to a "rogue donor" narrative.

I am interested in how these regimes gain influence and justification for their actions abroad, and how we have reached a point where democratic powers are unable to effectively condemn expansionary efforts with respect to China and Russia. One area of interest, which is a

popular topic of discussion in international politics, is the role of foreign aid and the relationship between donor and recipient countries. In particular, ever since China announced the launch of their Belt and Road Initiative (BRI) in 2013, Chinese foreign aid has become the subject of numerous research papers (Horigoshi 2022; Dreher 2022). Russian foreign aid is less investigated, but is drawing increasing attention as well. What adds to the difficulty – and to the importance – of investigating their foreign aid contributions is the lack of transparency in where they are distributing their funds and why. China and Russia are putting out a lot of money into developing countries – making significant financial investments, in some cases – and we don't understand the full scope of it, since they are not bound to participate in existing reporting systems like OECD's Creditor Reporting System (CRS) and the International Aid Transparency Initiative (IATI) like the US and many democratic countries do. We do know how much their foreign aid expenditures have grown, however.

Though much of the West views China and Russia with suspicious lenses, many countries – in their near abroad or even further in Africa or South America – have benefited from their foreign aid and assistance programs. China's foreign aid expenditures have increased steadily from 2003-2015, growing from US$ 631 million in 2003 to US$ 3 billion in 2015. Though less significant than China, Russia's foreign aid assistance has similarly been increasing, from about $100 million in 2004 to $1188 million in 2017 (World Bank).

These regimes are donating money that is fundamentally changing the international finance landscape in many ways, and we have an understanding of why. Similar to the way the United States and many other Western donors have done, foreign aid to low income and developing countries can be wielded as a weapon of soft power influence, to reward countries that support their international ambitions or extract implied promises of political support in

exchange for that aid (Zheng and Li 2022). For years, Western policy-makers have claimed that non-Western donors such as China have less altruistic intentions behind their foreign aid, positing that their assistance is less development focused and rather driven by a desire to secure political deals, gain access to natural resources, and support corrupt governments – all at the expense of the actual citizens within the country. This is what surfaced the narrative that China is a "rogue donor," using foreign aid for purely opportunistic purposes, causing more harm than good. However, while China indeed allocates their foreign aid based on factors such as political agreement and economic fruitfulness of the project, there is no reason to believe they do this to more of an extent than China's Western counterparts (Dreher et al. 2014; Custer et al. 2022; Zheng and Li 2022).

So we have a good understanding of how China chooses to allocate their aid and why, based on extensive studies conducted by AidData. China indeed uses their foreign aid as a soft power tool – the question remains on whether Russia does the same. There is evidence to suggest Russia views foreign aid the same way as China and seeks to use it in the same way. However, if the rogue donor narrative does not apply to China, could it possibly apply to Russia? While similar in many aspects of their ultimate goals such as their respective territorial ambitions and aspirations for a new world order, China and Russia have also been markedly different in their approaches to foreign policy, at least in the eyes of the West. As one example, China has been labeled as a "peer" to the U.S., a direct competitor that seeks to dominate the global order through expansion of their economy and trade, while Russia has been described as a "rogue," a militarily advanced wild card that is willing to subvert the global order through more nefarious means (Dobbins et al. 2019). Both countries have territorial ambitions, but it is Russia that has invaded neighboring countries and annexed states. Both seek to undermine the dominance of the

global order by democratic countries, but it is Russia that has interfered with foreign elections and assassinated political opposition at home and abroad. Thus I predict, despite their similarities and their ultimate shared goal, their different approaches to their broader foreign policies could translate into different ways they allocate foreign aid, and even their intentions behind it.

I conduct this study testing on 3 hypotheses using a variety of explanatory variables . First, that both Chinese and Russian aid will be influenced positively by a countrys' political alignment with them and possibly misalignment with the United States; second, that Chinese aid will be affected more heavily by economic factors; and third, that Russian aid will be affected more heavily by political factors.

1.3 Summary of Research Design

In order to test my hypothesis, I collect data on country-year aid flows from China and Russia respectively and compare. My dependent variables are Chinese aid and Russian aid in total dollar amounts. My explanatory variables can be split into two categories. Political factors encompass distance from recipient country to donor country; distance from recipient country to the U.S.; recipient country's electoral democracy score; recipient country's corruption score; recipient country's UN voting agreement score with the donor country; and recipient country's UN voting agreement score with the donor country. Economic factors include measures such as recipient country GDP and trade between recipient country and donor country.

I am running a random effects regression model in two parts, separately for both the Chinese aid and Russian aid variables, to estimate the effects of my explanatory variables on recipient aid.

What I seek to contribute with my findings is a greater understanding of the role of foreign aid in China and Russia's foreign policy. In the ongoing discussion of China and Russia's

rising presence on the world stage, we are increasingly interested in how these states are seeking to "claim" power. My study investigates this through a focused look at the role of foreign aid, and compares the way China implements their use of foreign aid as opposed to Russia.

In recent years, there has been a flood of research dedicated towards investigating Chinese foreign aid. However, the same attention has not been directed towards Russia's aid. Very few publications have been centered around Russia's growing involvement in foreign aid; similarly, despite political scientists' fondness for drawing comparisons between China and Russia, foreign aid comparisons between the two countries are scarce found in literature.

2. LITERATURE REVIEW

China and Russia and other emerging donors are changing the global development finance landscape through increasingly aggressive foreign aid programs, but without accountability or transparency. Frequently, these actors do not participate in existing reporting systems like OECD's CRS and the IATI or they underreport their official development assistance programs (Custer et al, 2021; Dreher et al. 2022). However, given the increasing awareness of the relevance of soft power tools that these authoritarian regimes utilize, there is a rising amount of literature on Chinese foreign aid in particular. The development of BRI, for instance, has inspired much speculation into China's goals and motives as a donor and how they are using foreign aid as a soft power approach in their quest to expand their global influence. I expand on the current literature which is very focused on China's involvement in African countries, because of the BRI project, to look at the determinants of aid for developing countries all over the world.

Unlike China, Russia has not inspired as many studies examining their foreign aid expenditures for China; the few studies that do are limited in scope, impacted by a lack of data and transparency on Moscow's activities. Limited data will be a hindrance to the

comprehensiveness of this study as well, but what I seek to do is to draw on our comparison of Russia and China so we can better answer the question: is Russia similar to China when it comes to foreign aid?

2.1 Chinese Aid Allocation

For many years, politicians and political pundits alike have disparaged Beijing's foreign aid, arguing that Chinese aid is self-interested; that it promotes authoritarianism and props up corrupted regimes; that it's used to secure political alliances and natural resources; that it's used to generate economic benefit for China; all at the expense of the recipient country's citizens. However, recent literature suggests that the motivations behind Chinese aid are not much different than the motivations behind Western aid, or even US aid (Dreher and Fuchs, 2011; Tseng and Krog 2015).

Chinese aid has developed over time, evolving from three distinct periods where Beijing focused on different priorities. In the late 1970s, China's foreign aid first was focused on facilitating its domestic economic development. More recently, China's foreign aid has been used to boost their global image while increasing their influence power in international events. The introduction of the BRI marks the beginning of the third era of Chinese overseas development assistance, which heavily follows the same principles China had established prior with foreign aid, using it as a tool to promote their economic, political, and strategic interests (Yuan et al, 2022).

