2

Understanding Relations between Politicians and Donors

> I have a close relationship with [Donor Name]. Using my influence, they have constructed 18 school blocks in my constituency.
>
> – Member of Parliament, Malawi[1]

> [Our projects] are an advantage for [politicians] because most of the time government budgets have no room for infrastructure projects. The biggest chunk of the government education budget goes into salaries. So there is very little room for other projects . . . When reporting on joint sector review, [politicians] refer to projects we've funded as their achievements in the year.
>
> – Portfolio coordinator for a bilateral donor in Malawi[2]

As the above extracts illustrate, politicians in aid-dependent democracies often rely on donors to deliver services to their constituents. The purpose of this chapter is to set the stage for the rest of the book by explaining how and why many politicians have become so reliant on donors for the delivery of social services and, by extension, why politicians have become reliant on donors for pleasing constituents and winning elections.

I will begin the argument by explaining the gap between the demand and supply of social services in aid-dependent democracies. I will show that politicians often face a similar problem to that faced by Felix in Chapter 1: they represent constituents that desperately need and demand investments in core social services and infrastructure, but they have little or no budget to meet these demands. I will then provide evidence that this economic dependency has led to a *political* dependency: in order

[1] Interview B4, see Appendix B.
[2] Interview A3, see Appendix B.

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to cater to voters, politicians in aid-dependent democracies seek out relationships with donors, attempt to shape donor decisions, and claim credit for donor investments. Likewise, voters often prefer to elect politicians who have close relationships with donors.

In the second part of the chapter, I will turn to the question of when, why, and how donors choose to build relationships with elected officials. Like politicians, donors have a choice in how to deliver social services. They can invest on their own or they can involve governments in their decisions. I show that donors often characterize this delegation choice as a trade-off between effectiveness and sustainability: excluding governing officials from development decisions can lead to more effective spending (or at least what donors believe to be more effective spending). However, limiting delegation can also lead to less sustainable investments and lower state capacity. In practice, donors' attempts to balance these trade-offs lead to complex and multilateral bargains between foreign donors, non-governmental organizations (NGOs), and governing authorities over the delegation, prioritization, and allocation of development funds.

In the final part of the chapter, I provide evidence on how politicians interact and bargain with foreign donors. Using surveys with Malawian politicians, I assess how these interactions vary across donor type and political office. Consistent with my broader argument about the costs and benefits of delegation, I show that politicians are especially likely to invest in donor relationships when they face higher budget constraints, greater electoral risk, or have higher levels of education.

This chapter especially relies on two original sources of data. The first is a set of thirty-eight interviews I and fellow researchers conducted in Malawi with donors, MPs, local councilors, bureaucrats and local development committees.[3] These interviews focus on the nature of politician and donor relationships and how each respondent views their roles and responsibilities in development spending. The second sources of data is a survey I and collaborators conducted in 2017 with nearly all elected councilors and MPs in Malawi (460 politicians; 72 percent of all elected officials).This survey asked several questions about donor interactions which I will use to make inferences about the frequency and causes

[3] Most of these interviews and surveys were conducted in collaboration with Brigitte Seim, Johan Ahlbäck or Alex Yeandle with the assistance of Jimmy Mkandawire, Bright Chimatiro, Francis Kamungu, Frank Sulamoyo, Richard Ganiza, Frazier Mkwaila, Hector Honde, and Felix Chauluka in Malawi.

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of donor–politician interactions. Further details on these interviews and surveys are in the Appendix.[4]

2.1 WHY DO POLITICIANS INTERACT WITH DONORS?

2.1.1 The Gap Between Citizen Demands and Fiscal Reality

If an incumbent wants to remain in office in a poor democracy, they are well advised to prioritize efforts to improve the quality and availability of public services, jobs and infrastructure.[5] This point is well illustrated by surveys in low-income countries. Afrobarometer surveys in thirty-four African countries, for instance, suggest that about 80 percent of Africans rate public services – and especially water, health, and education – as among "the most important problems facing this country that government should address."[6]

Further, many voters would prefer their elected representatives prioritize service delivery over other official duties, even when service delivery is not their primary responsibility. For instance, 31 percent of respondents across Africa say that the "most important" responsibility of their Member of Parliament is to "deliver jobs or development" compared to only 16 percent who said that the most important responsibility is to "make laws for the good of the country."[7]

This demand for local development is also reflected in how politicians themselves define their roles. For instance, I asked Malawian politicians to describe their "primary responsibility" as a Member of Parliament (MP) or councilor. Fifty-eight percent of councilors and 43 percent of MPs mentioned bringing development or services to their area as their primary responsibility. The next most frequent response had to do with representing their area or making laws.[8]

[4] See Appendix B.

[5] Jablonski et al. 2022; Grossman and Slough 2022; Banerjee et al. 2011; Gottlieb 2016; Cruz, Keefer, and Labonne 2021.

[6] Of Afrobarometer respondents those that mention public services, 78 percent say that improving health, education or water should be the government's priority(Afrobarometer Round 8 Data from 34 countries).

[7] Afrobarometer Round 4 Data from 34 countries. The other options were "listen to constituents and represent their needs." (45 percent), "monitor the president and his government" (5 percent), or "none of these" (1 percent). See also Mattes and Mozaffar (2016) and Ofosu (2024) for further discussion on this evidence.

[8] This was an open ended question. I coded each response based on whether the politician mentioned development or services in their constituency. See Appendix A for survey details.

