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Navigating the Minefield: De-Risking Strategies in Chinese Aid in Response to Security Threats

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Abstract

This paper argues that Chinese aid adopts a deliberate de-risking strategy in response to heightened security salience: implementers re-site projects away from identity-salient locations, and policy banks soften financing features most likely to trigger backlash. Leveraging the July 5, 2009 Urumqi riot as an exogenous shock, I combine geocoded Chinese aid data with mosque locations and estimate difference-in-differences models alongside a local differencein-discontinuities design. Post-2009, projects in Muslim-majority countries proximate to Xinjiang are 9–17 percentage points less likely to be placed near mosques (within 1–10 km). In parallel, policy banks reduce collateralization for mosque-proximate projects in proximate countries, consistent with curbing "debt-trap" narratives at religiously salient sites. Protest exposure around project locations also declines significantly in countries proximate to Xinjiang after 2009. Together, these patterns show that location and finance adjust jointly to mitigate risk.

***JEL Codes**: F34, G15, H63, H81, K12*

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1 Introduction

Political and economic theories have suggested that autocrats prioritize political stability to remain in power (Bueno de Mesquita et al., 2005; Egorov & Sonin, 2024). Being the largest autocracy in the world and the major rival to the US, China has always put political stability as its priority, and its foreign policy has been heavily influenced by its stability objective (Shirk, 2008). As China has become deeply embedded in global value chains and expanded outward FDI and development finance, it has increasingly projected this stability imperative overseas—seeking to safeguard investments, assets, personnel, and logistics nodes. In the existing literature, Chinese aid has largely been seen as a tool deployed by China to appease domestic unrest and tranquilize overseas anti-China sentiment (Mueller, 2025; Yang et al., 2023). For example, Mueller (2025) found that spikes in local labor unrest lead China to allocate more aid contracts to state-owned enterprises (SOEs) in affected prefectures. Yang et al. (2023) argue that Chinese aid is used as one of the public diplomacy tools to appease anti-China sentiment. However, there have been numerous reports on how Chinese overseas development assistance has provoked criticism and popular resistance in countries like Pakistan, Democratic Republic of the Congo, etc.[1] Also, scholars have argued that Chinese aid is likely to heighten ethnic identification around project sites, potentially creating antagonistic sentiment towards China from certain ethnic groups (Isaksson, 2020). This generates a core question: when Chinese aid appears less a remedy for political instability than a cause of it, how does China manage the security risks associated with its aid projects?

Treating Chinese aid as a potential driver of overseas anti-China threats, this paper argues that Chinese aid implementers and policy banks anticipate recipient-side backlash and adopt two particular strategies for de-risking aid. A *de-risking aid strategy* refers to the deliberate design and delivery of aid to minimize exposure of personnel, assets, and operations to potential violence, unrest, terrorism, or related security threats. This strategy operates through complementary bottom-up and top-down channels, and the key players are market-facing implementers and policy banks in the context of Chinese aid. This paper builds on an emerging literature showing that the flexibility and innovation of Chinese market-facing actors— including private firms, joint ventures (JVs), and SOEs—as well as policy banks such as the China Development Bank (CDB) and China Exim Bank, play a central role in China's economic growth and expansion of overseas development finance (Ang, 2016; A. R. Chen, 2024; Ye, 2020). On the bottom-up side, market-facing aid implementers— including private firms, JVs, and SOEs—conduct on-the-ground risk assessments and make rapid operational adjustments. They could adopt a series of de-risking aid strategies: altering siting, lowering project visibility, deepening community engagement, and procuring private security as needed. They operate within broad state parameters and often on the state's behalf (Winters, 2010).[2] Complementing this local responsiveness, policy banks and central agencies pursue top-down de-risking through financing architecture—less collateralization, insurance and guarantee requirements, escrow arrangements, and portfolio rebalancing—that manage exposure at the country and portfolio level. Together, these layers form a dual de-risking regime: fast,

[1] https://www.theeastafrican.co.ke/tea/business-tech/activists-demand-further-talks-over-mining-contract-with-chinese-4964854. https://www.business-humanrights.org/en/latest-news/pakistan-violent-protests-in-gwadar-heighten-security-concerns-for-chinese-funded-belt-and-road-projects-raising-questions-about-cpecs-future/

[2] Winters (2010) argues that there is a chain of accountability relationships stretching from international donors through national governments and implementing agencies to a set of ultimate end users of the goods and services financed by the aid.

bottom-up operational adjustments by market-facing actors and state-defined, top-down financial adjustments by policy banks.

This paper advances two particular strategies. First, at the point of local siting, market-facing implementers adjust quickly and cautiously to social and political shocks because a large share of Chinese overseas development projects are executed by these market-facing actors, they have accumulated local experience and developed routines that are often more efficient and context-appropriate (Zhang, 2020). When local or national conditions shift abruptly, they adopt risk-averse strategies—such as avoiding identity-salient locations—producing observable changes in where projects are placed. Second, policy banks anticipate public backlash against collateralized projects and the politicization of "debt-trap" narratives. In response, they lower reliance on collateralization—reducing or softening resource/asset-backed pledges—in environments where such narratives are most likely to mobilize opposition.

In order to causally demonstrate how implementers and policy banks respond to changes in the perceived threat environment, I leverage a sharp and exogenous shock: the July 5, 2009 riot in Xinjiang, the deadliest ethnic/religious riot in China since the 1978 reforms. Because the riot was so sudden and severe, it elevated inter-group hatred between Han Chinese and minority groups, especially Uyghurs, and generated widespread anti-China sentiment in the Islamic world including in Turkey, Pakistan, and Indonesia, and set back Chinese diplomatic relationships with these countries (Bianchi, 2016). I treat the post-riot surge in Han–Uyghur (as well as other minorities like Kazakhs) hostility as the intervention, with the key assumption that this animus is more salient in countries geographically proximate to Xinjiang because substantial numbers of Uyghurs and other minorities live in these neighboring countries. Treated units are Chinese aid projects in Muslim-majority recipients near Xinjiang. Control units are projects in Muslim-majority recipients far from Xinjiang, since these countries plausibly faced the same post-riot pressures (solidarity with Muslims abroad, sympathy for Uyghurs, potential Uyghur refugee inflows), but did not receive the same intensity of exposure due to their lack of geographical proximity to Xinjiang.

In August 2010, amid rising anti-China sentiment and security risks abroad, the Chinese central government issued the "Regulations on the Safety Management of Chinese Enterprises, Institutions, and Personnel Abroad."[3] The rules adopt the principle of "who dispatches, who bears responsibility," requiring enterprises and institutions to provide personnel training and implement protective measures. Consistent with the "who dispatches, who bears responsibility" principle, if implementer risk management drives siting, after July 5, 2009, projects in Muslim-majority recipients geographically proximate to Xinjiang should be allocated away from identity-salient sites (operationalized as proximity to mosques) relative to Muslim-majority recipients geographically farther away. And the change should be driven primarily by market-facing implementers. For policy banks' financial response to the heightened threat, we should expect a decline in collateralization for mosque-proximate projects in near-Xinjiang countries to avoid the politicization of "debt-trap" narratives. For implications of adopting a de-risking aid strategy, we should observe a decline in protest intensity near aid projects in countries proximate to Xinjiang post-riot compared to their counterparts in countries farther away.

To test the hypotheses, I assemble a project-level panel of Chinese aid projects and match each site to a novel, point-precision dataset of mosque locations. Identification relies on a two-way fixed-effects difference-in-differences design that contrasts countries proximate versus

[3] https://m.mps.gov.cn/n6935718/n6936579/c3618844/content.html

non-proximate to Xinjiang before and after July 5, 2009, with recipient and year fixed effects. To open the black box of mechanisms, I examine heterogeneous effects by implementer type and sector. I also study financing adjustments by modeling the probability of collateralization as an outcome and the implications of aid sitting by estimating post-shock changes in local protest exposure around projects. For robustness, I employ a local difference-in-discontinuities design around the cutoff to isolate the treated-group jump at the event date net of any simultaneous jump for controls.

Post–2009, projects in Muslim-majority countries proximate to Xinjiang are less likely to be sited near mosques: DiD estimates on the 1–10 km indicators suggest a 9-17 percentage–point decline, and the distance to the nearest mosque rises by roughly 35–43%. The retreat is heterogeneous: it is stronger for market-facing implementers, and larger in sectors with greater siting discretion by implementers. On finance, collateralization falls for mosque-proximate projects in proximate countries by roughly 1–1.3 percentage points post-2009, with no broad post-shock shift absent mosque proximity. A local difference-in-discontinuities confirms an immediate break at the cutoff: about -0.39 to -0.44 at 5 km and -0.51 to -0.65 at 10 km, indicating a discrete post-riot adjustment rather than a gradual trend.

These adjustments have implications for contentious politics around Chinese aid. Following 2009, protest exposure declines in the vicinity of projects located in proximate countries. Within 1 km of project sites, average protest crowd size falls by approximately 43–49%, and the number of protest events declines by 32–40%, with effects attenuating at greater distances.

This study demonstrates that the means through which an autocracy maintains stability may incur instability at the same time. Thus, the findings advance a much nuanced view that the use of Chinese aid for stability purposes is a double-edged sword instead of a panacea to security threats (Mueller, 2025; Yang et al., 2023). Contributing to the well-established literature on how the domestic economy of the donor influences the effects of aid (Alesina & Dollar, 2000; Dreher & Langlotz, 2020; Dreher et al., 2017; Nunn & Qian, 2014; Werker et al., 2009), the study highlights the fact that a single dramatic event in a donor country can have ripple effects on foreign aid as well. Substantively, adding onto an emerging literature that argues against a monolithic view of Chinese state-led development model (Ang, 2016; Jin, 2023; Ye, 2020), this paper reframes state-led Chinese aid as the outcome of a host of heterogeneous and spontaneous decision-making processes by multiple players rather than a unified entity.

The paper proceeds as follows. Section 2 reviews why and how donors adopt de-risking aid strategies. Section 3 maps China's aid bureaucracy and explains why the bureaucratic structure enables both bottom-up and top-down de-risking strategies. Section 4 introduces the July 5, 2009 Xinjiang riot and derives hypotheses. Section 5 details the data and identification strategy. Section 6 presents the siting results, and Section 7 turns to the effect on collateralization of projects. Section 8 analyzes protest outcomes near projects. Section 9 reports robustness. Section 10 discusses an alternative explanation and its likelihood. Section 11 offers a conclusion and suggestions for future research on this topic.

2 De-risking Aid Strategy from the Top and Below

Donors often prefer their aid being placed visibly to recipient elites and public, since it could kill overseas anti-donor sentiment and increase the favorability of donors among the recipients. (Goldsmith & Horiuchi, 2009; Goldsmith et al., 2014, 2021; Nye, 2004; Yang et al., 2023). For example, Yang et al. (2023) found that China uses foreign aid to placate overseas anti-China protesters, especially in autocracies where protests are more costly. In reality, we often observe the opposite, which is that donors adopt de-risking aid strategies while facing foreseeable local backlash against them. For example, in Pakistan, the frontline of the US "War on Terror," US foreign aid after the 2005 earthquake is not effective in improving public perceptions of the US, due to the widely circulated assumption that US aid is fundamentally for security reasons rather than humanitarian and developmental reasons (Wilder, 2010). Thus, although USAID requires branding/marking, principals may grant time-limited, targeted waivers when marking would pose compelling political, safety, or security concerns or have adverse host-country effects (United States Agency for International Development, 2020).

Specific to Chinese aid, Isaksson (2020) found that living near an ongoing Chinese development project makes local ethnic identities more salient, implying Chinese aid can heighten ethnic identification around project sites. McCauley et al. (2022), based on survey data, show that individuals living near resource-related FDI projects express concerns about Chinese land grabs and job threats. Therefore, we have seen that many Chinese-financed projects use compound/dormitory labor regimes—walled camps, controlled mobility, company canteens—which limit day-to-day contact with local communities and reduce the project's public salience beyond the construction perimeter (Fei, 2020). In high-risk settings (e.g., Pakistan), Beijing and host governments have paired this low-contact posture with heavy perimeter security (special protection units, layered cordons, fences and guard towers), further segregating Chinese personnel from local society and lowering visibility at street level.[4]

In this paper, a *de-risking aid strategy* refers to the deliberate design and delivery of aid to minimize exposure of personnel, assets, and operations to potential violence, unrest, terrorism, or related security threats. Rather than reflecting routine siting or financing choices driven by engineering, bureaucratic, or diplomatic considerations, a de-risking strategy emerges under three conditions. First, it is triggered by a sudden elevation in perceived security threats, such as terrorist attacks, riots, or major political crises. Second, the resulting behavioral shift is inherently temporary: it has a clear onset and fades as the threat environment stabilizes, with aid delivery returning to more community-engaging and visible forms once risks recede. Third, de-risking is concentrated in recipient countries, sectors, and localities where security threats are plausibly high, rather than appearing as a uniform shift across all aid-receiving contexts. Conceptually, a strategy operates through both bottom-up and top-down mechanisms while specific donors may rely on different concrete strategies.

I argue that there are two main mechanisms through which China has come to adopt a de-risking aid strategy. The first mechanism is *top–down*, which has been already documented by the literature and media reports (Fei, 2020). Host and donor governments deliberately reduce program visibility and interpersonal contact when the recipient political and societal environment indicates a sudden elevation of backlash risk. Typical instruments include: (i) formal branding/marking waivers

[4] https://tribune.com.pk/story/983033/economic-corridor-pakistan-china-agree-on-four-layer-security

to lower the foreign signature; (ii) relocation to fortified compounds with layered perimeter security and movement controls; (iii) armed protection; (iv) canceling projects (Baldakova, 2019; Van Brabant, 2000); and (v) less-aggressive financial arrangements. These moves require senior approvals, inter-agency coordination, and host-government buy-in, and are often triggered or amplified by high-profile attacks or waves of anti-donor mobilization.