The development of China's largest overseas assistance program in 2013, the BRI, signaled a change in China's foreign aid approach. In studies examining the effects of BRI, authors have found that attitudes in the Global South towards both China and the US have become more polarized since its implementation, with citizens of the BRI tending to view

Beijing more favorably. The authors argue this is not due to a change in attitude as the result of BRI projects, but the country's natural predisposition to favor China. The majority of African leaders view Chinese aid more favorably because it comes with less conditions and more closely aligns with their priorities (Horigoshi et. al, 2022). The lack of conditions is what leads many to believe that China is undermining Western efforts to promote democracy, and in turn promoting corrupt or authoritarian regimes. There is evidence to suggest that Chinese aid does attenuate the positive democracy promotion effect of Western aid, but this does not mean its a determinant of aid (Tseng and Krog, 2022).

What is clear is that foreign aid has always been an important tool for promoting Chinese foreign policy and commercial interests, but that in of itself doesn't make China a "rogue" donor. It is because of the lack of transparency and knowledge of Chinese aid flows that causes such speculation, but recent literature – most notable among them a breakthrough dataset developed by AidData – tells us Chinese use of foreign aid is scarce different than Western aid. The Tracking Underreported Financial Flows (TUFF) methodology provides a systematic and replicable set of procedures to collect information about aid and was created to specifically track Chinese development finance and remedy the gap of aid information (Custer et al, 2021). With this dataset comes Andrew Dreher et. al's (2018) analysis in *Apples and Dragon Fruits,* where the authors target Chinese aid to African countries and focus on two distinctions in types of aid: ODA (official development assistance) and OOF (other official flows) as defined by the OECD. With regards to African countries at least, Chinese ODA is largely determined by Chinese foreign policy interests and OOF is guided by economic interests. Otherwise, the determinants of Chinese aid are largely similar to the determinants of Western aid – countries that need aid the most and meet China's political and economic interests receive the most, with no distinction

made for regime type or corruption (Dreher et al, 2011; Custer et al., 2021; Hoeffler and Sterck, 2022). Dreher's analysis will serve as a blueprint for my analysis and approach to this paper, in particular regards to Chinese aid.

2.2 Russian Aid Allocation

Russia has gone from donor to recipient and back again, their relationship with foreign aid reflecting the collapse of the Soviet Union and their recent re-involvement in foreign aid affairs. The Soviet approach to foreign aid was to focus financial resources on socialist or low-income countries, to ensure the support of other countries in global affairs. Following a tumultuous period in the 1990s where Russia briefly became a recipient of ODA, the state has since significantly upscaled its ODA contributions since the mid-2000s. This reflects the country's increasing interest in international development cooperation (Asmus et al., 2018; Zaytsev, 2018).

Several authors have pointed out that Russian ODA allocation often coincides with their regional and global interests. This would suggest that we would see more Russian aid activity in its near-abroad, and many texts argue as such, citing Russia's security concerns and their Eurasian economic integration policy as motivations in foreign aid allocation (Page et al., 2022; Zatsev, 2021). Much of Russian aid goes towards transition economies in Eastern Europe and Central Asia. Russia has directed the overwhelming majority its development support to countries in its immediate neighborhood in Eurasia (like Armenia, Kyrgyzstan, and Tajikistan), long-time Russian partners (such as Guinea, Nicaragua, and Serbia), and international pariahs (like Cuba, North Korea, and Syria) (Gerda et al., 2018; Page et al., 2022). Yury Zatsev (2021) claims Russia's ODA aims to support developing economies and improve access to vital

resources to improve trade and investment activities for Russia in the Eurasian sphere, which supports a connection to Russia's Eurasian economic integration policy.

Russian aid also is very heterogeneous, focusing mostly on humanitarian operations. With the vast majority of aid operations classified as humanitarian in nature by Russia, it's important to understand that Moscow's definition of humanitarian assistance is broader than how we usually think of the term in the West. In Russia's definition of humanitarian assistance, which revolved around nine overarching goals, only two can be linked to the UN's definition (eliminating poverty and aiding natural disasters). The remaining seven goals were centered on Russia's goals for international development and improving their global image (Robinson, 2022).

Another interesting thing to note is that, nominally at least, Russia listed promoting a "fair and democratic world order" and stability as one of its goals in international development finance in 2007[1]. If this is true, then we may expect Russia to favor democratic countries in their aid allocation, but given the more recent joint statement released by China and Russia challenging the international liberal order, it's doubtful that is the case. On the contrary, there is evidence to suggest that Russia may be a pioneer in de-stabilizing aid, in which case we can expect the opposite to be true (Markovits et al., 2019).

2.3 Contributions

There is a general consensus that foreign aid in particular is a weapon of soft power for China. From the development of BRI to the "reward" system China implements to countries that support their UN initiatives regarding Taiwan and beyond, foreign aid is definitely a tool China uses to both enhance their global presence and indirectly compete with the US (Dreher et al, 2021). But what about Russia? Compared to the vast plethora of data that has been streaming

[1] Concept note, "Russia's Participation in International Development Finance" published June 14th, 2007. https://minfin.gov.ru/common/upload/library/2007/06/concept_eng.pdf

from investigators of Beijing, there is relatively little data of equivalent expansiveness for Moscow. Beyond OECD statistics, which – although still a source of important data – Russia self-reports, and there is no TUFF method equivalent study on Russia. However, there is no questioning that in light of recent events – Russia's invasion of Ukraine – that international relations scholars have turned eyes towards Moscow. What Russia does to gain power and how Russia obtains this influence is a question that is being increasingly asked.

Existing studies conducted on Russian aid mainly focus on the developments in Russian aid and the political goals Russia seeks to fulfill with this type of aid. What I am interested in is what current data can reveal about Russian foreign aid in comparison to China. China's aid allocation is influenced by both political and economic motivations, and Chinese aid does not necessarily support corrupted or authoritarian regimes. Is Russia similar in their approach? I use China as a standard for comparison to answer this question with respect to Russia. The current literature does not investigate discrepancies in aid allocations between the two countries. China and Russia have similar motivations in their international diplomacy, but markedly different approaches. Both are challenging the world order established by the US and other Western democracies, and both seek to rewrite the world order to favor them. But while China is positioning themselves to "out-compete" the US with its dominating economy, Russia seems to political scientists to be more volatile and obsessed with security, culminating in their 2022 invasion of Ukraine.

I investigate if there is a correlation between how these two states approach gaining international influence and their strategy when it comes to foreign aid. I build on existing literature, drawing extensively from Dreher's work on Chinese aid as a guide for my comparison, expanding on his study of Chinese aid in Africa to Chinese aid across all ODA-qualifying

countries. In comparing the two states, I hope to gain insight on how their different approaches influence the way in which they allocate foreign aid, if there is indeed a difference in the way Russia approaches foreign aid than China.