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However, voter demand for local service delivery creates a dilemma for politicians in aid-dependent countries. Countries are often aid dependent precisely *because* they are severely fiscally constrained in their ability to deliver new and effective public services. Politicians – especially if they are not well connected – often have little or no means to deliver new public services to their constituents without the assistance of donors.

This gap between constituent demands and fiscal supply comes across strongly in interviews and surveys. I asked interviewed politicians the biggest challenge they faced in their job. The most common answer by far was the challenge they faced in gaining access to funds and delivering on the development projects demanded by citizens. This is particularly true of politicians who were in minority areas or not well connected.[9] As one councilor put it:

> The lack of political affiliations is the biggest barrier to fulfilling my goals: if you don't have connections in the government or in political parties, you cannot achieve your goals. Since for you to get projects, we vote at the council, so if you don't have friends then there is nothing for you.[10]

Several officials also emphasized the large gap between citizen expectations or needs and fiscal reality, especially when it comes to infrastructure development:

> The resources that we are given at the council for development are not enough. I made a lot promises to the people during campaign period. But most of these are not being fulfilled. And as such I feel I have to not stand in 2019 because people feel I cheated.[11]

> The resources, usually demand by far surpasses supply. The supply side is a complete failure on our part. The resource envelope is very small. Most projects we require in this district are infrastructural e.g. health centers and schools. Infrastructural projects require a lot of resources.[12]

The fiscal challenges facing by politicians in Malawi are also apparent from an examination of the government budget. Budgets for social sectors like education and health are often over 90 percent recurrent,[13]

[9] The link between partisanship and local budgets have been noted in several contexts. See for instance Dunning and Nilekani (2013) and Bussell (2019).

[10] Interview B5, Appendix B.

[11] Quoted from survey with a local councilor. See Appendix A.

[12] District Commissioner. Interview D3, Appendix B.

[13] In the education sector, the overall level of recurrent spending is about 90 percent. About 70 percent of this recurrent budget is taken up by wages and another 24 percent in basic operating expenses (World Bank 2010b).

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meaning that less than 10 percent is available to the government to deliver on new services, capital projects, and development initiatives.[14] If we look at budgets for new capital expenditures (e.g., new schools, clinics, or water points), the fiscal challenges for politicians are even more dire. In the education sector, for instance, less than 2 percent of Malawi's government budget is often available for new capital expenditure. In comparison, countries like the United Kingdom often spend more than 10 percent on capital expenses in the education sector, or about 2,000 times what the government of Malawi is able to spend per student.[15] While Malawi is more aid-dependent than many low- and middle-income countries, it is far from alone in its dependence on donors for the development of social services. In Sierra Leone, for instance, less than 2 percent of primary and secondary education funds are spent on capital expenses, a number which is dwarfed by donor capital expenses in this sector.[16]

As a solution to their fiscal dilemma, many politicians seek the assistance of donors or NGOs. To see why this might be attractive to a fiscally constrained politician, consider how the budgets of governments and donors differ. By definition, official development assistance (or foreign aid) must have the goal of promoting and targeting the economic development and welfare of recipient countries. In practice, this means that donors often spend the majority of their budgets on exactly the things that constituents demand the most: new and high-impact public service projects like schools, roads, infrastructure, and health clinics. For example, if we look at 2023 budgets, official donors spent $31.6 billion in the world's least developed economies. Of this, the largest share by far went to fund social or economic development (41 percent and 13 percent, respectively). Less than 2 percent was budget support to the government.[17]

[14] World Bank 2010b; Mlusu 2021.

[15] Mlusu 2021

[16] In 2019, Sierra Leone had a budget for primary education of $33.9 million. Only 0.5 million of this was spent on capital expenditures against donor expenditures of $21 million. (World Bank 2021).

[17] OECD (2024). Donors do sometimes earmark funds for recurrent expenditure (e.g., maintenance funds on development projects); however, a persistent cause of project failure is that recurrent expenses most often have to be picked up by governments. For example, Hood, Husband, and Yu (2002) estimates that the ratio of recurrent expenditure to investment expenditure of World Bank projects ranges from 0.003 to 0.074.

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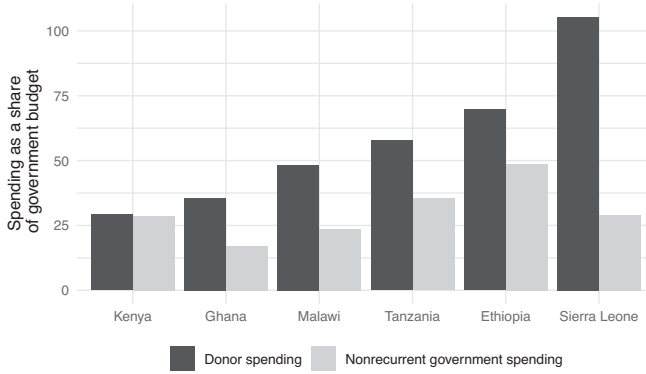


FIGURE 2.1 Donor versus nonrecurrent government spending, 2010–2022
Note: This graph averages nonrecurrent (capital) expenses and donor spending as a share of government budgets from 2010 to 2022 (excluding missing data). Data on donor spending are from World Bank (2024). Data on recurrent expenses are compiled primarily from government statistics offices and yearly budget reports.