Less-aggressive financial arrangements deserve more attention, since it is one of the observable outcomes of this study. In particular, Chinese policy banks are likely to lower collateralization of projects once anti-China sentiment is growing and security risk is high. Collateralizing on borrower's assets and future revenues has been widely exercised by Chinese lenders (mainly, CDB and China Exim Bank) both domestically and abroad (A. R. Chen, 2024, Chapter 2-3). Chinese policy banks often financialize host countries' state-owned or state-coordinated revenues to enhance projects' creditworthiness - called "credit enhancement" (*zeng xin*) - so that the project will meet the bank's lending requirements. For example, the China Exim bank offered oil-backed loans to Angola, so that the Angolan government would sell oil to Chinese petroleum companies to repay its debts and then contract its infrastructure projects to Chinese construction companies (A. R. Chen, 2024, p. 97). This mechanism is named the "Angola Model" by the World Bank (Foster et al., 2009). Besides Angola, the China Exim Bank and CDB have practiced commodity-backed financing in Republic of the Congo, Democratic Republic of the Congo, Guinea, Ethiopia, Sudan, Ecuador, Brazil, and Venezuela. Besides oil, chromium, copper, iron, ore, bauxite, cocoa, and peanut oil have been collateralized by Chinese lenders (A. R. Chen, 2024, p. 97).

By tying loans to recipient assets and natural-resource revenues, China has provoked criticism and grassroots resistance across multiple countries. For example, the DRC's Sicomines deal with China that includes "minerals-for-infrastructure" swaps, has sparked civil-society pushback and renegotiation efforts.[5] Perceptions of resource capture have also spilled into protests around Chinese-backed projects in Pakistan—e.g., Baloch protests in Pakistan's Gwadar accusing CPEC (China-Pakistan Economic Corridor) of exploiting local resources.[6] Taken together, these cases suggest that collateralizing loans against recipient assets and future resource or utility revenues heightens the salience of sovereignty and distributional grievances, inviting civil-society criticism, mobilization, and official pushback. Thus, banks will practice less resource- or revenue-backed collateral financing if they anticipate rising risks in recipient countries.

The other mechanism is *bottom–up*. It could be triggered by a rising hostile environment in the host country catalyzed by salient events, like terrorist attacks and violent protests. The hostile environment breeds anti-foreign sentiment or hatred towards certain religious/ethnic groups, aid workers, contractors, and firms update perceived out-group threat and tighten in-group cohesion and precautionary norms (Posner, 2004; Tajfel, 1970). They spontaneously adopt informal risk rules, like choosing safe sites, low-profile dress, unmarked vehicles, logo removal, route variance, fewer site visits. These tactics are suggested in many foreign aid and overseas investment safety manuals by donors like the US and China (United States Agency for International Development, 2020).[7] While I was doing fieldwork in Pakistan, local Chinese development project workers even suggested that I wear fake beard to look more like a Pakistani. This "de-risking aid strategy from

[5] https://www.theeastafrican.co.ke/tea/business-tech/activists-demand-further-talks-over-mining-contract-with-chinese-4964854

[6] https://www.business-humanrights.org/en/latest-news/pakistan-violent-protests-in-gwadar-heighten-security-concerns-for-chinese-funded-belt-and-road-projects-raising-questions-about-cpecs-future/

[7] https://policy.mofcom.gov.cn/claw/clawContent.shtml?id=3141

the below" can precede formal policy change since the latter often moves much slowly.

3 Chinese Aid Bureaucracy and Decision-Making

The allocation process of Chinese aid allows both top-down and bottom-up de-risking mechanisms to happen. Since this study focuses on the effects of an exogenous shock in July 2009 on local-level aid allocation, I will pay attention to the Chinese aid bureaucracy in the most recent phase (1999-2018) before the establishment of the China International Development Cooperation Agency (CIDCA).[8] Prior to 2018, Chinese aid was under the Ministry of Commerce (MOFCOM), which is under the State Council. MOFCOM integrates the governance and management of aid projects and oversees the whole project cycle from feasibility study and approval to implementation, and then to completion, hand-over and ex post evaluation (UNDP, 2019). Within the broad scope of the party's strategic goals, MOFCOM prioritizes economic cooperation and trade through foreign aid, so it uses a contract-based management approach and market-driven measures on risk management and delegates responsibilities to the market (e.g. contractors, enterprises, consulting firms) (M. Chen, 2020; UNDP, 2019). This governance design accommodates dual de-risking mechanisms: a top-down channel, where MOFCOM directives and policy-bank term sheets (e.g., collateralization and other covenants) adjust exposure at sensitive sites; and a bottom-up channel, where implementers exercise discretion in site selection, design, and sequencing to avoid identity-salient locations while staying within strategic mandates.

This state-led, market-driven, and decentralized development model is also reflected in the literature. An emerging literature tries to challenge the notion that Chinese political economy is always top-down and monolithic and to give more credit to other actors, including local governments, private companies, SOEs, and individual contractors. For example, Ye (2020) argues that the Chinese state-led development model is fragmented and decentralized - the communist leadership sets strategic goals and mobilizes various central and local actors (e.g., ministries, local governments, and businesses, etc.) to coordinate and execute with their self-interests in mind. Ang (2016) shows that local governments and enterprises—both state-owned and private—are highly entrepreneurial and willing to experiment with institutional arrangements that jointly develop bureaucracy and markets, in ways shaped by local conditions and often deviating from standard economic models and established development pathways. Focusing particularly on China's international construction and engineering contractors (ICECs), Zhang (2020) argues that ICECs have greater agency than policy banks (including the CDB, Exim Bank, etc.) in shaping China's overseas development activities. For instance, ICECs possess much greater knowledge about the overseas markets than the banks and have deeper connections with local actors, so they can identify potential risks quicker than banks and state actors. Therefore, as long as the decisions are not contrary to the strategic goals set by the state, local aid implementers, especially market-facing actors, have autonomy to adopt bottom-up de-risking aid strategy whenever it is necessary, and they often move quicker and earlier than the state.

[8] Dreher et al. (2022, p. 38) organizes the evolution of China's overseas development finance into roughly four phases: laying the foundation for aid (1949-1959), politicizing aid as a revolutionary weapon (1960-1977), recalibrating aid to finance (1978-1998), and going out as a global development banker (1999-today). As one OECD report noticed, since 2018 with the establishment of the CIDCA, the domestic aid governance structure has tilted China to a direction that combines overseas development finance with a more assertive foreign policy agenda (OECD, 2025).

4 2009 Urumqi Riot, Ethnic/Religious Tension, and Overseas Risks

On 25–26 June 2009 in Shaoguan, Guangdong, a violent dispute erupted between migrant Uyghurs and Han Chinese workers at a toy factory due to a false allegations of the sexual assault of a Han Chinese woman. Following this incident, on July 5, protests happened in Urumqi, the capital city of Xinjiang, and escalated within hours into large-scale ethnic rioting that left roughly 200 dead and over 1,600 injured. Police shot dead 12 armed Uyghurs attacking civilians and ransacking shops and detained about 1,000 people.[9] On July 6-7, 2009, Chinese police, armed police, and the military conducted numerous large-scale sweep operations in predominantly Uyghur areas of the city. These operations continued at least through mid-August.[10] Officials accused "overseas separatists" of instigating unrest.[11] Within months, courts tried suspects in high-profile proceedings and in Nov 2009, nine people convicted over the riots were executed. To grapple with this unexpected deadly catastrophe, in November, the Chinese government dispatched some 400 officials to Xinjiang, including senior leaders such as State Council secretary general, to form an ad hoc "Team of Investigation and Research" on Xinjiang. Internationally, this riot also received wide media attention; Human Rights Watch and Amnesty International documented killings, disappearances, and due-process concerns, calling for restraint and independent investigations.[12]

Because the riot was so sudden and severe, it elevated inter-group hatred between Han Chinese and minority groups, especially Uyghurs, and generated anti-China sentiment across the Islamic World (Bianchi, 2016). This event generated domestic debates over the Xinjiang issue in countries like Turkey, Pakistan, and Indonesia, and set back Chinese diplomatic relationships with these countries (Bianchi, 2016). Tensions clustered around two fault lines: (1) Han Chinese versus minorities (Uyghurs, Kazakhs, Kyrgyz, etc.) and (2) secularism versus Islam. Having observed this deadly event, aid implementers, especially market-facing actors, are expected to adopt bottom-up de-risking aid strategies if either or both of these fault lines is salient in their host countries. A good comparison is to look at all Muslim-majority countries that had had received Chinese aid before and after the event and compare countries that are proximate to Xinjiang and countries that are not proximate to Xinjiang. The logic is that the potential risks in Muslim-majority countries proximate to Xinjiang should be higher than countries that are not, since Uyghurs, Kazakhs, Kyrgyzs, and other ethnic minorities that live in Xinjiang are also widely present in neighboring countries, including Kyrgyzstan and Kazakhstan. Figure E.1 visualizes the top recipients of Uyghur diaspora population, and the top three are Kazakhstan, Uzbekistan, and Kyrgyzstan. After the riot, many people in Xinjiang also fled into neighboring Muslim countries like Pakistan (Bianchi, 2016).[13] Thus, I argue that this effect should be more salient in Muslim-majority countries proximate to Xinjiang.

Given the *exogenous* nature of this riot, I use it as a natural-experimental opportunity to test if Chinese overseas aid implementers, especially market-facing ones, would immediately adopt bottom-up de-risking aid strategies caused by a sudden elevation of potential risks. In particular, we should expect to see that, after this catastrophic event, Chinese aid implementers would try to avoid contact with the locals in these countries for two reasons - first, to reduce Chinese salience

[9] https://www.reuters.com/article/economy/china-police-shoot-dead-12-uighur-rioters-governor-idUSPEK5609/

[10] https://www.hrw.org/report/2009/10/20/we-are-afraid-even-look-them/enforced-disappearances-wake-xinjiangs-protests

[11] https://www.reuters.com/article/us-china-xinjiang/uighur-leader-says-10000-went-missing-in-onenight-idUSTRE56S1O020090729/

[12] https://www.hrw.org/news/2009/07/06/china-exercise-restraint-xinjiang, https://www.amnesty.org/en/documents/asa17/027/2010/en/

[13] https://www.bbc.com/news/world-asia-33775646

and exposure to local population to mitigate the likelihood of anti-Chinese protests (Yang et al., 2023); second, to reduce the likelihood that conflicts happen between Chinese workers and local people. To capture these behavioral changes by aid implementers, I argue that they will try to stay away from religiously salient spaces, like mosques, since religious/ethnic identification is more salient around mosques (Isaksson, 2020). For less strategic projects that fall under implementer discretion, shifting a project site by a few kilometers is a low-cost and effective way to de-risk and remains within the implementer's authority, as shown earlier (M. Chen, 2020; UNDP, 2019). Another possible strategy they could use is to halt or cancel projects near mosques, but making such decisions requires much bigger authorities since it would hurt strategic goals the Chinese state wants to achieve, especially with mega infrastructure projects. Thus, we should not expect to see a drop in the total number of projects or the amount of aid in Muslim-majority countries that are proximate to Xinjiang post-July 5, 2009 compared to Muslim-majority countries that are not proximate to Xinjiang, which is supported by Figure B.1, Figure B.2, and Figure B.3 in Appendix B.

Although China's overseas development is often state-led, implementation is highly decentralized, left to ruthlessly entrepreneurial and pragmatic firms and contractors (Ang, 2016; Ye, 2020). Given this setting, the bottom-up de-risking mechanism should occur quickly, especially among private firms, SOEs, and JVs. Because they operate under market rules and are less likely to receive immediate state protection—which often requires coordination with embassies, host governments, or the military—these actors have strong incentives to act promptly. It means they also have much more freedom to make implementing decisions, so to minimize potential risks, they should adopt de-risking aid strategies much faster compared to state agencies. In order to distinguish if a de-risking aid strategy is primarily due to top-down (state-led and strategically planned) or bottom-up (spontaneous and field-driven) mechanisms, I decompose aid projects by their implementing agencies. If the de-risking aid strategy is primarily bottom-up, we should expect to see that aid projects implemented by market-facing actors to be located farther away from mosques compared to aid projects implemented by the Chinese government agencies or the recipients.

Furthermore, policy banks should anticipate a post-riot rise in anti-China sentiment and enforcement risk around religiously salient spaces in countries proximate to Xinjiang. In the post-riot period, pledging public assets or commodity/utility revenues in these settings is both harder to enforce and more reputationally costly. Consequently, banks will practice less resource- or revenue-backed collateral financing near religiously salient places, yielding a measurable post-2009 reduction in the prevalence of collateralization for mosque-proximate projects in Xinjiang-proximate countries.

Finally, if implementers and policy banks jointly adopt de-risking aid strategies, these behaviors should have observable downstream consequences for contentious politics around aid sites. By locating projects away from identity-salient spaces and softening financing arrangements most likely to provoke backlash, Chinese aid should become less visible, less symbolically charged, and less likely to trigger grievance framing or collective mobilization. As a result, both the likelihood of protests and their intensity—measured by event counts and crowd size—should decline in the immediate vicinity of aid projects in affected contexts. Taken together, this framework yields the following hypotheses.

H1: after the July 5, 2009 riot, Chinese aid projects in Muslim-majority countries proximate to Xinjiang are located farther from mosques than comparable projects in non-proximate countries.

H2: compared with projects run by government or recipient agencies, projects run by market-facing implementers show a larger shift away from mosques after July 2009 in countries near Xinjiang.

H3: the outward re-siting after the riot is concentrated in sectors with greater siting discretion by local implementers.

H4: after the July 5, 2009 riot, Chinese policy banks are less likely to collateralize projects sited near mosques in countries proximate to Xinjiang.