3. THEORY

Political science scholars largely agree that the international interests of a state influences aid allocation. Foreign aid has long been a political tool used to reward allies and punish enemies, to strengthen diplomatic ties and extract political concessions. Chinese aid used to be subject to speculation of being "rogue aid," where China uses aid as a tool to directly delegitimize Western democracy-promoting aid, which would suggest they are more likely to support corrupt or authoritarian institutions. However, this has been shown to not be the case, that while Chinese aid allocation may be motivated by political or economic agenda, it is not used to directly work against democratic institutions – much like Western donors (Kuziemko and Werker 2006 ; Vreeland and Dreher 2014; Tseng and Krog, 2016). Popular theory does not suggest that non-Western donors would be exceptions to this, but Russia's "unpredictability" as a global power has led to speculation that Russia could be a true rogue donor.

I hypothesize that Russia's approach to aid allocation does not differ all that much from that of China; that despite both countries' intent to undermine democratic institutions, foreign aid allocation is not an avenue for direct confrontation. However, while their approaches to aid may be similar, their ultimate foreign policy goals mean their aid will be influenced by different factors. I predict that China's more economic approach to its competition with the US and Russia's large concern with security and its near-abroad will mark a difference in their aid allocation.

To more precisely answer this question, I test for several explanatory variables which I have divided into three categories: economic, political, and institutional. Economic and political interests of both China and Russia are different, and we will see this reflected in how each country is driven by these factors. Institutionally, both countries have similar goals and traits, both being authoritarian powers seeking to undermine Western democracy. Despite this, we know that China is not influenced by institutional factors during aid allocation as Dreher (2018), Custer (2021), and Hoeffler and Sterck (2022) all find. Institutional quality of a country does not impact Chinese aid allocation in a significant way, and theory suggests very little reasons that Russia or other non-Western donors would be different.

H1. *China will be driven by its economic interests to seek bigger economies for aid allocation, while Russia's economic interests in Eurasia direct them towards developing economies.*

H2. *Chinese political interests will guide their aid allocation to favor countries that align with their ideals, while Russia's political interests will guide their aid allocation to favor countries that align against Western ideals (the US).*

H3. *Countries with lower institutional qualities are no more likely to receive aid than countries with higher institutional qualities.*

3.1 Economic Factors (H1)

To measure the effects of economic interests on country aid allocation, I look at GDP (logged) and trade between donor and recipient countries. Dreher's data showed that China was guided more by economic interests when allocating OOF in African countries. As the largest exporter of capital, Beijing is vulnerable to risky economic conditions, so research suggests that China is more interested in projects that will give strong returns. Chinese banks are looking for

foreign markets to prioritize “bankable” projects (banking on beijing). Therefore, I expect that we will see China more eager to provide aid towards countries with higher economic variables, of which my study includes GDP and trade relation to China.

Meanwhile, we understand Russia is heavily involved in the developing economies of the Eurasian sphere, but I do not expect to see that reflected positively in either or my economic explanatory variables. Russia’s involvement is linked closer to enhancing their own proactivity in the Eurasian economy, and their stated intentions have been to facilitate the growth of recipient countries to improve conditions for trade and investment activities. Since the vast majority of Russian aid centers around Eastern Europe/Central Asia, we can expect to see a negative coefficient in terms of GDP since Russia is focused on smaller economies. There’s no reason to believe Russia would heavily favor countries with existing trade ties over countries they are just beginning to form relations with.

(H1) Therefore, I predict China will be driven by its economic interests to seek bigger economies for aid allocation, while Russia’s economic interests in Eurasia direct them towards developing economies.

3.2 Political Factors

To estimate foreign policy concerns on the global scale, I measure voting alignment between donors and recipients in UN General Assemblies. I also measure voting alignment between recipients and the US at UN General Assemblies. If we are to believe that China and Russia use foreign aid to award allies, I expect a positive correlation between donor-recipient voting agreement. The US-recipient voting agreement variable is used as a check for voting disagreement, aka how much might one country not receive aid because of perceived closeness to the United States?

If we align with the theory that China is a competitive peer with the West but Russia an antagonist, we should expect donor-recipient voting agreement to positively influence aid allocation for China, while Russia is more likely to have a significant negative coefficient over US-donor voting agreement.

To capture security concerns as part of political factors, I have included distance variables between donor-recipient and US-recipient to once again determine the effects that a country being close to either China or Russia would have an effect on their aid allocation. I predict Russia will heavily favor countries closer to itself, since Russia's main interests lie with its near-abroad even though it has increased donation activities to Africa and South America. For China, however, I do not expect to see a significant change in aid allocation based on distance. While its true China has many interests in Africa and South America, it also has equally competing interests closer to home, particularly in South Asia and Central Asia.

(H2) Therefore, I predict Chinese political interests will guide their aid allocation to favor countries that align with their ideals, while Russia's political interests will guide their aid allocation to favor countries that align against Western ideals (the US).

3.3 Institutional Factors

To quantify institutional factors, I collect data on two variables determining electoral democracy index and political corruption. If either Russia or China were rogue donors as Western donors fear – as in, they use foreign aid to undermine democracy promotion and to aid corrupt governments – then we would expect to see a negative correlation between a recipient country's electoral democracy index and the aid it receives from China and Russia. Similarly, political corruption would have a positive coefficient.

However, I argue that this is not the case, for either China nor Russia. We understand it not to be true for China in Africa, so there is little reason to believe this won't extend to all developing countries. I also predict that Russia will be similar to China in this regard.

(H3) Therefore, I predict that Countries with lower institutional qualities are no more likely to receive aid than countries with higher institutional qualities.

4. RESEARCH DESIGN

My research design uses panel data across country and year. I developed my dataset from 3 main sources, for my Chinese and Russian aid dependent variables and my explanatory variables. I sample data across 137 recipient countries designated as ODA-qualifying according to the DAC (Development Assistance Committee) for which data was available on[2]. These countries are developing, low, and middle income countries as is commonly used when studying development aid. I will be looking at data captured for each recipient country from 2011-2019, as that is the time period for which data is available for both donor countries. Using a random effects model with robust standard errors, I estimate the effects of my explanatory variables on recipient aid.

4.1 Dependent Variables - Donor Country Aid

My dependent variable measures the amount of foreign aid assistance from each respective donor (China and Russia) to recipient countries in constant US dollar amounts, and logged to capture percentage change as opposed to unit change. I converted the data into USD 2023 constant dollar amounts in the millions from each respective source data. The data available spanned across 137 developing, low, or middle-income countries. These included countries that received aid from both China and Russia, countries that only received aid from

[2] DAC List of ODA-qualifying recipients can be found here: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm

China, and countries that only received aid from Russia. Chinese aid data was available from 2000-2020, and Russian aid data was available from 2011-2020. I captured the overlap in my final dataset for analysis from 2011-2019, stopping before 2020 because of how COVID-19 had impacted global development assistance worldwide.

I review Aiddata's Global Chinese Finance Dataset, Version 2.0 for Chinese aid. The data is available on a project-level basis, which I consolidated into yearly amounts for each country and converted the amounts from constant USD 2017 to constant USD 2023. The data is categorized into flow types, "ODA-like," "OOF-like," and "Vague." Since China does not actually report to the OECD, the authors of the dataset determined flow types themselves following the criteria of the OECD. The data I gather encapsulates both ODA and OOF for a more comprehensive look at the aid. For my Russian aid variable, I source from OECD's Country Programmable Aid dataset on Russian aid[3] and converted from USD 2020 constant amounts to USD 2023. Figure 1 and Figure 2 show this aid represented throughout the years.