To illustrate the importance of donors for funding nonrecurrent expenses more generally, in Figure 2.1, I compare government nonrecurrent expenses with donor budgets across six aid-dependent countries: Ghana, Kenya, Malawi, Ethiopia, Tanzania, and Sierra Leone. In each case, donor spending exceeds what donors spend on capital expenses, most often by a considerable degree. In Ghana, Malawi and Sierra Leone, aid represents more than twice the government budget for nonrecurrent expenses.[18]

The contrast between what donors and governments spend on social infrastructure is often especially stark. In Malawi donors spent $993 million in 2022 on social services and infrastructure against the government's social services budget of about $364 million. Additionally, since the government's budget goes almost entirely into funding salaries, donor spending on the development of social services is often several times what the government spends on nonrecurrent expenses.[19]

[18] This likely understates governments' economic dependency since governments also include some donor funds as part of their budget calculations for capital expenditures. Also note that not all donor spending would necessarily be considered nonrecurrent (e.g., administrative expenses).

[19] It is difficult to calculate these figures exactly, but, assuming a level of recurrent spending of 75 percent (based on the 2023/24 budget numbers), donor spending in 2022 was about twelve times government spending on nonrecurrent social spending (OECD 2024; UNICEF 2023; Malawi Ministry of Finance 2024).

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Poor countries have long been economically dependent on donors. However, what has changed in recent decades is that donors have, in several important ways, increased their leverage relative to governments in how foreign aid is prioritized and distributed in low-income states. This increasing leverage has made it important for politicians to build relationships with donors and to be able bargain over the delivery of aid to their constituents. As a consequence, governments and politicians are not just dependent on donor funding, they are dependent on donor relationships and goodwill.

One manifestation of this shift in donor relations is the sharp drop in donor willingness to provide budget support to low-income countries. Budget support is money that goes directly into the government budget to be spent through official government channels. As of 2020, only about 3 percent of global aid from Organisation for Economic Co-operation and Development (OECD) countries went to budget support; whereas about 52 percent was allocated to specific donor-funded projects.[20] Further the amount of budget support has been decreasing substantially over time. In 2002, donors distributed about $98.6 billion in budget support. In 2023 donors distributed less than $6 billion, only about 11 percent of which went to the world's least developed countries.[21]

Of the aid that does not go to budget support, most is delivered through and by NGOs or multilateral organizations, or channeled through government ministries with specific programmatic aims. The OECD estimates that about 45 percent of foreign aid from major donors is channeled through nongovernmental channels in low income countries;[22] however, this proportion increases substantially for states with low levels of government capacity. At the lowest decile of governance, Dietrich (2013) estimates about 90 percent of aid will bypass the government. Moreover, this dependence on external actors has been increasing. Between 2005 and 2017, the share of bilateral aid bypassing recipient government coffers in Sub-Saharan Africa and being channeled directly through NGOs increased from about 5 percent to more than 29%.[23]

[20] OECD 2020.
[21] OECD 2024; Tierney et al. 2011.
[22] 2020 numbers from (OECD 2024).
[23] Dietrich 2021.

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2.1.2 From Economic to Political Dependency

The fact that politicians are economically dependent on donors also means that they are politically dependent on donors. In order to meet voter demands, politicians in aid-dependent countries have incentives to invest time and resources in attracting donors to their community and finding ways to earn a share of credit for what donors have done.

The importance that politicians place in building and maintaining relationships with donors and foreign NGOs in Malawi likewise comes across clearly in interviews and surveys. Some councilors even justified their plans to run for MP office as a way to strengthen their relationships with donors and gain better access to donor funding. One stated "an MP has a better chance to meet donors." Another stated that he wants to be an MP "because it's easy to access international organisations."[24]

It was also clear from interviews that a reason for building these relationships was to claim credit for bringing new services to their constituents. For instance, we asked all interviewees to describe projects they recently delivered to their constituents. They mentioned eighteen separate projects, most of which were funded and delivered by donors. Only three were clearly funded and delivered through legislative appropriation. As one MP bragged: "I also have a close relationship with [donor name]. Using my influence, they have constructed 18 school blocks in my constituency."[25]. Another councilor stated, "I interact with donors on a monthly basis and they consult when they want to come up with a project."[26]

Studies outside Malawi have come to similar conclusions about the frequency of donor–politician interactions and credit claiming. Baldwin and Winters (2023) analyze political involvement in eighteen water, education and health projects funded by Japan's Grant Assistance for Grassroots Human Security Projects Program in Uganda. Even though these projects formally bypassed government bureaucracies, interviews with project staff confirmed that politicians were nonetheless involved in various aspects of the grants. In 40 percent of funded programs, MPs helped to lobby for funding, and councilors helped to mobilize the community in 50 percent of cases. Politicians also often provided bureaucratic assistance or helped to oversee aspects of the implementation process.

[24] Author survey with 460 politicians. Responses are from an open ended query asking politicians why they plan to leave office. See Appendix A.
[25] Interview B4, see Appendix B.
[26] Appendix B.

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Likewise, Cruz and Schneider (2017) provide an account of how mayors in the Philippines claimed credit for a World Bank community development program called KALAHI. Despite the fact that the program was distributed based on transparent, programmatic criteria, mayors would nonetheless try to fraudulently claim credit for the spending. Often, they would participate in groundbreaking ceremonies; or even post billboards of themselves with KALAHI projects, or name KALAHI projects after themselves. As evidence for credit claiming, Cruz and Schneider (2017) look at how mayors' visits changed in response to KALAHI. If mayors are claiming credit for aid, we would expect that mayors would be more likely to campaign in KALAHI villages. And this is exactly what Cruz and Schneider (2017) show: In villages with a KALAHI project, mayors are 55 percent more likely to visit compared to villages without a project.