H5: in the post-2009 period, projects in Xinjiang-proximate countries experience fewer and smaller protests in the immediate vicinity

Finally, I want to point out that I restrict the analysis to Muslim-majority recipient countries for two substantive reasons. First, the main outcome—proximity to mosques—is only meaningfully comparable in settings where mosques are dense and constitute central community institutions. In non–Muslim-majority countries, mosques are sparse and geographically atypical, so distance to the nearest mosque would primarily capture cross-country differences in religious demography rather than Chinese implementers' siting decisions. Second, including non–Muslim-majority countries would mechanically inflate the estimated effect. In many such settings, the 2009 Urumqi riot generated little or no security salience, and baseline security environments differ systematically from those in Muslim-majority countries. Pooling these countries with Muslim-majority cases would therefore exaggerate treatment–control contrasts by comparing contexts with meaningful exposure to the shock to contexts where both the shock and mosque-centered security considerations are largely absent.

5 Data and Research Design

5.1 Variables

To test the hypotheses, I compiled an original dataset of mosque locations in Muslim-majority countries that are Chinese aid recipients using the Overpass Turbo platform, which queries data directly from the OpenStreetMap (OSM) project.[14] Overpass Turbo provides a flexible interface for extracting user-contributed geospatial information, enabling researchers to generate custom datasets that are both replicable and transparent. For aid data, I used AidData's Global Chinese Development Finance Dataset 3.0 (Custer et al., 2023), and I only used projects geocoded at the ADM2 level or finer.[15] For dependent variables, I measure proximity to mosques in two ways: (i) binary indicators equal to 1 if a project lies within 1, 5, or 10 km of a mosque (0 otherwise), and (ii) a continuous measure of the project's distance (km) to the nearest mosque.

For H1, the independent variable is the interaction term between a binary indicator that indicates if the project was committed after July 5, 2009 and a binary indicator that indicates if the project was committed in a country proximate to Xinjiang. I code projects in a subgroup of the sample

[14] https://overpass-turbo.eu/index.html

[15] ADM2 is a second-order administration division such as a district, municipality, or commune

Muslim-majority countries (Pakistan, Afghanistan, Iran, Tajikistan, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan) as being proximate to Xinjiang (1) and 0 otherwise, since they are all located in the Central Asia. In the sample, 30 Muslim-majority countries are coded as not proximate to Xinjiang.

For H2, the independent variable is the triple interaction term between the post indicator, near-Xinjiang indicator, and a binary indicator that indicates if the project was implemented by the `Chinese Private Sector`, `Chinese State-owned Company`, `Chinese Joint Venture`, `Other Private Sector`, or `Special Purpose Vehicle`. The implementer indicator is coded relying on `Implementing Agencies Type` field in the AidData.

For H3, the independent variable is the triple interaction term between the post indicator, near-Xinjiang indicator, and `Sector Name` field in the dataset. I define sectors with implementer discretion as aid sectors in which local implementers retain meaningful autonomy over project siting, design, and sequencing once strategic approval is granted. These sectors typically involve multi-purpose infrastructure, local service provision, or community-level investments, where multiple technically feasible locations exist and minor spatial adjustments do not undermine the project's core objectives. By contrast, sectors tied to immobile assets, emergency response, or geopolitically salient installations face tighter central oversight and limited flexibility in siting decisions. As a result, implementers operating in discretionary sectors can more readily adjust project locations in response to evolving local security and social risks, making these sectors particularly informative for identifying bottom-up de-risking behavior.

I include two sets of controls: one is recipient country controls and the other is China-relevant controls. For recipient country controls, I include V-Dem liberal democracy index to capture the recipient's level of democracy (Coppedge et al., 2024). I include the recipient's GDP per capita, population, and share of natural resources rents in its GDP to capture overall wealth and natural resource dependency of a country, and the data is from the World Bank (Bank, 2025). I use Uppsala Conflict data on the best estimate for fatalities in organized violence within the borders of a country in a given year as a proxy for level of domestic conflict and violence (Uppsala Conflict Data Program (UCDP), 2025). For China-relevant controls, I include exports from China to capture Chinese economic interests in the recipient country (United Nations Statistics Division, 2025). Finally, I include BRI membership since China may promote closer economic and diplomatic ties with the BRI members (Tan & Chin, 2020), and retrieve the data from Sacks (2021).

A potential concern is that some covariates included in the empirical specifications may themselves respond to the July 5, 2009 riot, raising the risk of post-treatment bias. Importantly, the baseline results do not rely on conditioning on endogenous post-shock outcomes: identification follows from fixed effects and differential exposure between Xinjiang-proximate and non-proximate countries. Most controls capture slow-moving structural characteristics (e.g., population size and income) or enter the model in lagged form to mitigate simultaneity concerns. Moreover, the main findings, as shown below, are robust to specifications that exclude potentially endogenous controls entirely, indicating that the estimates are not driven by post-treatment adjustment. Accordingly, covariates primarily improve precision rather than identify the treatment effect, alleviating concerns about post-treatment bias.

Figure 5.1 shows logged total aid commitment per capita to all Muslim-majority Chinese aid recipient between 2000 and 2021. Central Asian countries, like Kazakhstan, received the highest

amount of aid per capita mainly due to its low population density. Countries that are closely allied with China, including Iran and Pakistan, also received moderate levels of aid per capita. China's top trading partners, like Indonesia, also received moderate level of aid per capita. In general, African countries received low to moderate levels of aid, except for countries like Algeria and Libya that did not receive much. Figure 5.2 shows distributions of mosques in all Muslim-majority Chinese aid recipient.

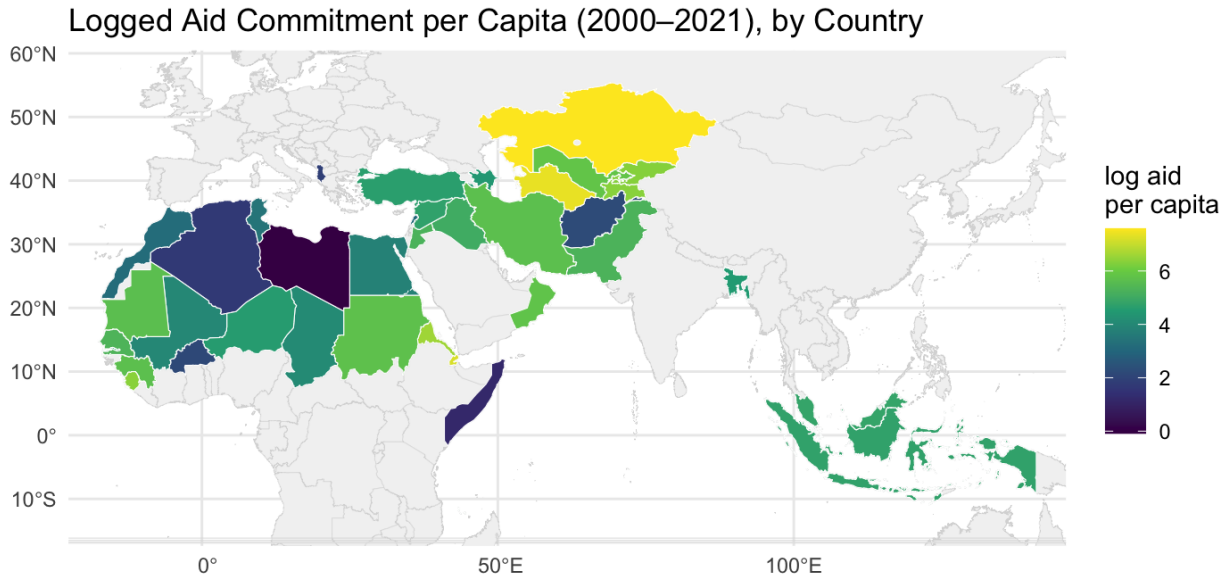

Figure 5.1: Muslim-Majority Chinese Aid Recipients

In Appendix A, Table A.1 summarizes $N = 4{,}238$ geocoded projects, of which $1{,}554$ (36.7%) are in countries proximate to Xinjiang and $2{,}684$ (63.3%) are not proximate. For binary indicators, the mean is the share of projects. Projects in non-proximate countries are more often sited near mosques: within 1 km the share is 0.170 vs. 0.098 (a +7.2 pp gap), within 5 km 0.458 vs. 0.250 (+20.8 pp), and within 10 km 0.604 vs. 0.425 (+17.9 pp). Consistent with this, proximate countries exhibit larger log distances to the nearest mosque (mean 2.621 vs. 2.135) and worse access to 50k city (mean 4.633 vs. 4.061). A slightly smaller fraction of projects in proximate countries are committed after July 5, 2009 (0.676 vs. 0.725). Proximate countries have a much higher share of market-facing implementers (0.559 vs. 0.375). For the subset with financing information (934 proximate; 2,021 non-proximate), collateralization is more common in proximate countries (0.269 vs. 0.126). In terms of controls, proximate countries are less democratic on average (0.146 vs. 0.248), larger (log population 17.307 vs. 16.889), poorer (log GDP per capita 7.273 vs. 7.550), and slightly more resource-dependent (log natural resource rents 1.870 vs. 1.787), with higher imports from China (21.783 vs. 21.108). BRI participation rates are similar (0.215 vs. 0.229).

These descriptive contrasts indicate that the differences between proximate and non-proximate samples are acceptable for the research design. None of the covariate gaps are large enough to

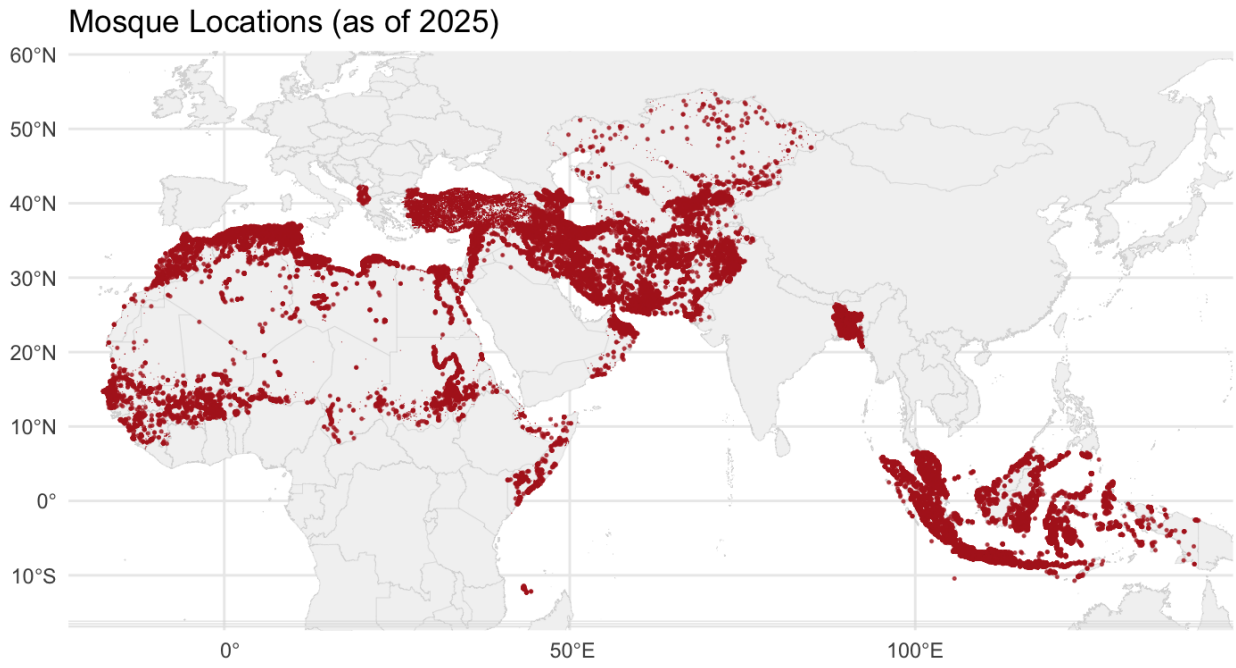

Figure 5.2: Mosques in Muslim-Majority Chinese Aid Recipients

suggest a fundamentally different development or security environment. Moreover, the observed imbalances align with well-known regional patterns—such as lower democracy scores and larger populations in Central Asian states—rather than with features that would mechanically generate divergence in mosque-proximate siting. Since all models condition on country and year fixed effects and include a full battery of economic, political, and China-relevant controls, the remaining cross-sectional differences are accounted for in estimation. Thus, the two groups are comparable and that the identifying variation is driven by the post-riot change in perceived security salience rather than by structural differences between samples.

5.2 Identification Strategy

To analyze the relationship between the July 5, 2009 Riot and changes in aid allocation, I utilize a difference-in-differences design. Contingent on parallel trends assumption, this design does not require random selection for the treatment. For this analysis, the “treatment” group is the group of aid projects committed right after the July 5, 2009 Urumqi Riot in Muslim-majority countries that are proximate to Xinjiang. It is important to note that the analysis captures changes in newly committed projects, not the re-siting of previously approved ones.

In the regression specifications, the unit of analysis is a geocoded Chinese aid project i implemented in recipient country c and calendar year t. The main sample is restricted to countries with $\geq 50\%$ Muslim population based on the Cline Center for Advanced Social Research’s CREG data (Nardulli et al., 2012). For each project, I code mosque proximity using three indicators:

$Y_{ict}^{(d)} \equiv \text{Near}_i^d \in \{0,1\}$ for $d \in \{1,5,10\}$, equal to 1 if the project site lies within d km of a mosque.

Let $\text{Post}_i^{\text{Jul09}} \in \{0,1\}$ equal 1 if the project's commitment date is after July 5, 2009, and 0 otherwise. Let $\text{NearXinjiang}_c \in \{0,1\}$ indicate whether country c is geographically proximate to Xinjiang (baseline binary classification; robustness to alternative distance cutoffs and a continuous distance measure).