[3] The OECD council halted the accession process of the Russian Federation in 2022. Russia, which had previously reported data to OECD, ceased to do so and some ODA data is no longer available for Russia. https://www.oecd.org/legal/accession-process.htm

Figure 1. Chinese Aid in Millions, 2000−2019

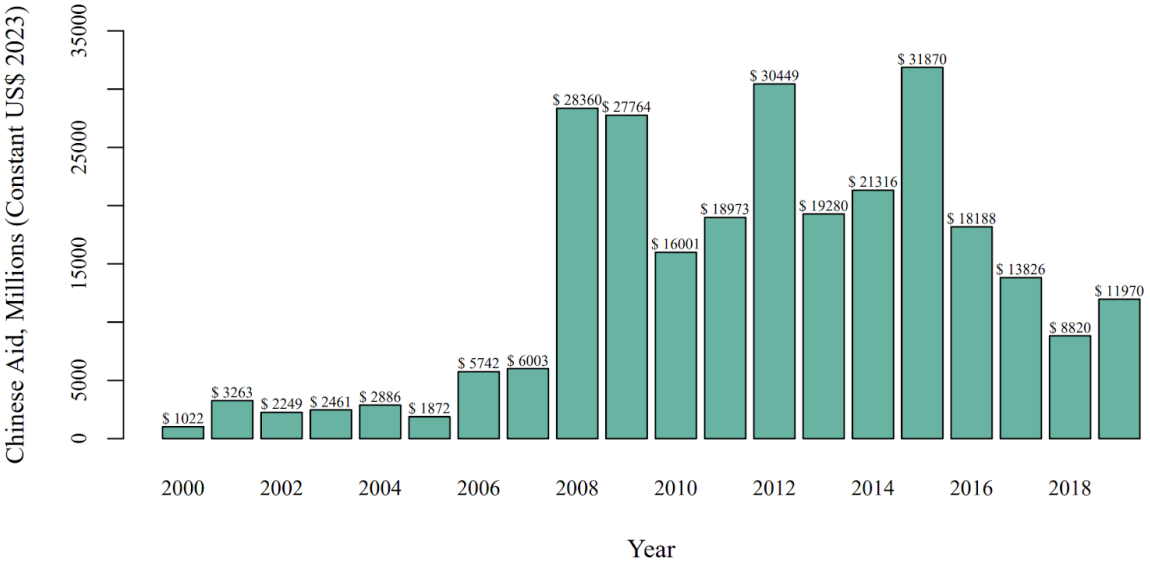
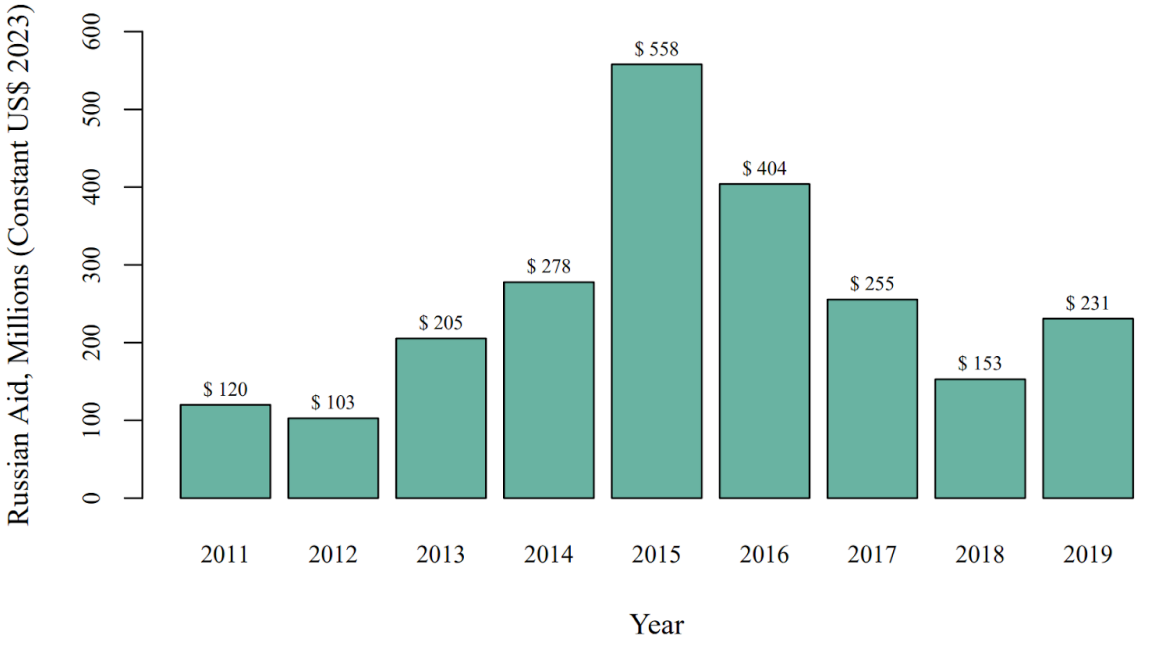


Figure 2. Russian Aid in Millions, 2011−2019



Tables 1 and 2 show tables of how aid varies by region for each country. Due to the launch of BRI, it is reasonable to think that the majority of Chinese development assistance would be directed towards Africa. However, as Figure 3 demonstrates, aid towards that region makes up a small amount as compared to Latin America or Europe & Central Asia. There are a couple possible explanations for this. First, not all BRI projects necessarily count as "aid" as defined by the OECD. Second, the dataset I use captures both ODA and OOF to give a better understanding of China's development finance and aid as a whole, rather than just ODA.

Table 1. Chinese Aid by Region, 2011-2019, Millions (USD 2023)

region2	amount
East Asia and Pacific	21063.06
Europe and Central Asia	47020.69
Latin America and Caribbean	43769.35
Middle East and North Africa	8070.78
South Asia	27232.19
Sub-Saharan Africa	19333.24

Table 2. Russian Aid by Region, 2011-2019, Millions (USD 2023)

region2	amount
East Asia and Pacific	41.53
Europe and Central Asia	1707.11
Latin America and Caribbean	185.79
Middle East and North Africa	178.12
South Asia	24.49
Sub-Saharan Africa	169.51

4.2 Explanatory Variables - Recipient Country Indicators

My explanatory variables are indicators of recipient countries that influence the donors' decision to allocate aid. I categorize each explanatory variable under one of three categories based on whether it can explain economic, political, or institutional interests. My economic variables consist of 1) Log GDP, 2.a) Trade with China, and 2.b) Trade with Russia. My political variables consist of 1.a) UN Voting Agreement Score between Recipient and China, 1.b) UN Voting Agreement Score between Recipient and Russia, 2) UN Voting Agreement Score between Recipient and the US, 3.a) Distance between Recipient and China, 3.b) Distance between Recipient and Russia, and 4) Distance between Recipient and the US. My institutional indicators

include 1) Electoral Democracy Index and 2) a measure for Political Corruption. Table 3 displays all coded explanatory variables and their descriptors. Figure 3 shows a screenshot of the coded panel data.