One reason why it is so important to take credit for donor projects is that this credit claiming shapes voter perceptions. One piece of evidence for this point is the extent to which voters attribute aid spending to the actions of politicians. I will examine this attribution effect in Chapter 5. I will document that indeed citizens in Malawi often misattribute donor spending to politicians (and vice versa). I will also show that beliefs about attribution change voting preferences and perceptions of politician performance.

Citizens often struggle to correctly attribute public spending in aid-dependent democracies. In Uganda, for instance, Springman (2023) examines the impact of a randomized health NGO health intervention. He documents that the intervention was largely attributed to the actions of the President's office, and that the program increased satisfaction with the President's performance in health service provision, despite the rather minimal role of the government in delivering the program, and the fact that allocation decisions were largely random and programmatic.[27]

Voters' perceptions that politicians can influence donors and NGOs often also leads to an electoral preference for well-connected incumbents who can influence spending in constituents' favor. Ijaz (2025) provides evidence on this from Pakistan. She conducted an experiment in which she had 1,000 undergraduate students choose between voting for hypothetical candidates with experience at the World Bank or comparable experience elsewhere. Even though candidates working for the World

[27] Springman notes that 60–70 percent of citizens believe that the President has "a lot" of power over NGO project locations.

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Bank are no more likely to be rated as qualified, students are significantly more likely to prefer voting for them, presumably because of their greater ability to influence World Bank funding.[28] Voters in Malawi also express a preference for politicians who can build effective relationships with donors. In 2016, I conducted a focus group with thirty voters across four wards. When asked about what makes an effective politician, some emphasized the importance of donor relationship building. One group argued that "a good representative should be educated so that he can able communicate with the foreign organisation in English when the organization is bringing development."[29]

2.2 WHY DO DONORS INTERACT WITH POLITICIANS?

Why do donors involve recipient governments and politicians in their decisions? After all, politicians often do not share the interests of donors. As I will show in Chapters 4 and 6, politicians frequently advise donors to spend on politically important communities and family members rather than the most needy communities. Additionally, governments in aid-dependent states often suffer from poor accounting, high levels of corruption and non-transparent procurement. Given this, why don't donors simply provide all of their funds to contractors and NGOs and exclude the government entirely?

In fact, many aid officials agree that money would be more effectively spent by donors and NGOs than politicians. As one interviewed official at an international charity in Malawi put it: "A politician is not a development practitioner. It has no strong monitoring system. The money would be better with an NGO."[30] Several other donor representatives expressed similar sentiments.

Interviewees sometimes described specific ways in which politicians put personal motivations over the interests of the community. One donor talked about the problem of delivering aid after a recent cyclone (Cyclone Freddy) in the following terms:

> [T]o get into district [the NGO] needed approval from district government. To get approval they had to invite stakeholders from community to do a workshop, have to book a venue, have to have lunch allowances, fuel must be paid for.... This took several days: they were just standing there waiting to help with

[28] See also Guiteras and Mobarak (2015) for similar evidence.
[29] See Appendix B for focus group details.
[30] Interview A6 Appendix B.

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humanitarian assistance with people who had lost everything and faced people from local government who stopped it for their own personal benefit.[31]

However, there are a couple of challenges donors face in going alone. A major problem is information and capacity. Consider the problem that you might face in managing even a relatively simple foreign aid project like building a primary school in a remote and high poverty area. Unless your organization is well integrated into the community, it's unlikely that you could amass the resources and community support to build this project without help, or to maintain it over time. Additionally, it's unlikely that you have enough information about local community needs and related government initiatives to find the most effective location and resourcing for this project. The best solution to this problem is often to involve local government officials. The government is most often best placed to know community needs, and align the investment with efforts by other government offices and development agencies.[32]

There are also potential long-term consequences for government capacity in going alone. If donors are responsible for delivering social services, governments might underinvest in the capacity for local service delivery. For instance, governments might struggle to budget for the maintenance of donor funded infrastructure, or might fail to develop the kind of procurement capacity needed to deliver future infrastructure. As a consequence, donors by going it alone can create a long-term dependency on further donor support and investment. In interviews, donors are often explicit about this trade off between development effectiveness and capacity building. As a representative of one major bilateral donor in the Malawian education sector explained:

> It would be easier for us if we did everything with [implementation partner] and just went and did it . . . Something as simple as building a school is a lot easier for an NGO than going through official government systems. But you don't want aid to go on forever, the government has to be able to do things on their own. If the government has to follow up on NGOs doing things, that will become their expertise (rather than building the schools). There is a risk that we set ourselves up for permanent cycle of development.[33]

[31] Interview A2 Appendix B.

[32] For further discussion and evidence on the logic of donors delegating to governments, see Hawkins et al. (2006), Gibson, Ostrom, and Shivakumar (2005), and Swedlund (2017b).

[33] Interview with programme office at major bilateral donor organization in Malawi; See Appendix B; Interview A2.

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Citizens can also pay costs when NGOs fail to sufficiently consult communities and coordinate with governments, or when they lack sufficient information about community needs. When interviewing government officials in Malawi about this subject, lack of coordination was a frequent complaint about the efforts of donors. Many officials complain that donors fail to consult local development plans, or take into account community needs and budgets. One Malawian high-level district bureaucrat (a District Commissioner) put it this way:

> Our relationship with donors is not productive. They come to fund their own projects not projects that the (district) council wants. What we would have loved is for them to come and look at the council's district development plan. From the plan, look at the needs and priorities. The problem with NGOs is that they are accountable to their donors not the partners they work with. I feel donors are not addressing the problems we are facing. The major problem is low literacy levels and if this is not addressed the people will remain poor.[34]