For each distance d, I estimate:

$$Y_{ict}^{(d)} = \beta^{(d)}\Big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c\Big) + \mathbf{X}_{ct}'\boldsymbol{\lambda}^{(d)} + \gamma_c + \delta_t + \phi_f + \iota_{\text{Sector}} + \varepsilon_{ict},$$

where γ_c are country FE, δ_t year FE, ϕ_f flow-class FE, and ι_{Sector} sector FE. $\mathbf{X}_{ct}$ comprises: democracy $\text{index}_{c,t-1}$, $\log$ domestic violence $\text{deaths}_{c,t-1}$, $\log$ $\text{population}_{c,t}$, $\log$ GDP $\text{pc}_{c,t}$, natural-resource $\text{rents}_{c,t}$, $\log$ exports from $\text{China}_{c,t}$, and BRI $\text{participation}_{c,t}$. The coefficient of interest is $\beta^{(d)}$: the DiD effect of the post–July 5, 2009 period for countries proximate to Xinjiang relative to others. Standard errors are clustered at the country–year level. I report both simplified specifications that rely only on fixed effects and controlled specifications that additionally include $\mathbf{X}_{ct}$.

To test the heterogeneous effect by implementer type, I let $\text{Private/SOE/JV}_i \in \{0,1\}$ indicate market–facing implementers. For each distance $d \in \{1,5,10\}$ km:

$$\begin{aligned} Y_{ict}^{(d)} \\ = \beta^{(d)}\big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c\big) \\ + \theta^{(d)}\big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c \times \text{Private/SOE/JV}_i\big) \\ + \eta^{(d)}\big(\text{Post}_i^{\text{Jul09}} \times \text{Private/SOE/JV}_i\big) \\ + \kappa^{(d)}\big(\text{NearXinjiang}_c \times \text{Private/SOE/JV}_i\big) \\ + \rho^{(d)}\text{Private/SOE/JV}_i \\ + \mathbf{X}_{ct}'\boldsymbol{\lambda}^{(d)} + \gamma_c + \delta_t + \phi_f + \iota_{\text{Sector}} + \varepsilon_{ict}. \end{aligned}$$

Here, $\theta^{(d)}$ is the additional post–riot Near–Xinjiang effect for market–facing implementers relative to non–market implementers, with the same fixed effects and column-specific $\mathbf{X}_{ct}$ as above.

To examine the heterogeneous effect by sector, I let $\mathcal{S}$ denote mutually exclusive sectors—including multisector investment, reconstruction and relief, commodity assistance, budget support, emergency response and trade policy—and set the reference sector $s_0 =$ *Emergency Response*. For each distance $d \in \{1,5,10\}$ km, estimate

$$
\begin{aligned}
Y_{ict}^{(d)} \\
&= \beta^{(d)}\big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c\big) \\
&+ \sum_{s \in \mathcal{S}\setminus\{s_0\}} \Big\{ \theta_s^{(d)}\big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c \times 1\{\text{Sector}_i = s\}\big) \\
&\quad + \eta_s^{(d)}\big(\text{Post}_i^{\text{Jul09}} \times 1\{\text{Sector}_i = s\}\big) \\
&\quad + \kappa_s^{(d)}\big(\text{NearXinjiang}_c \times 1\{\text{Sector}_i = s\}\big) \Big\} \\
&+ \mathbf{X}_{ct}'\boldsymbol{\lambda}^{(d)} + \gamma_c + \delta_t + \phi_f + \iota_{\text{Sector}} + \varepsilon_{ict}.
\end{aligned}
$$

$\theta_s^{(d)}$ is the sector–specific deviation from the average post–riot Near–Xinjiang effect $\beta^{(d)}$; the total effect in sector s equals $\beta^{(d)} + \theta_s^{(d)}$.

Figure 5.3 shows the share of aid projects within 10-km buffer of at least one mosque over the study window. Pre-2010, the two series move in tandem, though the orange ("Close to Xinjiang") line appears to lag the blue ("Far from Xinjiang") line by about one year—rising and falling in the same pattern with a slight delay. Despite this modest phase lag, their overall pre-trend trajectories track each other closely; the sharp divergence emerges only around late 2009–2010.

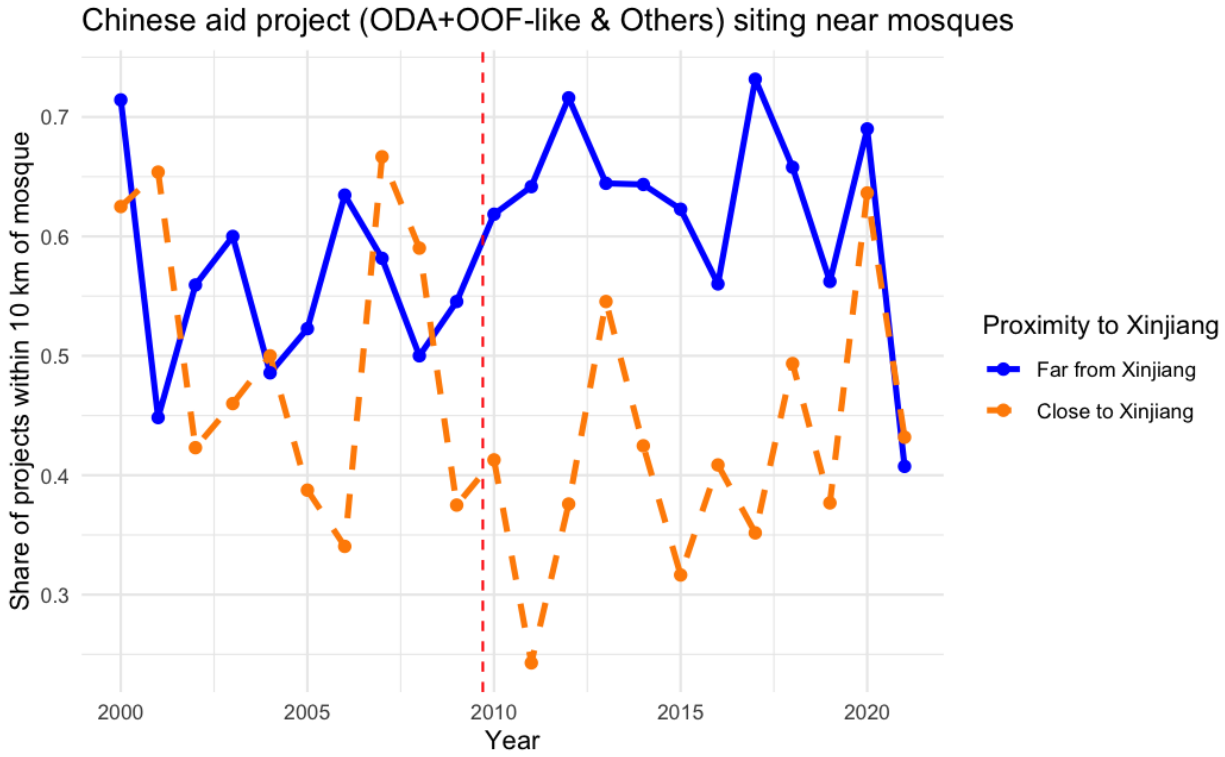

Figure 5.3: Share of Projects near Mosques by Proximity to Xinjiang

I assess the plausibility of the parallel trends assumption and the dynamics of treatment effects using an event-study specification. Figure 5.4 plots the coefficients of the interaction between treatment status and relative years to the 2010 cutoff; all estimates are relative to the omitted

baseline year ($t = -1$, i.e., 2009). The estimated lead coefficients (pre-treatment years) are generally close to zero and statistically indistinguishable from zero, which provides support for the parallel trends assumption. Turning to the post-treatment period, the estimates reveal dynamic effects: outcomes for treated units decline significantly in the years immediately following 2010 ($t = 1$), and show significant declines in $t = 6$ and $t = 7$ before showing signs of recovery and even a significant positive effect by $t = 10$.[16] These results indicate that the impact of treatment is immediate and lasts for a period of time before the two groups converge together.

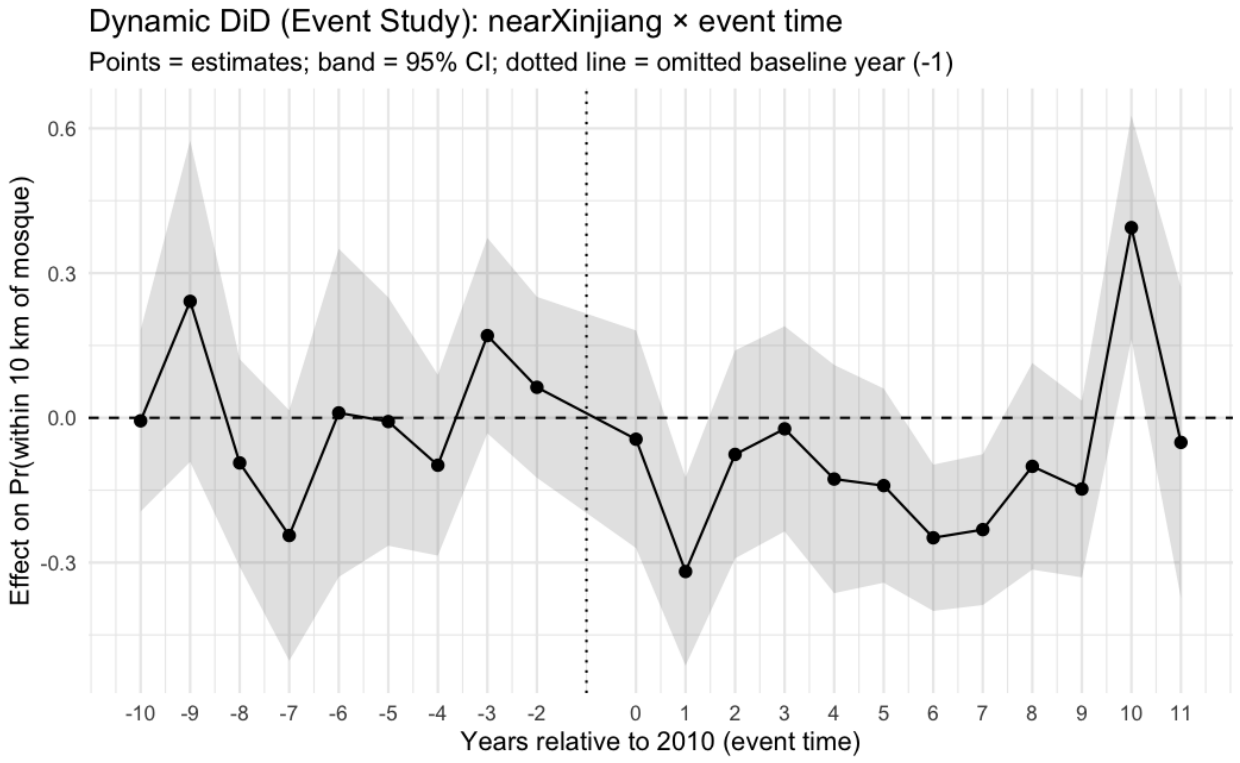

Figure 5.4: Event Study

Figure 5.5 shows the total aid committed to two groups of countries over the study period. The two series almost run in tandem with each other and there is no divergence around late 2009-2010 as what we observed in Figure 5.3. It provides evidence that at least in terms of total aid allocation at a national-level, the Chinese state did not change its policies in response to the exogenous shock by either giving more or less aid to countries proximate to Xinjiang. In Appendix B, Figure B.1, Figure B.2, and Figure B.3 demonstrate that the divergence does not happen if we see trends in aid numbers or just ODA-like aid.

[16] Significant coefficients in later post-treatment periods (e.g., $t = 6, 7$) reflect level differences relative to the omitted baseline year and should not be interpreted as additional declines relative to adjacent post-treatment years. Our interpretation therefore does not hinge on fine-grained dynamics in the later post period. Instead, we emphasize the immediate and statistically significant decline at $t = 1$, which indicates a sharp post-riot break in project siting behavior. This early discontinuity—rather than subsequent fluctuations—is the central empirical pattern motivating our interpretation of a rapid post-2009 de-risking adjustment.

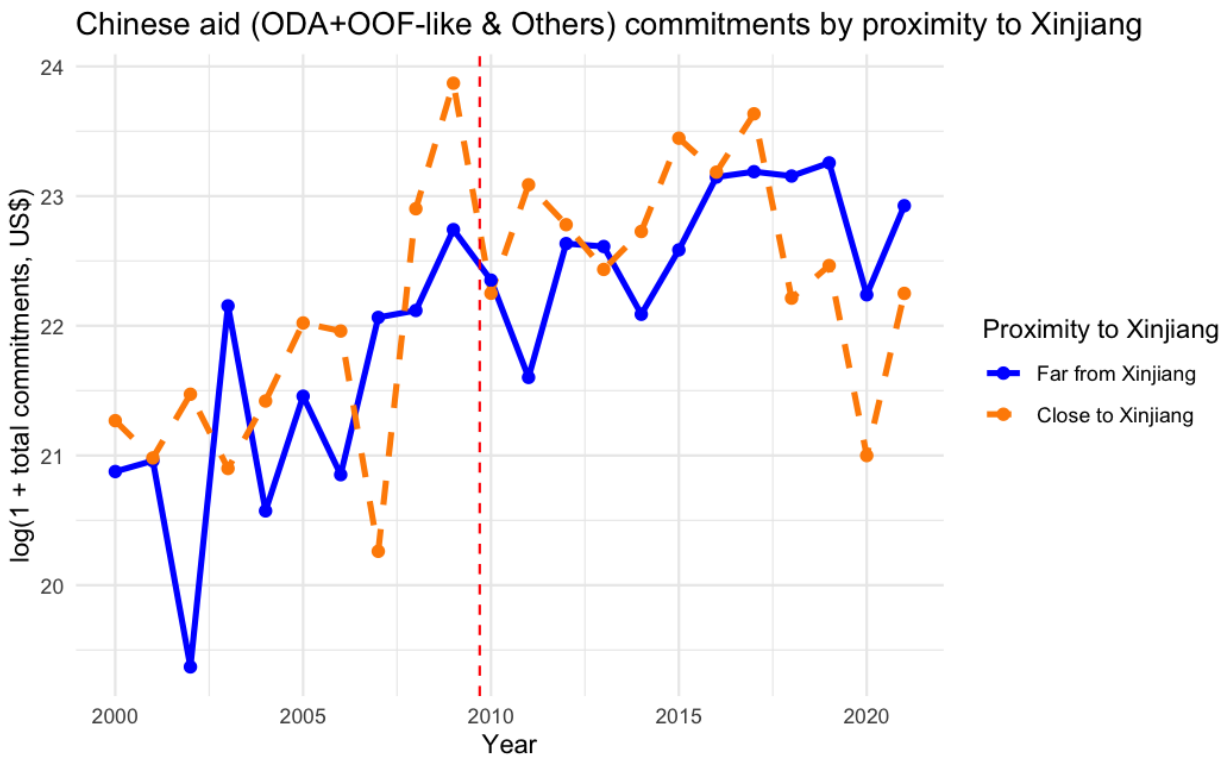

Figure 5.5: Total Aid Commitment Trends

6 Effect on Aid Siting

The main results are presented in Table 6.1. The coefficient on the term of interest, $\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c$, indicates a statistically significant outward re-siting of projects away from mosques after July 2009 in countries proximate to Xinjiang. Across specifications, treated projects are approximately 9–11 percentage points less likely to be located within 1 km of a mosque, 13–15 percentage points less likely within 5 km, and 14–17 percentage points less likely within 10 km. Consistently, the distance to the nearest mosque increases by roughly 35–43%. The placebo test based on log travel time to the nearest 50k city is discussed in further detail in Section 10.