Table 3. Explanatory variables and their descriptors	
GDP_LOG	Log GDP of recipient countries
TRADE_CHINA	Log trade with China
TRADE_RUSSIA	Log trade with Russia
UNVOTE_CHINA	UN general assembly voting agreement score with China
UNVOTE_RUSSIA	UN general assembly voting agreement score with Russia
UNVOTE_US	UN general assembly voting agreement score with the US
DIST_CHINA	Distance (km) between recipient and China
DIST_RUSSIA	Distance (km) between recipient and Russia
DIST_US	Distance (km) between recipient and the US
DEM	Electoral Democracy Index
CORRUPT	Political Corruption

Figure 3. First nine rows 14 columns of the panel data used

	country	code	year	china_aid	rus_aid	log_china	log_rus	gdp_log	distch	distru	distus	dem	corrupt	voteus
1	Afghanistan	AFG	2011	0.000000e+00	4.157768522	0.00000000	1.640504029	23.49853	4180.438	3367.5264	10847.876	0.375	0.941	0.430851
2	Afghanistan	AFG	2012	0.000000e+00	0.337375636	0.00000000	0.290709213	23.61856	4180.438	3367.5264	10847.876	0.377	0.945	0.390804
3	Afghanistan	AFG	2013	0.000000e+00	0.000000000	0.00000000	0.000000000	23.67305	4180.438	3367.5264	10847.876	0.380	0.917	0.200000
4	Afghanistan	AFG	2014	2.670582e+00	4.074843559	1.30035018	1.624295699	23.69993	4180.438	3367.5264	10847.876	0.379	0.913	0.240259
5	Afghanistan	AFG	2015	1.912675e+01	3.124203027	3.00204956	1.416872795	23.71434	4180.438	3367.5264	10847.876	0.378	0.893	0.239130
6	Afghanistan	AFG	2016	0.000000e+00	0.051490415	0.00000000	0.050208600	23.73669	4180.438	3367.5264	10847.876	0.354	0.903	0.475961
7	Afghanistan	AFG	2017	0.000000e+00	0.044802967	0.00000000	0.043828319	23.76282	4180.438	3367.5264	10847.876	0.353	0.899	0.321739
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9	Afghanistan	AFG	2019	0.000000e+00	2.095100974	0.00000000	1.129820530	23.81301	4180.438	3367.5264	10847.876	0.351	0.911	0.197674

4.2.a Economic Variables

We measure how much the economic benefits of a particular aid allocation influence China and Russia's allocation of aid using GDP logged, a common measure of country economy and country wealth. Log GDP was calculated from constant 2005 USD.

My trade variables measured trade between recipient countries and China, and trade between recipient countries and Russia. I calculated trade by adding the total exports between donor-recipient and total imports for each year, then logging the value. Tables 4 and 5 show the top 10 trade partners from this subset of countries for China and Russia, respectively across the 2011-2019 time frame. The amounts in column 2 display total USD amounts in the billions. Table 6 displays summary statistics for economic variables.

Table 4. China's 10 Biggest Trade Partners in this Dataset, in USD Billions (2011-2019)

country	trade
Malaysia	906
Vietnam	866
Brazil	801
India	691
Thailand	689
Indonesia	587
South Africa	437
Philippines	412
Mexico	406
Iran	333

Table 5. Russia's 10 Biggest Trade Partners in this Dataset, in USD Billions (2011-2019)

country	trade
Belarus	284
Turkey	194
Ukraine	187
Kazakhstan	175
India	83
Brazil	49
Egypt	43
Vietnam	37
Uzbekistan	35
Romania	33

Table 6. Summary Statistics for Economic Variables

Statistic	GDP_LOG	TRADE_CHINA	TRADE_RUSSIA
Mean	24.1	14.2	10.8
St. Dev.	1.8	2.7	4.1
Min	19.4	0.0	0.0
Median	23.9	14.5	11.8
Max	28.6	18.9	17.5

4.2.b Political Variables

We measure how much a recipient country's political alignment with the donor influences China and Russia's aid allocation. UN voting similarities is frequently used in aid allocation literature to measure political alignment between states (Alesina and Dollar 2000; Vreeland and Dreher 2014, Dreher et al. 2018). We use the UN General Assembly voting dataset developed by Strezhnev and Voeten, 2012, which computes a UN agreement score between two countries from a scale of 0 to 1. We include agreement score variables between both recipient and donors, and another agreement score variable between recipient and the US to test for political motivations in direct opposition to the US.

Our distance variables measure the distance in kilometers between major cities of the donor and recipient. This is to test for the relationship between security concerns and the donor country; if the donor country is more occupied with its regional sphere of influence, we might expect to see increasing the distance variable would decrease the aid variable.

Table 7 displays summary statistics for our political explanatory variables

Table 7. Summary Statistics for Political Variables

Statistic	DIST_CHINA	DIST_RUSSIA	DIST_US	UNVOTE_CHINA	UNVOTE_RUSSIA	UNVOTE_US
Mean	9,552.1	6,695.0	9,172.4	0.8	0.7	0.3
St. Dev.	4,101.5	3,393.9	3,408.9	0.1	0.1	0.1
Min	1,172.0	687.0	2,114.8	0.2	0.3	0.0
Median	9,468.5	6,593.0	9,137.7	0.9	0.8	0.3
Max	19,297.5	14,709.7	16,180.3	1.0	1.0	1.0

4.2.c Institutional Variables

We measure how much a recipient country's institutions and government factors into aid allocation. We have two indicators sourced from VDEM[4] that describe a country's electoral democracy index and another that describes a country's level of political corruption.

The electoral democracy index measures principles of electoral democracy, including whether elections are free and fair, as well as the prevalence of a free and independent media. We can use this variable to measure the effect of regime type of aid allocation; a positive coefficient would indicate that more democratic countries receive more aid; a negative coefficient would indicate that less democratic countries receive more aid.

Similarly to the electoral democracy index, the political corruption index measures a country's level of corruption. A positive coefficient would suggest more corrupt regimes receive more aid, whereas a negative coefficient would suggest the opposite.

Table 8. Summary Statistics for Institutional Variables

Statistic	DEM	CORRUPT
Mean	0.47	0.63
St. Dev.	0.21	0.24
Min	0.09	0.05
Median	0.46	0.68
Max	0.92	0.97

Table 8 displays summary statistics for institutional variables

[4] The methods for calculating these two indicators can be found on the VDEM website: https://www.v-dem.net/data/the-v-dem-dataset/

4.3 Statistical Model

I measure the effects of economic (H1), political (H2), and institutional (H3) factors of a recipient country on Chinese and Russian aid allocation. To do this, I run a random effects model to examine between-country effects across recipient countries with robust standard errors.

$$aid_{it} = \beta_0 + \beta_1 economic_{it} + \beta_2 political_{it} + \beta_3 institutional_{it} + U_t + W_{it} + \epsilon_{it}$$

We estimate the above regression equation in two parts, once for Chinese aid and once for Russian aid. aid_{it} measures the donor country's aid to country *i* at year *t*. $economic_{it}$, $political_{it}$, and $institutional_{it}$ denotes the explanatory variables introduced above. U_t represents the year-fixed effects while W_{it} is the country-specific random effect and ϵ_{it} is the error term.