Other studies have likewise noted the value that donors place in engaging host governments. In one particularly enlightening study, the political scientist Ryan Briggs surveyed 115 World Bank officials (Task Team Leaders) about the kinds of World Bank projects that they felt were most likely to be approved and favored by host governments. One of the best predictors of both was whether the location of a project was in an area that favored the incumbent or the opposition party. He also found that projects in a president's hometown were seen as being easier to implement, suggesting that World Bank officials recognize the importance of obtaining government buy-in for project success, even if it comes at the cost of more efficient distributional decisions.[35]

So, in theory, donors and private contractors might be capable of delivering aid effectively; however in practice it is difficult to replicate the knowledge and capacity of local government officials. As a result, most donors have committed to giving governments at least some discretion over foreign aid wherever possible. For instance, this method of operation is enshrined in the 2005 Paris Declaration on Aid Effectiveness, which committed over 100 signatories from multilateral agencies and governments to rely on local government institutions for the provision of development services when possible.[36] The World Bank's policy,

[34] Interview with District Commissioner in Malawi; Appendix B; Interview 1B.

[35] Briggs 2021.

[36] The Paris Declaration committed donors to use "a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes." OECD (2005).

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for example, is to rely on government systems for financial management and oversight unless the government has demonstrated its inability to manage these tasks.[37]

2.3 HOW DONORS AND POLITICIANS BARGAIN OVER POLICY

As this demonstrates, politicians, and donors are often in a mutually dependent relationship and, as a consequence, much public service delivery requires bargaining and compromise. A lot of interactions and bargaining occurs especially during the design and conceptualization of aid projects. Many major aid projects begin with a request from a host government to support local development initiatives. Subsequent discussions around priorities will often involve stakeholders throughout many levels of government. These layers of authority can be highly complex. Consider for instance the World Bank's Agriculture Productivity Project (KAPP) in Kenya.[38] This project was initiated in 2004 as an attempt by the government to increase investment in agriculture productivity and technology. The initial design of the project was largely overseen by the government and the World Bank, though many details were managed by a steering committee consisting of nominees from 11 separate ministries and departments, farmer associations, NGOs, civil society groups, and community-based organizations. Final decisions over the allocation and procurement of funds were also complex and decentralized, with many funding decisions involving a mix of local authorities, NGOs, community organizations, universities, farmer cooperatives, and other stakeholders. World Bank task team leaders also retained considerable oversight throughout the project, and cancelled or delayed funds at points due to concerns about mismanagement.[39] While this was a particularly complex project, this kind of multilateral decision-making process is not unusual.

Because donors are involved in many aspects of development, aid workers often have regular and institutionalized meetings with high level bureaucrats and politicians to make decisions about development priorities and funding. In interviews with donor representatives, all claim to meet with public officials, often on a weekly basis. The most frequently mentioned meetings were with civil servants in relevant government ministries (especially principal secretaries). Donors also discussed meeting

[37] World Bank 2010a.
[38] It later became the Kenya Agricultural Productivity and Agribusiness Project (KAPP).
[39] World Bank 2019a.

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with MPs or sitting in on parliamentary meetings, particularly when negotiating budgets and development plans.

It is worth noting, however, that major donors primarily engage with national representatives, most often members of the ruling party or of the (often politically appointed) civil service. Especially noteworthy is the exclusion of local officials. Despite the fact that districts are nominally in charge of the allocation of primary education funding in Malawi, only one donor representative working on education could recall a meeting with a district authority. This does not mean that local governments are excluded from decisions about development aid, but it does mean that their input into decisions often happens later in the spending process, often after donors have finalized priorities and channeled funds to contractors, NGOs or bureaucrats. The level of politician input into programme design also varies a lot across projects and donors. On one hand, most donors have explicit requirements to engage with the government, and often emphasize the extent of delegation to public officials. For example, one donor representative described their decision-making process as follows:

> Unlike us going to a district ourselves and just doing it, we know who to approach, where they need support most, which districts have got the most problems . . . . We go to government and say we have X money, which districts should we go to? It has always been like that.[40]

But, on the other hand, this delegation and consultation is incomplete and varies a lot across donor and development programme. In interviews, donors often emphasize that their decisions rely on objective criteria first and politician priorities second. For instance, one donor explained how they handle what they see as poor government decisions:

> [Politicians] want the schools to go to a district just because they come from there, they want to show the government is doing something in that area so they prioritise that area at the expense of others who have more need . . . To manage risk we make the process as transparent as possible. We develop a criteria with them with objective indicators.[41]

This incomplete delegation comes across especially in interviews with politicians. When asked about their relationships with donors, politicians – almost universally – complain about an insufficient level of

[40] Interview A5, see Appendix B.
[41] Interview with donor, Malawi; Appendix B; Interview A3.

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consultation about donor activities in their constituencies. To quote a local councilor:

> [With donors] it's a top down approach, for instance, if a donor just says we want to come to village A or B and maintain teacher houses. The question would be to see if it falls under the District strategic plan .... The challenge now comes that we can't deny a project from a donor because it's not number one on our list .... So if UNICEF say want to construct a toilet, we wouldn't say don't come because you will disturb our development plan. We would still let them come, say this was number 4 on the priority list then we knock it off the list and still seek to address 1, 2 and 3.[42]

Further, when politicians do describe working with donors and NGOs, they frequently describe a process, not of delegation, but of *persuasion*. As one MP described:

> I interact with NGOs and donors on a weekly basis. For instance just last week, I was with [NGO Name]. I was putting up a proposal to them to install piped water for us at [Hospital Name]. Their response was very positive. I feel a bore hole is not appropriate for a hospital set up. They promised to help; I will be meeting them again this week.[43]

Politicians do not only influence the design of donor projects, they also shape the implementation and procurement. Often politicians will be institutionally involved in implementation, for instance, if funding is allocated through a government ministry or committee. However, even if funds are allocated through an NGO or private contractor, there is almost always a process of engagement with politicians and bureaucrats, many of whom serve as critical gatekeepers.