Table 6.2 presents heterogeneous effect by implementer type. $\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c \times \text{Private/SOE/JV}_i$ is the term of interest. Relative to other implementers, market-facing implementers in near-Xinjiang countries after 2009 site projects farther from mosques and population centers. The triple interaction is near zero at 1 km and not statistically distinguishable from zero. At 5 km, the probability of siting within 5 km of a mosque is lower by about 14–17 percentage points (significant at the 5–1% levels). At 10 km, the probability is lower by about 21–24 percentage points (significant at the 5–0.1% levels). Consistently, the distance to the nearest mosque increases by roughly 53–63% (significant at the 5–1% levels). These patterns indicate that the post-2009 shift away from identity-salient locations is concentrated among market-facing implementers.

Higher democracy is associated with a greater chance of being within 5 km of a mosque (about 30 percentage points; significant at 5%) and with shorter access time to cities (about 59–60% shorter;

Table 6.1: The Impact of the 2009 Riot: Average Effect

	NearMosque (1km)			NearMosque (5km)			NearMosque (10km)			DistMosque (km; in log)			Access50k (min; in log)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
$Post_i^{Jul09} \times NearXinjiang_c$	-0.089**	-0.111**	-0.114**	-0.128****	-0.148****	-0.145***	-0.137***	-0.160***	-0.169***	0.300**	0.342**	0.355**	0.334**	0.436**	0.461**
	(0.034)	(0.041)	(0.042)	(0.033)	(0.033)	(0.039)	(0.044)	(0.045)	(0.047)	(0.135)	(0.151)	(0.155)	(0.134)	(0.183)	(0.183)
Democracy index (lagged)		0.163	0.165		0.304**	0.323**		0.131	0.142		-0.513	-0.545		-0.971**	-0.959**
		(0.096)	(0.105)		(0.132)	(0.132)		(0.157)	(0.154)		(0.398)	(0.408)		(0.404)	(0.396)
Domestic violence death (lagged & in log)		-0.001	-0.001		-0.005	-0.006		-0.009	-0.010		0.016	0.018		0.004	0.003
		(0.005)	(0.006)		(0.007)	(0.007)		(0.008)	(0.008)		(0.022)	(0.022)		(0.026)	(0.026)
Population (in log)		-0.114	-0.097		-0.252*	-0.223**		-0.182*	-0.126		0.513	0.393		0.194	0.124
		(0.126)	(0.121)		(0.121)	(0.105)		(0.097)	(0.099)		(0.323)	(0.337)		(0.605)	(0.526)
GDP per capita (in log)		0.066	0.073		0.049*	0.066*		0.088****	0.113***		-0.122	-0.178		-0.272*	-0.295
		(0.039)	(0.047)		(0.027)	(0.038)		(0.019)	(0.034)		(0.119)	(0.151)		(0.144)	(0.178)
Natural resources rents (% of GDP & in log)		0.039	0.041		0.070**	0.070**		0.058	0.062		-0.222**	-0.230**		-0.238**	-0.247**
		(0.024)	(0.025)		(0.031)	(0.033)		(0.035)	(0.037)		(0.088)	(0.091)		(0.087)	(0.092)
Exports from China (in log)			-0.012			-0.028			-0.041			0.093			0.040
			(0.032)			(0.033)			(0.036)			(0.116)			(0.114)
BRI Participation			0.010			-0.031			0.017			-0.008			-0.091
			(0.022)			(0.048)			(0.029)			(0.090)			(0.120)
Observations	4,238	4,169	4,169	4,238	4,169	4,169	4,238	4,169	4,169	4,196	4,127	4,127	4,225	4,156	4,156
R^2	0.251	0.251	0.250	0.309	0.314	0.314	0.291	0.295	0.295	0.365	0.368	0.368	0.309	0.308	0.308
Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Flow Class FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sector FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: *p<0.1;**p<0.05; ***p<0.01; ****p<0.001. An observation is a project. Standard errors are clustered at the country-year level. Only selected coefficients shown.

Table 6.2: The Impact of the 2009 Riot: Heterogeneous Effect by Implementer Type

	NearMosque (1km)			NearMosque (5km)			NearMosque (10km)			DistMosque (km; in log)			Access50k (min; in log)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
$Post_i^{Jul09} \times NearXinjiang_c$	-0.082***	-0.093****	-0.097****	-0.060	-0.068*	-0.063	-0.037	-0.045	-0.053	0.101	0.119	0.131	0.171	0.227	0.255
	(0.026)	(0.020)	(0.019)	(0.049)	(0.039)	(0.043)	(0.058)	(0.050)	(0.048)	(0.115)	(0.128)	(0.130)	(0.190)	(0.221)	(0.217)
$Post_i^{Jul09} \times NearXinjiang_c \times$ Private/SOE/JV$_i$	-0.001	-0.017	-0.017	-0.138**	-0.168***	-0.170***	-0.205**	-0.243****	-0.244****	0.427**	0.486***	0.488***	0.330	0.429**	0.424*
	(0.056)	(0.052)	(0.052)	(0.058)	(0.053)	(0.052)	(0.073)	(0.063)	(0.062)	(0.165)	(0.143)	(0.139)	(0.219)	(0.203)	(0.206)
Democracy index (lagged)		0.125	0.125		0.295**	0.312**		0.133	0.143		-0.537	-0.562		-0.925**	-0.901**
		(0.092)	(0.102)		(0.138)	(0.139)		(0.164)	(0.163)		(0.412)	(0.427)		(0.360)	(0.364)
Domestic violence death (lagged & in log)		-0.002	-0.002		-0.005	-0.006		-0.009	-0.010		0.015	0.017		0.003	0.002
		(0.005)	(0.006)		(0.007)	(0.007)		(0.008)	(0.008)		(0.022)	(0.022)		(0.026)	(0.026)
Population (in log)		-0.122	-0.107		-0.278**	-0.253**		-0.221***	-0.167**		0.559*	0.454		0.217	0.170
		(0.116)	(0.113)		(0.111)	(0.097)		(0.073)	(0.080)		(0.281)	(0.312)		(0.558)	(0.486)
GDP per capita (in log)		0.066	0.072		0.058**	0.075**		0.103****	0.128***		-0.142	-0.192		-0.271*	-0.279
		(0.039)	(0.047)		(0.025)	(0.035)		(0.018)	(0.034)		(0.118)	(0.150)		(0.141)	(0.179)
Natural resources rents (% of GDP & in log)		0.041*	0.043*		0.072**	0.072**		0.060*	0.064*		-0.222**	-0.230**		-0.237***	-0.246***
		(0.022)	(0.023)		(0.029)	(0.031)		(0.033)	(0.035)		(0.084)	(0.086)		(0.083)	(0.087)
Exports from China (in log)			-0.010			-0.026			-0.040			0.082			0.018
			(0.032)			(0.033)			(0.036)			(0.116)			(0.114)
BRI Participation			0.011			-0.030			0.015			-0.014			-0.108
			(0.023)			(0.049)			(0.031)			(0.096)			(0.127)
Observations	4,238	4,169	4,169	4,238	4,169	4,169	4,238	4,169	4,169	4,196	4,127	4,127	4,225	4,156	4,156
R^2	0.253	0.253	0.252	0.311	0.317	0.317	0.293	0.298	0.298	0.368	0.371	0.371	0.313	0.313	0.313
Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Flow Class FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sector FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: *p<0.1;**p<0.05; ***p<0.01; ****p<0.001. An observation is a project. Standard errors are clustered at the country-year level. Only selected coefficients shown.

significant at 5%). Higher GDP per capita is linked to more mosque proximity at 5–10 km (about 6–13 percentage points; significant at 5–1%) and to shorter access time in one specification (about 24% shorter; significant at 10%). Larger populations are associated with less mosque proximity at 5–10 km (significant at 5–1%). Higher natural-resource rents correlate with greater mosque proximity (5–10 km; significant at 10–5%) and shorter distances and access times (significant at 5%). Exports from China and BRI participation show no consistent associations once fixed effects are included.

Table 6.3: The Impact of the 2009 Riot: Heterogeneous Effect by Sector (ref = Emergency Response)

	NearMosque (1km)			NearMosque (5km)			NearMosque (10km)			DistMosque (km; in log)			Access50k (min; in log)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
$Post_t^{Jul09} \times NearXinjiang_c$	-0.012	-0.051	-0.056	-0.114	-0.154	-0.141	-0.066	-0.088	-0.102	0.258	0.365	0.391	-0.180	0.007	0.041
	(0.083)	(0.081)	(0.085)	(0.138)	(0.142)	(0.139)	(0.107)	(0.129)	(0.134)	(0.391)	(0.391)	(0.390)	(0.440)	(0.431)	(0.445)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Multisector	-0.307***	-0.317***	-0.308***	-0.355**	-0.272*	-0.285**	-0.519****	-0.485****	-0.471****	1.240***	1.062**	1.026**	1.819****	1.689****	1.617***
	(0.100)	(0.091)	(0.094)	(0.140)	(0.141)	(0.132)	(0.095)	(0.116)	(0.123)	(0.371)	(0.392)	(0.390)	(0.436)	(0.422)	(0.433)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Reconstruction & Relief	0.156*	0.188**	0.179*	0.252*	0.272*	0.286*	0.347***	0.346**	0.331**	-0.655*	-0.684*	-0.648	-1.126**	-1.208**	-1.136**
	(0.090)	(0.087)	(0.088)	(0.132)	(0.139)	(0.144)	(0.110)	(0.131)	(0.134)	(0.357)	(0.360)	(0.381)	(0.461)	(0.460)	(0.479)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Commodity	-0.081	0.114	0.132	0.271**	0.255*	0.247*	0.337*	-0.380**	-0.371**	-1.027**	-0.285	-0.336	-1.219**	-0.419	-0.568
	(0.084)	(0.108)	(0.119)	(0.122)	(0.144)	(0.132)	(0.174)	(0.138)	(0.142)	(0.426)	(0.435)	(0.440)	(0.458)	(0.470)	(0.510)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Budget Support	-1.018****	-1.029****	-1.021****	-0.984****	-0.994****	-1.009****	-0.260*	-0.282*	-0.265	2.158****	2.162****	2.128****	2.973****	3.009****	2.950****
	(0.092)	(0.088)	(0.098)	(0.158)	(0.156)	(0.154)	(0.142)	(0.162)	(0.168)	(0.465)	(0.492)	(0.494)	(0.527)	(0.517)	(0.541)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Trade Policy	0.538***	0.544****	0.545****	0.305**	0.326**	0.317**	0.663*	0.649**	0.659**	-1.435***	-1.473***	-1.485***	-2.141**	-2.212***	-2.213***
	(0.147)	(0.139)	(0.141)	(0.120)	(0.121)	(0.129)	(0.320)	(0.312)	(0.306)	(0.397)	(0.407)	(0.401)	(0.759)	(0.771)	(0.766)
Observations	4,238	4,169	4,169	4,238	4,169	4,169	4,238	4,169	4,169	4,196	4,127	4,127	4,225	4,156	4,156
R^2	0.302	0.301	0.301	0.338	0.342	0.342	0.311	0.314	0.314	0.398	0.400	0.400	0.338	0.336	0.337
Country controls		✓	✓		✓	✓		✓	✓		✓	✓		✓	✓
China controls			✓			✓			✓			✓			✓
Year × Sector FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Flow Class FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: *p<0.1;**p<0.05; ***p<0.01; ****p<0.001. An observation is a project. Standard errors are clustered at the country-year level. Only selected coefficients shown.

Table 6.3 presents heterogeneous effect by sector. With Sector × Year fixed effects, the baseline post-2009 shift in near-Xinjiang countries for the reference sector (Emergency Response) is small and imprecise, so what matters are sector-specific deviations from this baseline. Table 6.3 only reports sectors with significant results across most of specifications; for the results for all sectors, please see Appendix D. Sectors with greater siting discretion—especially *Multisector*—exhibit pronounced outward moves: the chance of locating within 1–10 km of a mosque drops by roughly 31–52 percentage points (significant at the 5–0.1% levels), while distances to mosques and access times rise steeply, on the order of two-to-fivefold (significant at the 1–0.1% levels). In contrast, need-driven activities such as *Reconstruction & Relief* shift inward: proximity within 1–10 km increases by about 16–29 percentage points (significant at the 10% level) and distances shorten by roughly one-half (significant at the 10% level). *Commodity* projects likewise concentrate near accessible hubs, with distances falling by about two-thirds (significant at the 5% level).