5. EMPIRICAL ANALYSIS

5.1 Results

Table 1 displays the main results of our random effects regression. Column 1 explains the effect of our explanatory variables on Chinese foreign aid to a recipient country and Column 2 explains the effect of our explanatory variables on Russian foreign aid.

Table 9. Effect of Explanatory Variables on Chinese and Russian Aid, Random Effects Model

	Dependent variable:	
	Chinese Aid (log amount)	Russian Aid (log amount)
	(1)	(2)
GDP Constant US2005 (log)	0.237***	-0.060*
	(0.065)	(0.033)
Trade with China (log)	-0.028	
	(0.042)	
Trade with Russia (log)		0.013
		(0.008)
Electoral Democracy Index	1.012*	-0.122
	(0.589)	(0.223)
Political Corruption	0.523	0.209
	(0.458)	(0.211)
UN Vote with China	1.901*	
	(1.117)	
UN Vote with Russia		-0.171
		(0.196)
UN Vote with US	-0.351	-0.402***
	(0.711)	(0.141)
Distance from China	-0.0001**	
	(0.00003)	
Distance from Russia		-0.0001***
		(0.00002)
Distance from US	-0.00000	-0.00001
	(0.00003)	(0.00002)
Constant	-5.865***	2.286***
	(1.896)	(0.861)
Observations	1,069	1,069
R^2	0.030	0.025
Adjusted R^2	0.022	0.017
F Statistic	32.548***	26.819***
Note:		*p<0.1; **p<0.05; ***p<0.01

5.1.a (H1) *China will be driven by its economic interests to seek bigger economies for aid allocation, while Russia's economic interests in Eurasia direct them towards developing economies.*

Table 1 shows us that among developing countries, China favors countries with slightly more robust economies while Russia gives more aid to those with struggling economies. Column 1 tells us that for every 1% increase in GDP, Chinese aid increases by about 24% (alpha = 0.01). For every 1% increase in GDP, Russian aid decreases by 6% (alpha = 0.1). It finds no significance with the trade variable for either donor.

This partially supports my prior hypothesis. I predicted China, focused on economic competition with the US and seeking foreign markets for its explosive economic rise, would be more willing to invest in projects that may lead to a better economic outcome, for either the recipient or China. This meant I expected China to aim for larger economies and those with closer trade ties. Contrastingly for Russian aid, I predicted a negative coefficient for GDP and no significance for trade with Russia. We find support that China looks towards countries with larger economies, while Russia, focused on development of its near-abroad, put more money towards poorer countries.

5.1.b (H2) *Chinese political interests will guide their aid allocation to favor countries that align with their ideals, while Russia's political interests will guide their aid allocation to favor countries that align against Western ideals (the US).*

There is support for my hypothesis that China is driven as a competitor to the US while Russia is driven as an antagonist. For every percent increase in a recipient country's agreement score with China, there is almost a 200% increase in Chinese aid (alpha = 0.1). In contrast, for every percentage increase in a recipient country's agreement score with the US, there is a 40%

decrease in Russian aid (alpha = 0.01). Chinese aid defines itself as in partnership with countries who agree, "rewarding" their allies. Meanwhile, Russian aid is defined in opposition to the US, being less likely to give aid to countries whose UN agreement scores align closer to the West and further away from Russia.

For both donors, every kilometer increase in distance between donor and recipient country corresponds to a 0.01% decrease in aid (alpha = 0.05 for Chinese aid; alpha = 0.01 for Russian aid). Both countries seem to invest more in countries that are geographically closer to them, although this interpretation may be inconsistent due to the fact that our sample size only includes ODA-qualifying countries. Figures 3 and 4 show us already that the vast majority of Russian aid is dedicated to the Eastern Europe & Central Asia region; Chinese aid seems to be more spread out, but the bulk of aid still seems to be focused on East Asia, South Asia, and Central Asia.

5.1.c (H3) *Countries with lower institutional qualities are no more likely to receive aid than countries with higher institutional qualities.*

We find no significance for both the electoral democracy index and political corruption variables, suggesting Russia follows the theory proposed by Dreher's research that non-Western donors do not seek out more corrupted or authoritarian regimes to allocate aid. What is curious, however, is that Chinese aid seems to be positively significant with the electoral democracy variable. Table 1 finds that for every 1 point increase in a country's electoral democracy index, Chinese aid increases by 100%. One possible explanation: Democratic countries as a whole have lower inflation, higher economic freedom, and higher human capital accumulation. Democracy is often associated with higher sources of economic growth, and subsequently higher GDP; the

positive coefficient between Chinese aid and the democracy variable could be attributed to correlation with the GDP variable.

5.2 Summary of Findings & Limitations

The findings of Table 1 strongly suggest support for all three of my hypotheses, which predicted the effects of various economic, political, and institutional factors on Chinese and Russian foreign aid. (H1) found support that the economic robustness of a country positively affected Chinese aid and negatively affected Russian aid. (H2) demonstrated that UN voting alignments drove allocation decisions for both countries. (H3) was in support of the literature that China and Russia are not more likely to support corrupted and authoritarian regimes as popular belief would suggest. While some hypotheses were only partially supported, and others revealed new unexpected information, none of the data directly contradicted my hypothesis. However, limitations of the data available prevent me from giving a more comprehensive look into the comparisons of aid between these two countries.

First, aid data was sourced from two different places for Chinese and Russian aid. These two sources had vastly different ways of identifying and categorizing the aid. The Chinese aid dataset is a brand new dataset developed according to the TUFF methodology[5], an innovative way to track underreported financial flows between countries. The Russian aid dataset was sourced from OECD-DAC statistics, which are self-reported by donor country; Russia's removal from the DAC accession countries also meant the best data available was country programmable aid, which is a subset of ODA. So to begin with, the spotty data on the Russian dataset makes it hard to analyze both datasets on equal footing.

[5] Mentioned earlier, specifications on the TUFF methodology can be found here: https://www.aiddata.org/publications/aiddata-tuff-methodology-version-2-0

Second, I believe a more comprehensive set of explanatory variables would help with the conclusions of my hypotheses. While things like GDP, trade, democracy, corruption, and UN voting are common measures of different factors of impact, more time is needed to build a dataset that holds more explanatory variables. One explanatory variable I would have liked to obtain is a variable that measures support for China and Russia's respective territorial ambitions. However, it's hard to equate a variable that measures Taiwan recognition (as Dreher does) with support for the annexation of Crimea/the war for Ukraine, as the legitimacy of Taiwan as a sovereign state has always been in question whereas Crimea and Ukraine were/are fully independent states.

The seemingly contradictory results of the distance variable can most likely be explained by the countries this study is limited to. First, both effects of distance were very minimal though significant, affecting aid by less than 0.01%. The countries we are limited to – countries that are on the DAC list of ODA recipients and those we have data for – could potentially skew the results by including less countries that are far from the donors. While expected for Russia, for China it might be expected that we would see more aid given to countries farther away, given their heavy investment in Africa. However, we see that China is more likely to give more aid to countries *on the list that are closer to it* – an important distinction to make.