In Malawi, for instance, a key government gatekeeper is the District Commissioner (DC). These are senior, nonelected bureaucrat responsible for coordinating district development activities and budgets. Among other things, a District Commissioner is responsible for making sure that donors engage with appropriate stakeholders and align their work with district development plans. Oftentimes District Commissioners will involve key local stakeholders in this process, including elected councilors, traditional authorities, Area Development Committees, and Village Development Committees. Here is how one official described this process:

[42] Appendix B, Interview D3.
[43] Appendix B, Interview B2.

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All the projects that the NGOs do in this area consult our office and we make decisions together. Sometimes NGOs come to the traditional office or get invited to the District Commissioners office for the meetings. This meeting includes the councilors and the traditional authorities and even the Member of Parliament if he is not in the parliament.[44]

Local development committees (called Area Development Committees, or ADCs) especially play an important role in foreign aid spending in Malawi. These are councils of village leaders, along with elected councilors, MPs, and traditional authorities that help advise the government about the development needs of communities in their area. The same commissioner emphasized in this point:

Each time when the NGOs has a project they involve the ADC, they ask them ideas like the good place for the project to take place and to organise people to be in the committee to monitor the project. They also entrust the Area Development Committee with the supervising the materials and everything happening at the project. Only that the other decisions like the type of project to bring is already decided by the NGO themselves they only come and ask the small issues only.

This engagement with local stakeholders can influence donor spending in important ways. For instance, in one district, a District Commissioner explained how ADCs and traditional authorities can override NGO aid delivery decisions that they might not agree upon:

When an NGO comes to do its projects, it goes to the DC and the DC sends it to the traditional authority and the traditional authority takes it to the ADC. The ADC is made up of chairman and his vice from village development committees so the NGO would come and explain their project to the ADC and the ADC decides which area should benefit from the project. In those meetings there are the councilors, the group village heads, the MP and even the traditional authority and we all agrees the areas to benefit from the development projects, no one can change that, and that's how its done.

The fact that politicians and donors have to bargain with one another at various stages of aid design and distribution process means that *both* have considerable influence over what happens to foreign aid. As a test of this claim, in Chapter 4, I empirically evaluate whether the political interests of ruling parties affects where aid projects go. I show across three countries (Kenya, Malawi, and Sierra Leone) that there is a systemic spatial bias in aid spending in favor of supporters of incumbent parties.

[44] Appendix B, Interview B1.

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These findings are consistent with other academic studies documenting patterns of political biases in aid distribution.[45]

It is also not hard to find anecdotal accounts where politician interests won out over donor interests. In an infamous case, Human Rights Watch documented a systemic effort by the Ethiopian government to deny foreign food aid and microfinance to families that supported opposition parties prior to the 2010 election.[46] Citizens who requested food aid before the 2005 election in Zimbabwe were likewise routinely turned away if they could not document their support for the ruling party.[47] In Pakistan, foreign emergency relief for the 2010 flooding was allegedly withheld from key opposition strongholds.[48] In The Philippines, political connections appear to play a role in who benefited from storm relief efforts.[49] A study in Kiamba County, Kenya showed that HIV/AIDS patients from tribes affiliated with opposition parties were discriminated against in access to drugs provided by foreign donors.[50]

2.4 HOW OFTEN DO POLITICIANS INTERACT WITH DONORS?

Despite the fact that donors are such an important source of funding for politicians, few studies have attempted to gather systemic data about how frequently politicians interact with foreign donors; or about why different kinds of politicians and donors might engage in more frequent interactions. My collaborators and I attempted to address this gap in the case of Malawi. We asked nearly all elected politicians in Malawi (72 percent) to describe their relationships with donors and NGOs.[51] The results provide further evidence that politicians invest in donor relationships, and do so for financial and electoral reasons.

We asked politicians several related questions. We asked each to describe how frequently they meet with international donors, local donors (typically NGOs), and citizens about development issues. Additionally, to assess the importance of these interactions for policy decisions, we conducted a follow-up survey with 110 randomly selected

[45] Hicken, Atkinson, and Ravanilla 2019; Dreher et al. 2019; Brass 2016; Bommer, Dreher, and Perez-Alvarez 2022; DiLorenzo 2023; Min et al. 2023; Masaki 2018; Briggs 2014.
[46] Human Rights Watch 2010.
[47] McGreal 2008; Tweedie 2005.
[48] Rashid 2010.
[49] Hicken, Atkinson, and Ravanilla 2019.
[50] Kagotho, Bunger, and Wagner 2016.
[51] See Appendix A for statistics on the sample versus the population.