Financing modality strongly aligns with these patterns. *Budget Support*, which is predominantly loan-financed, moves furthest from identity-salient sites: mosque proximity declines sharply, and both distance and access time increase by large margins (significant at the 1–0.1% levels), consistent with loan-linked projects being placed away from potential public scrutiny to mitigate political risk. Although budget support is conceptually national-level finance, in the AidData dataset such commitments are often disaggregated into multiple project records or geocoded to specific administrative or implementing locations, which generates multiple observable locations per financing flow.

By contrast, *Trade Policies & Regulations*, largely grant-funded, shift toward mosques: the likelihood of being within 1–5 km of a mosque rises by roughly 33–54 percentage points (significant at the 5–1% levels) and access time drops by about three-quarters (significant at the 1% level). Taken together, Panel C indicates that sectors with greater siting discretion (notably Multisector) show the largest post-2009 outward shifts in near-Xinjiang countries. Loan-based support is

physically buffered, whereas grant-type interventions remain central and mosque-adjacent.

A natural concern is that the post–2009 divergence in mosque-proximate siting could be driven primarily by two large and politically salient cases: Afghanistan and Pakistan. Both countries are proximate to Xinjiang, receive Chinese development finance (especially Pakistan), and experienced sharp increases in security-related tensions during the study period. If the results hinged on these two cases alone, the broader argument about a generalizable de-risking response would be weakened. Table C.1 in the Appendix C demonstrates that the siting effects are not dependent on Afghanistan or Pakistan. The stability of the coefficients after removing these influential cases supports the interpretation that the de-risking strategy reflects a broader regional response rather than a Pakistan- or Afghanistan-specific dynamic.

7 Effect on Collateralization of Projects

Having shown post-2009 re-siting away from mosques in near Xinjiang Muslim-majority countries, I test a top-down, financial de-risking mechanism: projects near mosques in countries proximate to Xinjiang after July 2009 are less likely to be collateralized. Let the dependent variable be an indicator for whether project i in country c and year t is collateralized, coded from the dataset's `Collateralized` field. Because the dataset only flags `Yes`, I set $\text{Collateralized}_{ict} = 1$ when `Yes` is recorded and, following financing logic, set $\text{Collateralized}_{ict} = 0$ for `ODA-like` projects. All remaining cases without an explicit `Yes` and not `ODA-like` are coded as missing to avoid false zeros. `ODA-like` aid is typically grant or highly concessional and thus very unlikely to be collateralized against recipient resources or future revenue streams. Thus, the estimation sample consists of all projects with financing information for which collateralization status is well-defined (ODA-like grants and explicitly collateralized loans).

For the binary outcome $\text{Collateralized}_{ict} \in \{0, 1\}$, estimate (separately for each d):

$$\begin{aligned}
&\text{Collateralized}_{ict} \\
&= \rho^{(d)} \big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c \times \text{NearMosque}_i^{(d)}\big) \\
&\quad + \beta^{(d)} \big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c\big) \\
&\quad + \eta^{(d)} \big(\text{Post}_i^{\text{Jul09}} \times \text{NearMosque}_i^{(d)}\big) \\
&\quad + \kappa^{(d)} \big(\text{NearXinjiang}_c \times \text{NearMosque}_i^{(d)}\big) \\
&\quad + \mathbf{X}_{ct}'\boldsymbol{\lambda} + \gamma_c + \delta_t + \phi_f + \iota_{\text{Sector}} + \varepsilon_{ict}.
\end{aligned}$$

The coefficient of interest, $\rho^{(d)}$, measures the additional post–riot change in collateralization for mosque–proximate projects in Near–Xinjiang countries relative to other projects. A negative $\rho^{(d)}$ is consistent with policy banks reducing collateralization risk near identity–salient sites. Controls $\mathbf{X}_{ct}$, fixed effects, and two–way clustering by country and year follow the main specification. Table 7.1 presents the results.

Table 7.1 reports the effects on collateralization of projects. The coefficients of primary interest are on the triple interaction $\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c \times \text{NearMosque}_i$, which is negative at broader

Table 7.1: Near Mosque and Collateralized Projects

	Collateralized								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$\text{Post}_t^{\text{Jul09}} \times$ NearXinjiang$_c$	-0.000	0.005	0.008	0.003	0.008	0.013	0.007	0.011	0.016
	(0.004)	(0.004)	(0.005)	(0.005)	(0.006)	(0.009)	(0.006)	(0.008)	(0.010)
$\text{Post}_t^{\text{Jul09}} \times$ NearMosque (1km)$_i$	0.001			-0.001			-0.001		
	(0.003)			(0.004)			(0.005)		
$\text{Post}_t^{\text{Jul09}} \times$ NearMosque (5km)$_i$		0.010			0.010			0.009	
		(0.006)			(0.006)			(0.006)	
$\text{Post}_t^{\text{Jul09}} \times$ NearMosque (10km)$_i$			0.011			0.014			0.013
			(0.007)			(0.009)			(0.008)
$\text{Post}_t^{\text{Jul09}} \times$ NearXinjiang$_c \times$ NearMosque (1km)$_i$	-0.002			0.002			0.003		
	(0.004)			(0.006)			(0.008)		
$\text{Post}_t^{\text{Jul09}} \times$ NearXinjiang$_c \times$ NearMosque (5km)$_i$		-0.010*			-0.009*			-0.008*	
		(0.006)			(0.005)			(0.005)	
$\text{Post}_t^{\text{Jul09}} \times$ NearXinjiang$_c \times$ NearMosque (10km)$_i$			-0.013			-0.014			-0.013*
			(0.008)			(0.009)			(0.008)
Democracy index (lagged)				-0.109	-0.111	-0.112	-0.107	-0.108	-0.109
				(0.094)	(0.096)	(0.095)	(0.090)	(0.091)	(0.090)
Domestic violence death (lagged & in log)				-0.000	-0.000	-0.000	-0.000	-0.000	-0.000
				(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Population (in log)				-0.016	-0.017	-0.015	-0.023	-0.023	-0.020
				(0.018)	(0.018)	(0.018)	(0.021)	(0.021)	(0.020)
GDP per capita (in log)				-0.009	-0.009	-0.010	-0.010	-0.010	-0.010
				(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Natural resources rents (% of GDP & in log)				0.006	0.006	0.005	0.005	0.005	0.004
				(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Exports from China (in log)							0.002	0.002	0.001
							(0.003)	(0.002)	(0.002)
BRI Participation							-0.013	-0.012	-0.013
							(0.010)	(0.010)	(0.010)
Observations	2,955	2,955	2,955	2,896	2,896	2,896	2,896	2,896	2,896
R^2	0.986	0.986	0.986	0.986	0.987	0.987	0.987	0.987	0.987
Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Flow Class FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sector FE	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: *p<0.1;**p<0.05; ***p<0.01 ; ****p<0.001. An observation is a project. Standard errors are clustered at the country-year level. Only selected coefficients shown.

proximity bands and reaches significance at the 10% level: within 5 km, collateralization falls by about 1.0 percentage point in columns (2), (5), and (8) (significant at 10%); within 10 km, it falls by about 1.3 percentage points in column (9) (significant at 10%). At 1 km, estimates are small and imprecise. Substantively, in near-Xinjiang countries after 2009, projects sited closer to mosques are modestly less likely to be collateralized than comparable projects elsewhere, with detectable effects appearing at the 5–10 km range.

By contrast, $\text{Post}^{\text{Jul09}} \times \text{NearXinjiang}$ is consistently small and not statistically different from zero, indicating no general post-2009 shift in collateralization absent mosque proximity. The $\text{Post}^{\text{Jul09}} \times \text{NearMosque}^{(d)}$ terms at 5–10 km are positive (about 0.9–1.4 percentage points) but not statistically significant once fixed effects are included, suggesting that in countries far from Xinjiang any post-2009 change in collateralization near mosques is weak. Controls (lagged democracy, conflict deaths, population, GDP per capita, resource rents, exports from China, BRI participation) show no robust associations. All specifications absorb year, country, flow-class, and sector fixed effects with standard errors clustered at the country–year level.

8 Aid Siting and Protests

A core implication of adopting a de-risking aid strategy is that communities around project sites should experience less protest intensity, for example fewer protests or smaller protest turnouts. I

measure protest activity using data from ACLED: Armed Conflict Location & Event Data Project (2025). Because protest observations are extremely sparse prior to July 5, 2009, I treat the July 2009 Xinjiang riot as a common shock and focus on the post-riot period only. Concretely, for projects committed after July 5, 2009, I estimate a cross-sectional specification that compares projects in near-Xinjiang countries to otherwise similar projects elsewhere, absorbing common time shocks and composition with fixed effects.

For each radius $d \in \{1, 5, 10\}$ km around a project site and for each calendar year t: $\log \text{CrowdSize}_{ict}^{(d)}$ captures the total number of participants (in log) recorded across all protest events that occurred within d km of project i. And $\log \text{ProtestNum}_{ict}^{(d)}$ captures the total number of protest events (in log) that occurred within d km of project i.

Restricting to projects committed after July 5, 2009, I estimate

$$Y_{ict}^{(d)} = \alpha^{(d)} \, \text{NearXinjiang}_c + \mathbf{X}'_{c,t-1} \boldsymbol{\lambda}^{(d)} + \delta_t + \phi_f + \iota_{\text{Sector}} + \varepsilon_{ict},$$

where $Y_{ict}^{(d)} \in \{\log \text{CrowdSize}_{ict}^{(d)}, \log \text{ProtestNum}_{ict}^{(d)}\}$. Country fixed effects are omitted because NearXinjiang_c is time invariant. The coefficient of interest is $\alpha^{(d)}$; $\alpha^{(d)} < 0$ indicates fewer or smaller protests near projects in near-Xinjiang countries during the post-riot period.

Table 8.1 shows that, in the post-July 2009 period, projects in countries proximate to Xinjiang are associated with *less* protest activity very near project sites. In Panel A (crowd size), the coefficient on NearXinjiang at 1 km is negative and precise across all specifications, indicating roughly 43–49% smaller cumulative protest turnout within 1 km (significant at the 1% level). At 5 km, estimates remain large (about 62% smaller) and are detectable in models with leaner controls (significant at the 10% level), while precision weakens once additional China-specific covariates are included; by 10 km, estimates are negative but not precisely estimated. Panel B (number of protests) shows the same local pattern: within 1 km, projects in near-Xinjiang countries experience about 32–40% fewer protest events (significant at the 1% level), with effects attenuating at 5–10 km where estimates are generally imprecise. Taken together, both outcomes point to a sharp, highly local reduction in protest around projects sited in near-Xinjiang countries.

Population is positively correlated with protest intensity at wider buffers in several specifications (significant in some 5–10 km models). Deeper trade ties with China are associated with fewer protests at 5–10 km in both panels: in Panel A, log exports from China predict about 49% smaller crowd size at 5 km (significant at the 1% level) and about 41% smaller at 10 km (significant at the 10% level); in Panel B, they predict about 39–38% fewer protest events at 5–10 km (both significant at the 1% level). Democracy, conflict deaths, GDP per capita, and resource rents are not robustly related to protests once fixed effects are included. All models absorb year, flow-class, and sector fixed effects, with standard errors clustered at the country–year level.

9 Robustness: Difference-in-Discontinuities (DiDisc)

Standard difference-in-differences (DiD) identifies the average post–pre change for treated units relative to controls under a global parallel-trends assumption. This is problematic when: (i) a policy or shock at a known date creates an immediate jump in outcomes; (ii) other events occur at the

Table 8.1: Aid Siting and Protests

	Panel A: Total Protest Crowd Size								
	CrowdSize (1km; in log)			CrowdSize (5km; in log)			CrowdSize (10km; in log)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
NearXinjiang$_c$	-0.561***	-0.678***	-0.670***	-0.963*	-0.967*	-0.648	-0.985	-0.863	-0.597
	(0.167)	(0.200)	(0.198)	(0.534)	(0.551)	(0.522)	(0.730)	(0.615)	(0.610)
Democracy index (lagged)		0.003	0.049		1.427	1.087		2.830	2.572
		(0.948)	(0.898)		(1.611)	(1.465)		(1.838)	(1.699)
Domestic violence death (lagged & in log)		-0.016	-0.012		-0.021	-0.066		-0.038	-0.073
		(0.030)	(0.032)		(0.080)	(0.060)		(0.086)	(0.078)
Population (in log)		0.162**	0.136		0.198	0.756***		0.537**	0.982***
		(0.077)	(0.157)		(0.195)	(0.214)		(0.236)	(0.325)
GDP per capita (in log)		-0.190	-0.218		-0.174	0.402		0.133	0.592
		(0.190)	(0.135)		(0.270)	(0.342)		(0.275)	(0.403)
Natural resources rents (% of GDP & in log)		0.081	0.086		0.304	0.182		0.110	0.013
		(0.101)	(0.091)		(0.243)	(0.220)		(0.262)	(0.243)
Exports from China (in log)			0.042			-0.675***			-0.535*
			(0.156)			(0.238)			(0.265)
BRI Participation			-0.210			-0.212			-0.270
			(0.197)			(0.383)			(0.410)
Observations	4,238	4,169	4,169	4,238	4,169	4,169	4,238	4,169	4,169
R^2	0.048	0.060	0.061	0.118	0.134	0.153	0.144	0.187	0.196
	Panel B: Total Number of Protests								
	ProtestNum (1km; in log)			ProtestNum (5km; in log)			ProtestNum (10km; in log)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
NearXinjiang$_c$	-0.384***	-0.493***	-0.507***	-0.520	-0.495	-0.300	-0.597	-0.552	-0.337
	(0.120)	(0.151)	(0.146)	(0.416)	(0.448)	(0.436)	(0.544)	(0.475)	(0.471)
Democracy index (lagged)		-0.369	-0.338		0.837	0.549		1.125	0.873
		(0.657)	(0.633)		(1.024)	(0.900)		(1.259)	(1.114)
Domestic violence death (lagged & in log)		0.004	0.007		0.056	0.021		0.081	0.049
		(0.023)	(0.024)		(0.068)	(0.052)		(0.067)	(0.057)
Population (in log)		0.094*	0.058		0.020	0.421***		0.187	0.580***
		(0.053)	(0.095)		(0.119)	(0.148)		(0.145)	(0.188)
GDP per capita (in log)		-0.125	-0.163*		-0.151	0.264		-0.057	0.350
		(0.113)	(0.092)		(0.207)	(0.253)		(0.212)	(0.283)
Natural resources rents (% of GDP & in log)		0.041	0.048		0.127	0.042		-0.058	-0.143
		(0.072)	(0.068)		(0.202)	(0.185)		(0.207)	(0.189)
Exports from China (in log)			0.046			-0.500***			-0.481***
			(0.090)			(0.173)			(0.165)
BRI Participation			-0.050			0.172			-0.062
			(0.137)			(0.329)			(0.324)
Observations	4,238	4,169	4,169	4,238	4,169	4,169	4,238	4,169	4,169
R^2	0.054	0.068	0.068	0.132	0.144	0.168	0.167	0.195	0.211
Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Flow Class FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sector FE	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: *p<0.1;**p<0.05; ***p<0.01; ****p<0.001. An observation is a project. Standard errors are clustered at the country-year level.

same time and affect all units; or (iii) pre-trends are similar but one group systematically lags/precedes the other. In these cases, DiD can mix abrupt level changes with underlying trend differences and becomes sensitive to how time is modeled (e.g., two-way fixed effects) over long windows.