6. CONCLUSION

In this paper, I found strong evidence across nine years and 137 countries to support my original hypothesis that China and Russia do not treat foreign aid differently from each other or other Western donors, both using aid as a tool to further foreign policy agenda; I also found evidence to suggest that while similar in their usage of aid, their different global agendas mean that their respective aid allocation is affected by different factors. The first part of my hypothesis

deals with how China and Russia "use" foreign aid (H3), while the second part of my hypothesis deals with the different economic and political factors that affect their individual aid allocation.

How countries "use" foreign aid has in the past been a contentious topic, especially with regards to Chinese aid and how the country is "using" it. China's contempt for the liberal international order has prompted many rogue donor narratives, which paint Chinese foreign aid as motivated by self-interest and used to directly undermine democratic institutions and prop up corrupted regimes. If this were true, we would see a statistically significant amount of aid going towards regimes that are more corrupt and less democratic in their nature; however, our data reveals that is not the case, a concept first introduced by Dreher et al. (2018) which we expand upon. In fact, there is evidence to show that democratic countries may be more likely to receive aid from China; this may relate more to the fact that democratic countries are strongly correlated with better economies and higher GDPs, which is a factor I claimed attracted Chinese aid.

Now, the question leads to Russia. Russia and China are interesting points of comparison; while both countries have the ultimate shared vision for a new international world order and territorial ambitions, their approaches to achieving them are quite different. China is increasingly positioning itself as a peer, a partner, and a fierce competitor to the US. China's position in the global economy and actions seem to suggest the country aims to work within the existing structure of the global order to change it. By contrast, Russia seems to be more volatile, aware of its precarious position and thus acting in "rogue"-like ways: annexing states and starting wars, interfering in foreign democratic elections (Dobbins et al. 2019; Maizland 2022). So does this translate into rogue-like behavior when it comes to donorship? I argue that no, Russia does not use foreign aid in this capacity any differently than China or other Western states. My study reveals that Russia is not using aid as a means to support authoritarian or corrupt regimes. While

Russia may act rogue-like on the international stage, foreign aid is not an avenue for which it does so. And why not?

Existing literature by Zatsev (2021) and Robinson (2020) suggests Russian aid, humanitarian in nature, is used to focus on Russian security concerns in its near-abroad, following Russia's goal to develop Eurasian transition economies. Russia is hyper-concerned with expanding its sphere of influence in its near-abroad, and stopping the encroachment of NATO on its close territories. This explains why poorer countries in the Eurasian region receive more development aid, and why other countries in alignment to the US (and by extension, Western powers and NATO) receive less aid.

This aligns with the second half of my hypothesis, that while Russia and China may use foreign aid in the same way, the countries are different enough in their goals that economic and political factors have different effects on their level of aid (H1 & H2). While Russia's aid is supporting transition economies in their near abroad and fellow US detractors, China's aid is influenced more by chance of economic benefit and those who vote with China in UN general assemblies. China, an economic powerhouse, is using its economy as one method of competing with Western powers which is why we find they give more aid to countries with higher GDPs. In contrast to Russia, which gives more aid to countries that oppose the US, China gives more aid to countries that align with them and not necessarily against the US. This lends further credence to the popular political science theory that China is a "competitor" and Russia is an "antagonist".

Future research should seek to provide answers in the gaps of missing data. For two countries that do not answer to global reporting systems for aid, it is all the more important that we can have comprehensive data to fully analyze their aid allocation. Future research can also

look upon this study to reference the comparison between Chinese and Russian aid allocation as new emerging donors rise on the international financial landscape.

The landscape of global finance is changing rapidly, and not just due to the emergence of big actors like China and Russia. COVID-19 and the war on Ukraine have drastic implications for the future of international development cooperation. Russian aid has been far too understudied for far too long, and literature on Chinese aid has only just emerged over the past couple years. As we re-examine our global relationship to China and Russia, we must also understand the developing relationship between these actors, how they seek to gain international influence over the existing liberal international order. Foreign aid is one of the most important political tools of any country, and it is time we dedicate ourselves to knowing how our authoritarian rivals seek to use these tools.