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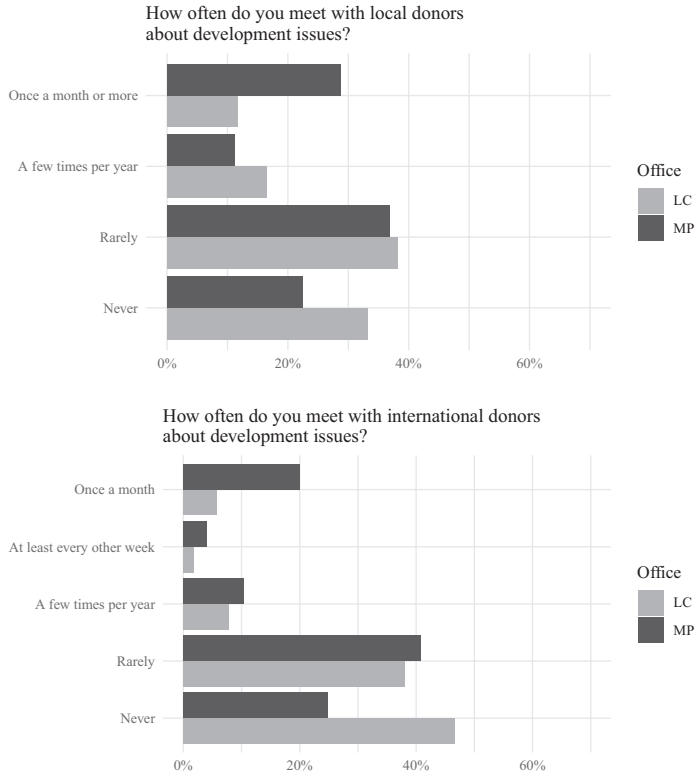


FIGURE 2.2 Donor and politician interactions
Note: Data from a 2016 survey in Malawi with 187 MPs and 353 local councilors. See Appendix A for further details.

councilors asked more specific questions about how donors consult politicians about development decisions.[52]

First, consider the frequency of interaction. In Figure 2.2, I plot the frequency of politician interactions with donors. On average, 58 percent of MPs and 52 percent of local councilors claim to meet with donors. Thirty-three percent of MPs and 8 percent of local councilors meet with donors on at least a monthly basis. To validate that these were substantive meetings, we asked politicians to describe their most recent interaction with donors. Eighty percent described a specific interaction with a donor or NGO. Most also named a specific project that was being delivered to

[52] See Appendix A Section A.1 for details.

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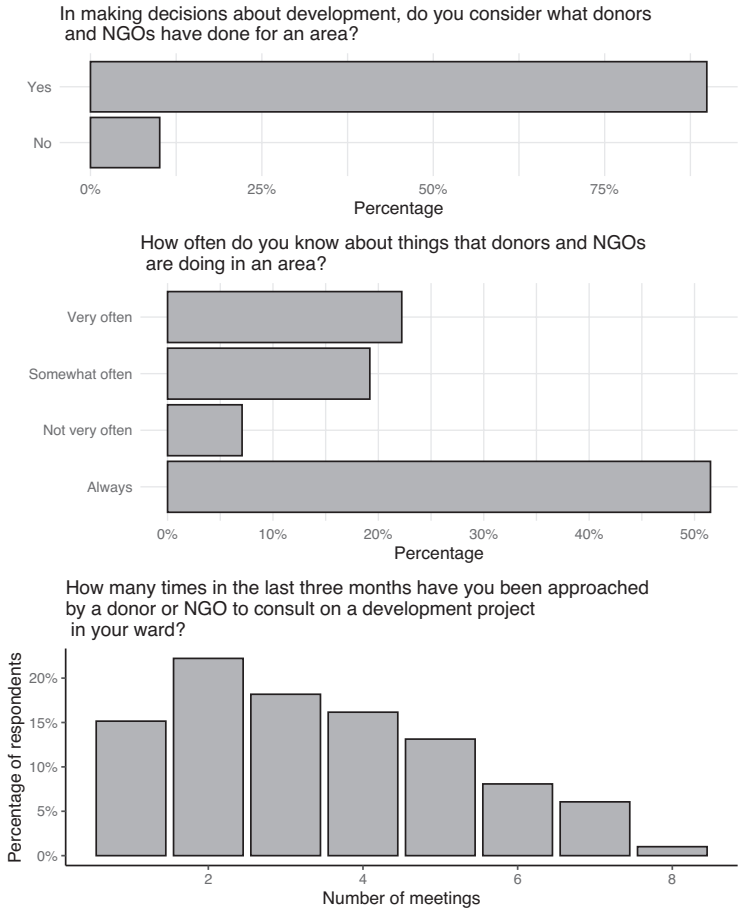


FIGURE 2.3 Influence of donors on politician decision-making
Note: Data from a survey in Malawi with 101 incumbent local councilors. See Appendix A for further details.

their constituency. Consistent with the statements of aid officials, councilors are about 10 percent less likely to meet with international donors, and are about 20 percent percentage points more likely to have worked with local donors.

To put these relationships in context, about 65 percent of politicians claim to meet with citizens on at least a monthly basis. About 20 percent of MPs and about 5 percent of councilors meet with local or international donors more than they meet with constituents. As the Malawi Parliament meets for two months out of the year, the frequency of interactions with

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donors also compares favorably with politician interactions with fellow parliamentarians.

To better understand how these interactions shape policy decisions, in our follow-up survey we asked "How many times in the last three months have you been approached by a donor or NGO to consult on a development project in your ward?"[53] and "In making decisions about development, do you consider what donors and NGOs have done for an area?" We also ask how often councilors know what NGOs and donors are doing.

The results confirm a consistent pattern of meaningful consultation. On average, councilors have met with donors 3.4 times over the last three months, or a little over once a month.[54] Further, even when politicians do not directly consult with donors, they often consider what donors are doing when making policy decisions. As shown in Figure 2.3, almost all councilors (90 percent) claim to consider donor activities when making development decisions. The majority of councilors also claim to always know what donors and NGOs are doing in their area.[55]

2.5 WHO INTERACTS WITH DONORS?

While many politicians interact frequently with donors, it is clear from this survey that there is considerable heterogeneity. To better understand why some politicians interact more with donors, I regress the frequency of politician interaction on a set of variables describing politician characteristics.[56] I show the results of this analysis in Tables 2.1 and 2.2.