A difference-in-discontinuities (DiDisc) design complements DiD by focusing *locally* at the known cutoff. It isolates the jump at the cutoff for the treated group and subtracts any simultaneous jump for the comparison group, thereby (a) relaxing global parallel trends to local continuity within each group, (b) removing common shocks at the same date, and (c) making the design graphically diagnosable.

Let τ denote time measured in years relative to the cutoff (e.g., $\tau = 0$ at 2009-07-05), $g \in \{T, C\}$ index groups (treated T vs. comparison C), and define the group-specific conditional mean function $\mu_g(\tau) = E[Y \mid \tau, g]$. For each group, the local RD jump at the cutoff is

$$\Delta_g \;\equiv\; \lim_{\tau \downarrow 0} \mu_g(\tau) \;-\; \lim_{\tau \uparrow 0} \mu_g(\tau).$$

The DiDisc estimand is the *difference of these jumps*,

$$\theta \;\equiv\; \Delta_T - \Delta_C,$$

which captures the change at the cutoff for the treated group relative to the simultaneous change for the comparison group. Intuitively, θ nets out any break at the cutoff that also affects the comparison group. Identification of θ requires: (i) *continuity* of potential outcomes in τ at the cutoff within each group (no other discrete shocks at $\tau = 0$); (ii) *no manipulation* of timing around the cutoff; and (iii) *local comparability* of groups near the cutoff so that any common breaks are removed by differencing.

I estimate θ using a local–linear specification that allows slopes to differ by side of the cutoff and by group. Let $Y_{ict}^{(d)} \in \{0, 1\}$ be the mosque–proximity outcome for project i in country c and year t at radius $d \in \{1, 5, 10\}$ km. Define the running variable $\tau_i \equiv \frac{\text{commit\_date}_i - \text{2009-07-05}}{365.25}$ (in years) and the post-riot indicator $P_i \equiv \mathbf{1}\{\tau_i \geq 0\}$. Let $G_c \equiv \text{NearXinjiang}_c \in \{0, 1\}$. I restrict the sample to a symmetric window $|\tau_i| \leq h$ and estimate the model by OLS (i.e., a uniform kernel) with recipient-clustered standard errors; the DiDisc effect is the coefficient on $P_i \times G_c$, with side-specific slopes captured by τ_i, $\tau_i \times P_i$, $\tau_i \times G_c$, and $\tau_i \times P_i \times G_c$.

$$\begin{aligned} Y_{ict}^{(d)} = \alpha_0 + \alpha_1 P_i + \alpha_2 G_c + \underbrace{\theta}_{\text{DiDisc}} (P_i \times G_c) \\ + \beta_- \tau_i^- + \beta_+ \tau_i^+ + \beta_-^G (\tau_i^- G_c) + \beta_+^G (\tau_i^+ G_c) + \gamma_c + \phi_f + \varepsilon_{ict}, \\ \text{where } \; \tau_i^- \equiv \tau_i \mathbf{1}\{\tau_i < 0\}, \qquad \tau_i^+ \equiv \tau_i \mathbf{1}\{\tau_i \geq 0\}. \end{aligned}$$

Here, γ_c are country fixed effects, and ϕ_f are flow–class fixed effects. The coefficient θ is the difference-in-discontinuities estimand: the treated-group jump at the cutoff (Near Xinjiang) net of the control-group jump (Far) or a local average treatment effect at the cutoff for the treated group relative to the comparison group.

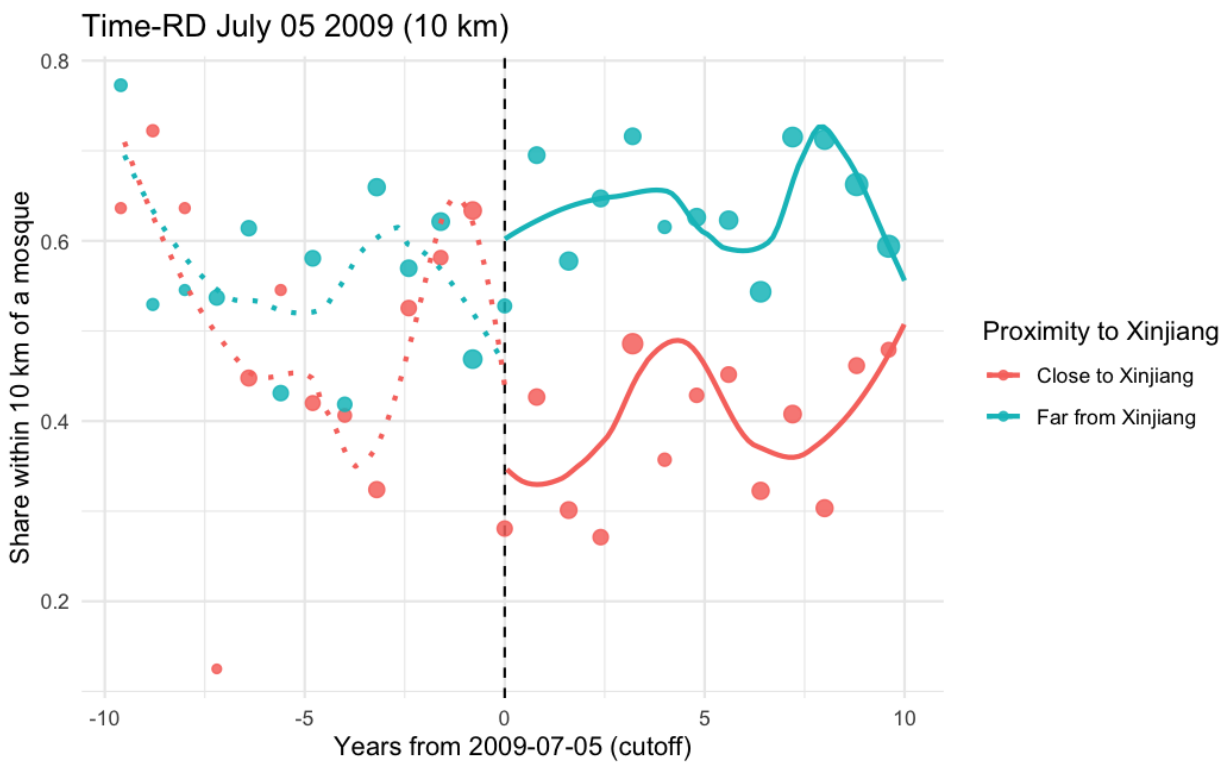

Figure 9.1: DiDisc (10 km)

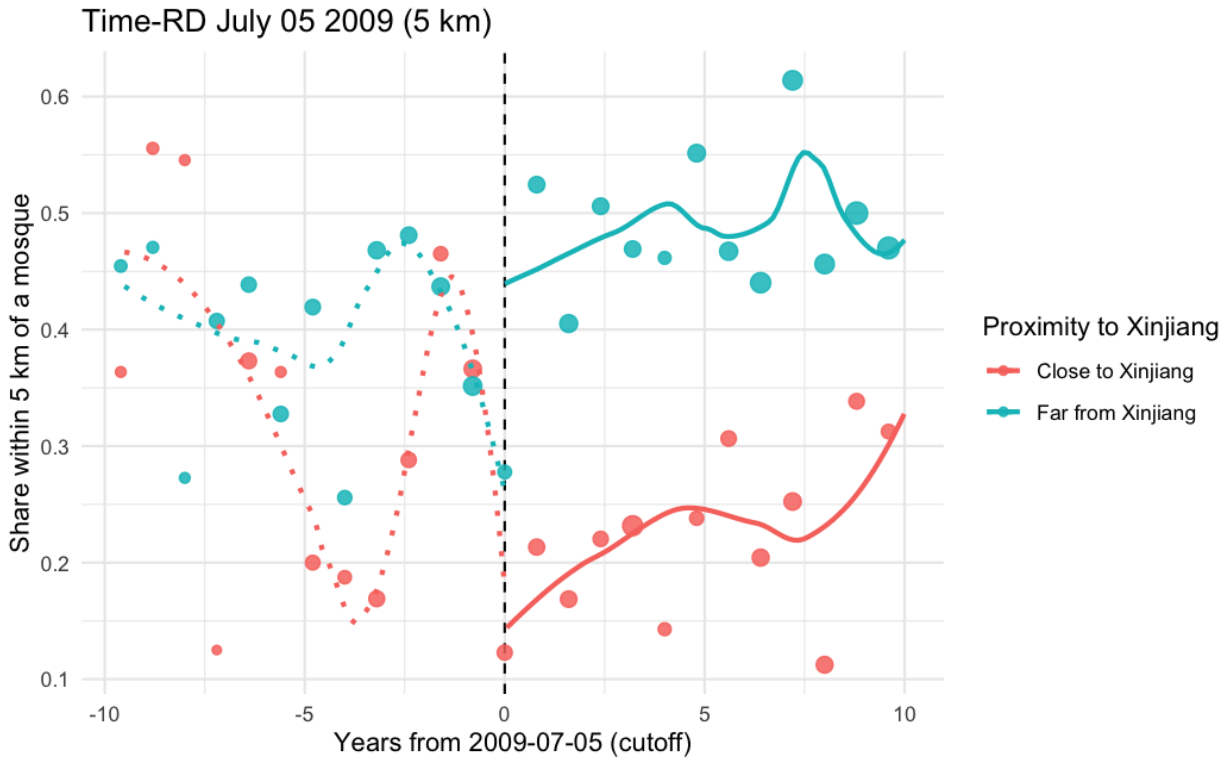

Figure 9.2: DiDisc (5 km)

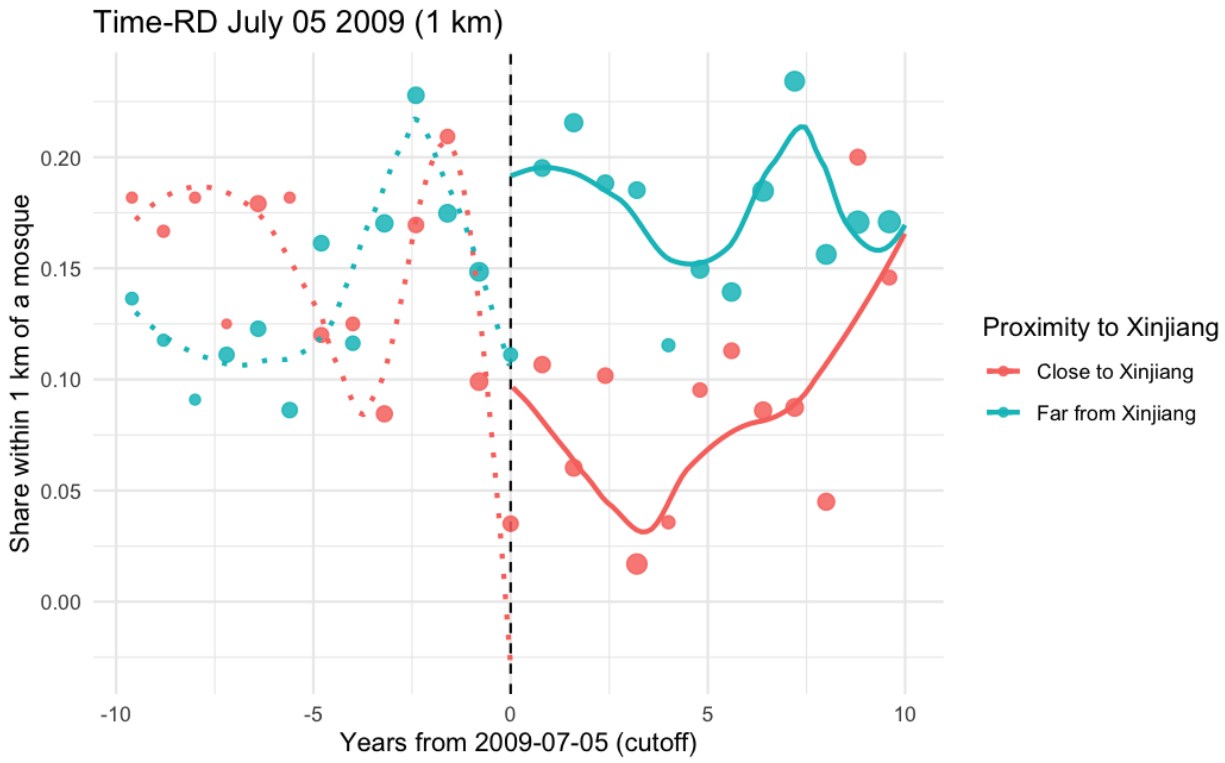

Figure 9.3: DiDisc (1 km)

Figure 9.1, Figure 9.2, and Figure 9.3 show the DiDisc/time–RD plots. The object of interest is the instantaneous jump at the cutoff $\tau = 0$: the vertical gap between the left–limit and right–limit fits for each group, and then the difference of those jumps across groups. A jump is present if the one–sided fits do not meet at $\tau = 0$; subsequent widening or narrowing is a slope (kink) phenomenon, not the discontinuity. At 5 km and 10 km, the near–Xinjiang series (red) exhibits a negative jump at $\tau = 0$ (the post-period value is clearly below the pre-period value), while the far series (blue) shows a positive jump (the post-period value is above the pre-period value). This yields a clearly negative difference-in-discontinuities. At 1 km, there is little to no clear jump at $\tau = 0$ (if anything, a small negative step for red), and the higher post–period red values arise later—i.e., a kink rather than a discontinuity. Thus, for 1 km the evidence shows an evolving post trends, not an instantaneous break.