APPENDIX

Figure 1. Chinese Aid in Millions, 2000−2019

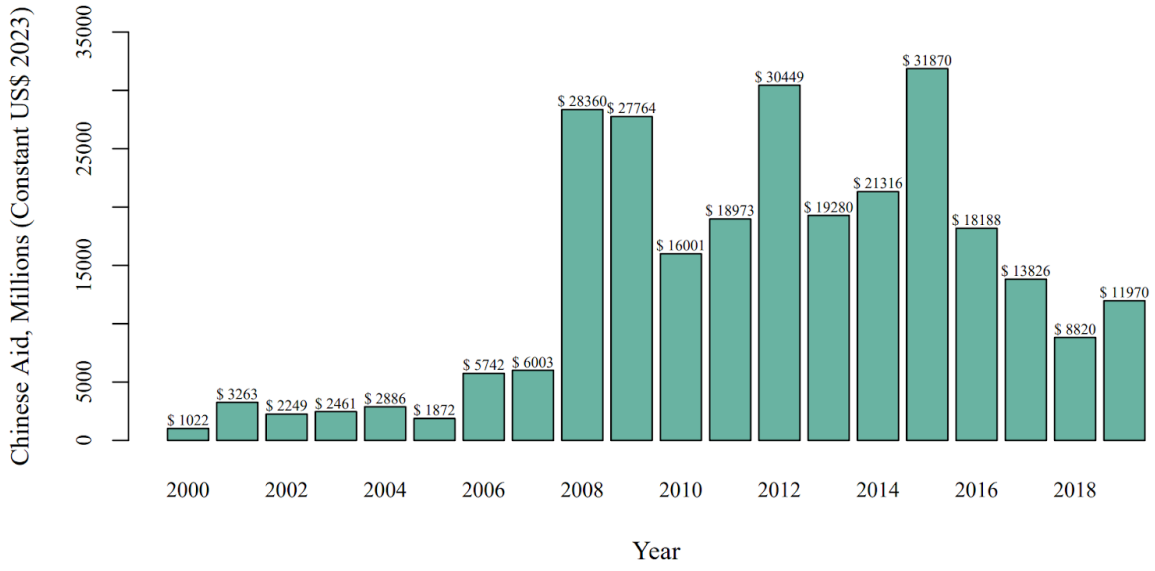


Figure 2. Russian Aid in Millions, 2011−2019

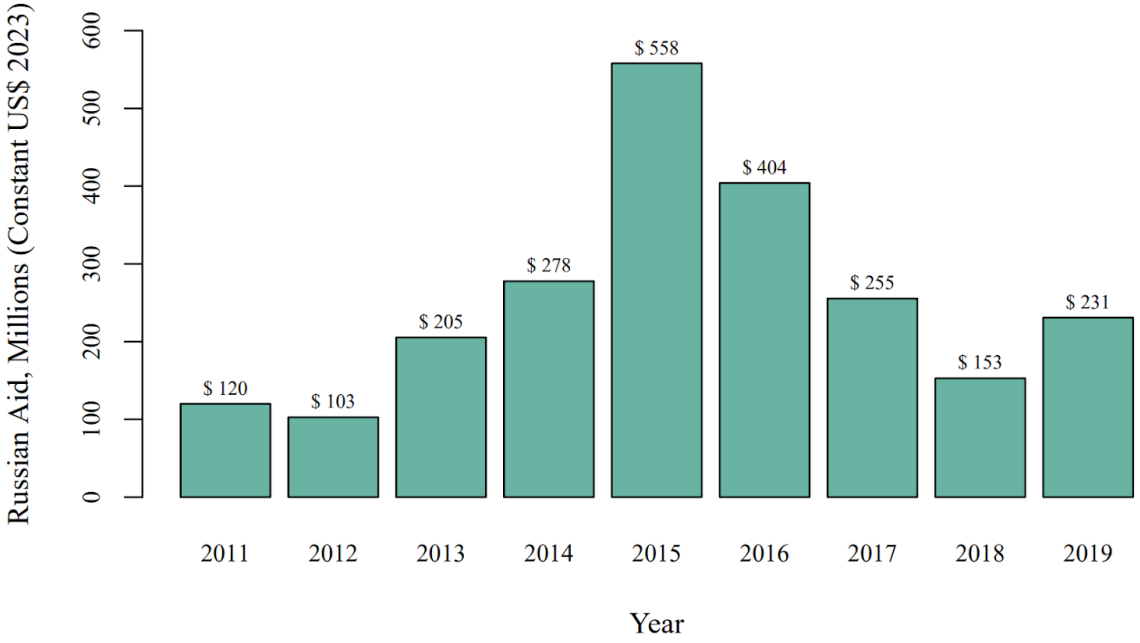


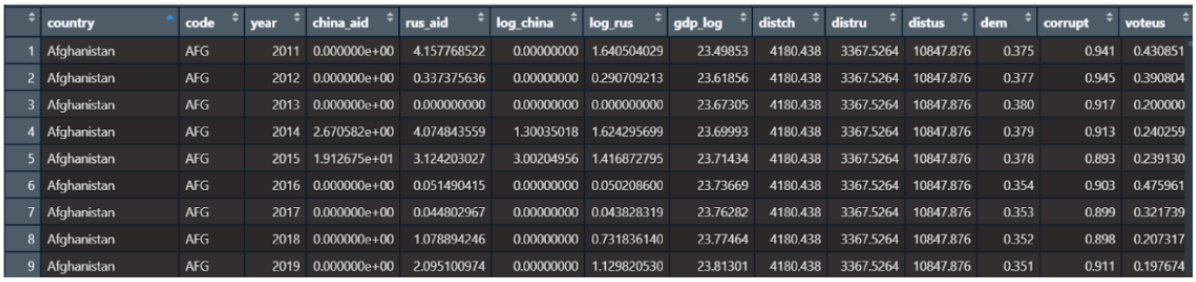
Table 1. Chinese Aid by Region, 2011-2019, Millions (USD 2023)

region2	amount
East Asia and Pacific	21063.06
Europe and Central Asia	47020.69
Latin America and Caribbean	43769.35
Middle East and North Africa	8070.78
South Asia	27232.19
Sub-Saharan Africa	19333.24

Table 2. Russian Aid by Region, 2011-2019, Millions (USD 2023)

region2	amount
East Asia and Pacific	41.53
Europe and Central Asia	1707.11
Latin America and Caribbean	185.79
Middle East and North Africa	178.12
South Asia	24.49
Sub-Saharan Africa	169.51

Figure 3. First nine rows 14 columns of the panel data used



	country	code	year	china_aid	rus_aid	log_china	log_rus	gdp_log	distch	distru	distus	dem	corrupt	voteus
1	Afghanistan	AFG	2011	0.000000e+00	4.157768522	0.00000000	1.640504029	23.49853	4180.438	3367.5264	10847.876	0.375	0.941	0.430851
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9	Afghanistan	AFG	2019	0.000000e+00	2.095100974	0.00000000	1.129820530	23.81301	4180.438	3367.5264	10847.876	0.351	0.911	0.197674

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Iran	333

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Ukraine	187
Kazakhstan	175
India	83
Brazil	49
Egypt	43
Vietnam	37
Uzbekistan	35
Romania	33

Table 6. Summary Statistics for Economic Variables

Statistic	GDP_LOG	TRADE_CHINA	TRADE_RUSSIA
Mean	24.1	14.2	10.8
St. Dev.	1.8	2.7	4.1
Min	19.4	0.0	0.0
Median	23.9	14.5	11.8
Max	28.6	18.9	17.5

Table 7. Summary Statistics for Political Variables

Statistic	DIST_CHINA	DIST_RUSSIA	DIST_US	UNVOTE_CHINA	UNVOTE_RUSSIA	UNVOTE_US
Mean	9,552.1	6,695.0	9,172.4	0.8	0.7	0.3
St. Dev.	4,101.5	3,393.9	3,408.9	0.1	0.1	0.1
Min	1,172.0	687.0	2,114.8	0.2	0.3	0.0
Median	9,468.5	6,593.0	9,137.7	0.9	0.8	0.3
Max	19,297.5	14,709.7	16,180.3	1.0	1.0	1.0

Table 8. Summary Statistics for Institutional Variables

Statistic	DEM	CORRUPT
Mean	0.47	0.63
St. Dev.	0.21	0.24
Min	0.09	0.05
Median	0.46	0.68
Max	0.92	0.97

Table 9. Effect of Explanatory Variables on Chinese and Russian Aid, Random Effects Model

	Dependent variable:	
	Chinese Aid (log amount)	Russian Aid (log amount)
	(1)	(2)
GDP Constant US2005 (log)	0.237***	-0.060*
	(0.065)	(0.033)
Trade with China (log)	-0.028	
	(0.042)	
Trade with Russia (log)		0.013
		(0.008)
Electoral Democracy Index	1.012*	-0.122
	(0.589)	(0.223)
Political Corruption	0.523	0.209
	(0.458)	(0.211)
UN Vote with China	1.901*	
	(1.117)	
UN Vote with Russia		-0.171
		(0.196)
UN Vote with US	-0.351	-0.402***
	(0.711)	(0.141)
Distance from China	-0.0001**	
	(0.00003)	
Distance from Russia		-0.0001***
		(0.00002)
Distance from US	-0.00000	-0.00001
	(0.00003)	(0.00002)
Constant	-5.865***	2.286***
	(1.896)	(0.861)
Observations	1,069	1,069
R^2	0.030	0.025
Adjusted R^2	0.022	0.017
F Statistic	32.548***	26.819***
Note:		*p<0.1; **p<0.05; ***p<0.01

DATASETS

Dependent Variables:

Russian Aid | OECD, https://stats.oecd.org/#

Chinese Aid | Aiddata's Global Chinese Finance Dataset, Version 2.0, https://www.aiddata.org/data/aiddatas-global-chinese-development-finance-dataset-version-2-0

Independent Variables:

GDP, Distance, Dem, Corrupt | World Economics and Politics Dataverse, http://ncgg.princeton.edu/wep/download.html

UN Vote | UN General Assembly Voting Data, https://dataverse.harvard.edu/dataset.xhtml?persistentId=hdl%3A1902.1%2F12379

Trade | World Integrated Trade Solution, https://wits.worldbank.org/

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