The data appear to confirm that politicians are motivated to meet with donors due to fiscal constraints. Politicians who are not connected to the ruling party (the DPP) are substantially more likely to interact with both local and international donors. The frequency of interaction, on an ordinal scale, is 24–32 percent higher for opposition candidates. This effect seems particularly strong for local councilors. Since MPs are less

[53] To make sure these data are not just measuring NGO participation in council activities, enumerators were also required to clarify that "I am asking about the times you, individually, have been approached, not about the times the council has been approached."

[54] The frequency appears a bit higher than in Figure 2.2, possibly due to the fact that we asked about NGOs rather than just local donors.

[55] See further discussion and evidence on what politicians know about donors in Chapter 6.

[56] Frequency of interaction is coded ordinally: Never = 0; Rarely = 1; A few times per year = 2; Once a month = 3; Once a month or more = 4; Once every other week = 5; Once a week = 6; Daily = 7.

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TABLE 2.1 *Frequency of politician interaction with international donors*

Variable Name	All Politicians (1)	MPs (2)	Councilors (3)
Ruling Party	−0.281**	−0.362	−0.294**
	(0.118)	(0.317)	(0.123)
Male	0.006	−0.339	0.124
	(0.169)	(0.360)	(0.190)
Age	−0.0004	0.025*	−0.008
	(0.006)	(0.014)	(0.006)
Level of Education	0.218***	0.196**	0.230***
	(0.048)	(0.086)	(0.061)
Length of Residence	−0.184**	−0.243	−0.150
	(0.093)	(0.191)	(0.106)
MP	0.258*	–	–
	(0.144)	–	–
Member of Cabinet	−0.055	−0.076	–
	(0.192)	(0.559)	–
Percent Votes	0.179	0.203	0.082
	(0.248)	(0.527)	(0.281)
Constant	0.927*	0.577	1.032*
	(0.486)	(1.108)	(0.546)
Observations	453	123	330
R^2	0.112	0.108	0.065

Note: *p<0.1; **p<0.05; ***p<0.01
This table shows coefficients from regressions of politician characteristics on the frequency of interaction with international donors (on an ordinal scale). Based on surveys with 125 in-office MPs and 335 local councilors in Malawi. Effective sample is slightly smaller due to missing data and nonresponse.

involved in service delivery and are not bound by council-level budget constraints, this weaker relationship is perhaps not surprising.

That data also support my claim that politicians are partly motivated to meet with donors due to concerns about election outcomes and voter persuasion. Councilors who won elections by a tighter margin are also more likely to meet with donors. A 10 percent lower vote share is associated with about 9.5 percent more interactions with local donors (on an ordinal scale). Again, this electoral effect appears not to hold for MPs.

Only one other politician characteristic appears strongly predictive: Better educated politicians at all levels are more likely to interact with donors. Part of the reason for this may have to do with language barriers.

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TABLE 2.2 *Frequency of politician interaction with local donors*

Variable Name	All Politicians (1)	MPs (2)	Councilors (3)
Ruling Party	−0.243*	−0.180	−0.323**
	(0.141)	(0.414)	(0.137)
Male	0.006	−0.632	0.288
	(0.201)	(0.470)	(0.213)
Age	−0.004	0.012	−0.010
	(0.007)	(0.018)	(0.007)
Level of Education	0.208***	0.170	0.231***
	(0.058)	(0.112)	(0.068)
Length of Residence	0.017	−0.193	0.137
	(0.111)	(0.249)	(0.119)
MP	0.197	–	–
	(0.172)	–	–
Member of Cabinet	−0.221	−0.331	–
	(0.229)	(0.730)	–
Percent Votes	−0.495*	0.370	−0.951***
	(0.294)	(0.687)	(0.314)
Constant	1.055*	1.597	0.770
	(0.578)	(1.446)	(0.612)
Observations	454	123	331
R^2	0.074	0.053	0.079

Note: *p<0.1; **p<0.05; ***p<0.01
This table shows coefficients from regressions of politician characteristics on the frequency of interaction with local donors (on an ordinal scale). Based on surveys with 125 in-office MPs and 335 local councilors in Malawi. Effective sample is slightly smaller due to missing data and nonresponse.

Politicians who are less fluent in English will struggle more to interact with most donors. It is also likely that some donor officials seek out more highly educated politicians.

2.6 CONCLUSIONS

In this chapter, I show how politicians in aid-dependent contexts are economically and politically dependent on donors. Because of the fiscal constraints in aid-dependent contexts, politicians lack the means to deliver on voter demands for development and public services without donor assistance. Further, in order to build a reputation for effective

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service delivery, politicians often seek to influence donor activities and claim credit for donor-led development. Likewise, I show how donors are dependent upon the support of politicians and other government officials in order to deliver effective and sustainable development.

Politicians' economic and political dependence on donors motivates them to build relationships with donors, often in order to bargain with donors over the allocation and prioritization of development funds. Using survey and interview data from Malawi, I establish that most politicians meet with donors, many on a regular basis. These interactions are particularly common among politicians who lack connections to the national government, who were elected in more competitive constituencies, and who are better educated. Further, even among politicians who do not regularly engage with donors, almost every politician claims that donors influence their decisions.

Building on this foundation, in Chapter 3, I introduce some theory explaining how donor relationships shape election outcomes and the behavior of voters and politicians.

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