Table 9.1 reports the difference-in-discontinuities coefficient on $P_i \times G_c$ at a ± 0.5 year bandwidth. At a ± 0.5-year bandwidth, projects in near-Xinjiang countries exhibit a sharp, discrete drop in mosque proximity at the cutoff that is concentrated at broader radii. At 5 km, the $\text{Post}^{\text{Jul09}} \times \text{NearXinjiang}$ coefficient ranges from -0.439 to -0.409, implying a 39–44 percentage-point lower probability of being within 5 km of a mosque (significant at the 0.1–5% levels). At 10 km, estimates between -0.512 and -0.650 indicate a 51–65 percentage-point reduction (significant at the 10% level in two specifications and directionally consistent in the richest model). By contrast, at 1 km the estimates are small and imprecise across specifications, suggesting no detectable discontinuous shift exactly at the immediate perimeter.

Adding covariates leaves the sign and magnitude of the difference-in-discontinuities estimates

Table 9.1: Difference-in-Discontinuities Estimates

	Bandwidth ± 0.5 year								
	NearMosque (1km)			NearMosque (5km)			NearMosque (10km)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$\text{Post}_i^{\text{Jul09}} \times$ NearXinjiang$_c$	0.003	0.192	0.241	-0.439****	-0.386**	-0.409**	-0.512*	-0.650*	-0.644
	(0.210)	(0.236)	(0.262)	(0.116)	(0.141)	(0.187)	(0.266)	(0.371)	(0.400)
Democracy index (lagged)		-2.207	-6.357		-0.475	1.517		3.864	3.277
		(1.996)	(5.121)		(1.852)	(8.117)		(2.647)	(7.554)
Domestic violence death (lagged & in log)		-0.069	0.024		-0.046	-0.090		0.003	0.016
		(0.052)	(0.110)		(0.059)	(0.171)		(0.042)	(0.136)
Population (in log)		-7.094	-9.331		-9.961	-8.886		9.609	9.292
		(10.534)	(10.379)		(13.805)	(16.443)		(12.044)	(14.146)
GDP per capita (in log)		-1.060	-0.925		-0.327	-0.391		-0.974	-0.955
		(0.720)	(0.655)		(0.739)	(0.651)		(0.728)	(0.615)
Natural resources rents (% of GDP & in log)		-0.202	0.180		-0.390	-0.573		-0.670**	-0.617
		(0.309)	(0.492)		(0.359)	(0.770)		(0.319)	(0.653)
Exports from China (in log)			0.563			-0.270			0.080
			(0.623)			(0.985)			(0.825)
Observations	213	213	213	213	213	213	213	213	213
R^2	0.376	0.390	0.391	0.420	0.407	0.404	0.333	0.330	0.325
Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Flow Class FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sector FE	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: *p<0.1;**p<0.05; ***p<0.01; ****p<0.001. An observation is a project. Standard errors are clustered at the country level.

broadly stable. Most controls are not systematically related to the outcomes in this local window. An exception is natural-resource rents, which are negatively associated with 10 km proximity in one specification (significant at the 5% level). All models include year, country, flow-class, and sector fixed effects, and standard errors are clustered at the country level, supporting a local, design-based interpretation of the 5–10 km discontinuities.

10 Discussion

10.1 Re-convergence

The attenuation and eventual re-convergence of siting patterns several years after 2009 is consistent with the scope conditions of a de-risking aid strategy. First, de-risking is activated by abrupt surges in perceived security threats. Because such shocks tend to be episodic rather than permanent, the heightened salience of identity-sensitive locations also diminishes as the threat environment stabilizes. Implementers gradually revise downward their assessment of local hostility, relaxing the extreme caution that initially follows a major shock.

Second, de-risking behaviors are inherently temporary because over-avoidance is costly. Locating projects farther from population centers, religious sites, or key community hubs often increases construction and logistical costs, reduces access to infrastructure, and complicates project management. More importantly, sustained avoidance of socially salient areas undermines the core diplomatic and developmental rationale of foreign aid. Highly visible, community-embedded projects are central to public diplomacy, local relationship-building, and the perception that donors are responsive to local needs. Excessive distancing ultimately weakens these benefits.

10.2 Alternative Explanation

In Table 6.1, log travel time to the nearest 50k city in 2000 (Nelson, 2008), is also positive (0.334–0.461) and significant at the 5% level, implying sites about 40–59% longer travel time to population centers. An alternative explanation is that Chinese implementers avoid densely populated areas rather than mosques per se. This can plausibly account for part of the pattern, but not all of it. In 2012, MOFCOM issued detailed "Guidelines on the Safety Management of Chinese-funded Enterprises, Institutions, and Personnel Overseas,"[17] advising overseas entities to "choose sites away from potential targets of attack or from sensitive buildings, such as embassies in sensitive countries, *mosques*, or other religious facilities." The guidance repeatedly lists ethno-religious conflict (*min zu zong jiao chong tu*) and religious extremism (*zong jiao ji duan zhu yi*) among top risk factors. This language points to mosque-specific siting concerns rather than a generic aversion to urban locations.

To ensure the effect is not driven by urban access, let $A_i = \log(\text{Access50k}_{ict})$ and define a natural spline basis $g_k(A_i) = \text{ns}(A_i, \text{df} = 3)$, $k = 1, \ldots, K$ (with $K = 3$). We estimate

$$\begin{aligned}
\log\big(\text{DistMosque}_{ict}\big) &= \beta\,\big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c\big) \\
&+ \sum_{k=1}^{K} \theta_k\,\big(\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c \times g_k(A_i)\big) \\
&+ \sum_{k=1}^{K} \eta_k\,\big(\text{Post}_i^{\text{Jul09}} \times g_k(A_i)\big) \\
&+ \sum_{k=1}^{K} \kappa_k\,\big(\text{NearXinjiang}_c \times g_k(A_i)\big) \\
&+ \sum_{k=1}^{K} \pi_k\, g_k(A_i) \\
&+ \gamma_c + \delta_t + \phi_f + \iota_{\text{Sector}} + \varepsilon_{ict},
\end{aligned}$$

The post–riot Near–Xinjiang contrast at a given access level m minutes is

$$\tau(m) = \beta + \sum_{k=1}^{K} \theta_k\, g_k\big(\log m\big),$$

with confidence intervals obtained by the delta method using two–way clustered (country, year) standard errors. A *mosque–specific* mechanism predicts $\tau(m) > 0$ and approximately flat in m; an *urbanicity–driven* story predicts a pronounced gradient in $\tau(m)$ across m.

Figure 10.1 reports the difference–in–differences effect of being near Xinjiang after 2009 on $\log(\text{DistMosque}_{ict})$ evaluated at access levels $m \in \{10, 20, 30, 40, 50, 60\}$ minutes to a 50k city. Point estimates are modestly positive for $m = 20$–50 minutes, while the intervals at $m = 10$ and

[17] https://policy.mofcom.gov.cn/claw/clawContent.shtml?id=3141

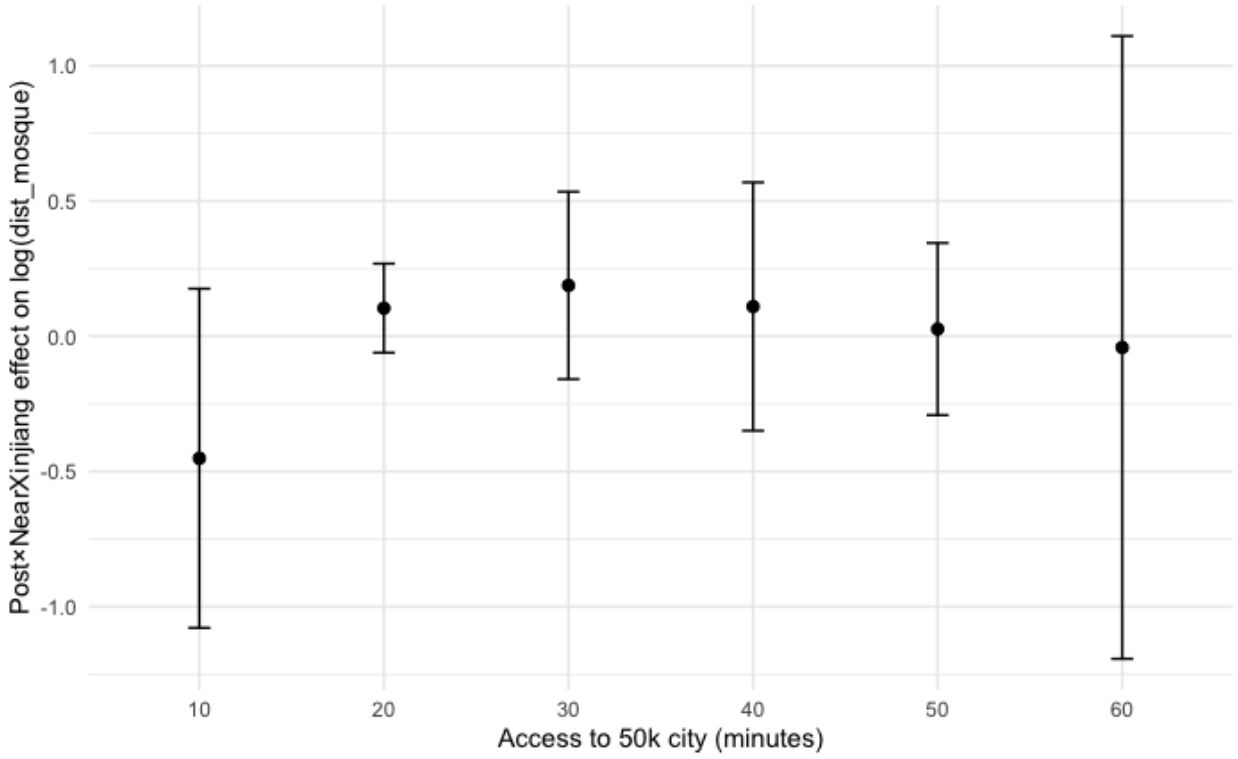

Figure 10.1: NearXinjiang Post-2009 Effect by Access to a 50k City

$m = 60$ are wide. Across all cases the 95% confidence intervals overlap zero. Visually there is no meaningful access gradient: the $\text{Post}_i^{\text{Jul09}} \times \text{NearXinjiang}_c$ effect is roughly flat (and small) across m. Substantively, these results do not indicate that urban access drives the post-2009 shift. The results are consistent with a mosque-specific mechanism.

11 Conclusion

This paper asks how a donor adapts when identity and security become locally salient, and proposes the concept of a *de-risking aid strategy*: the deliberate design and delivery of aid to minimize exposure of personnel, assets, and operations to violence, unrest, terrorism, or related security threats. In the context of Chinese aid, I argue that Chinese aid adopts a deliberate de-risking strategy after the July 5, 2009 Urumqi riot, operating through two complementary channels: (*i*) bottom–up siting discretion by market-facing implementers (private firms, SOEs, and JVs) that reduces exposure at identity-salient locations; and (*ii*) top–down financial adjustments by policy banks that soften lending features most likely to trigger backlash near such sites.

I assemble geocoded Chinese aid matched to precise mosque coordinates across Muslim-majority recipients and compare countries geographically proximate to Xinjiang with those far away. The empirical strategy combines two–way fixed-effects difference–in–differences and a local difference–in–discontinuities design around the known cutoff, and then probes heterogeneity by implementer type and by sector. Three major findings emerge. First, siting shifts away from

mosques in proximate countries after 2009: projects are 8–17 percentage points less likely to be within 1–10 km of a mosque and are, on average, farther in continuous distance terms. A local DiDisc shows a clear negative jump at the cutoff at 5–10 km, indicating an immediate break rather than a slow-moving trend. Second, heterogeneity aligns with the de-risking logic. The effect is amplified among market-facing implementers, consistent with rapid, field–level risk management. Sector patterns are also informative: sectors with greater siting discretion exhibit large outward moves from mosques, whereas need–constrained response work (e.g., reconstruction/relief) remains closer to communities and identity–salient sites. Third, financing arrangements adapt at sensitive locations. Policy–bank collateralization declines for mosque–proximate projects in countries proximate to Xinjiang post–2009, while there is no evidence of a broad post–2009 shift in collateralization absent mosque proximity. Furthermore, in the post-2009 period, projects in near-Xinjiang countries experience fewer and smaller protests in their immediate vicinity: crowd sizes and event counts are significantly lower within 1 km. The results suggest that adopting de-risking aid strategy helps lower nearby protest likelihood.

Substantively, these results complicate monolithic views of "state-led" Chinese aid. Where identity salience spikes, Chinese aid appears as the joint product of bottom–up, implementer discretion in siting and top–down, prudential finance by policy banks. This paper highlights the need to study the intersection of central planning and local discretion as a central feature of foreign aid politics. Future research could extend this analysis in several directions. Comparative work might explore whether similar bottom-up de-risking strategies appear in other donors. In addition, examining the effects of other types of shocks, including terrorism, diplomatic crises, or economic downturns, would reveal whether different domestic pressures trigger comparable overseas security responses. Finally, future studies could investigate how recipient governments and communities interpret these practices—whether as prudent security management, or as a sign of mistrust—and assess how such reactions feed back into donor reputations and the broader security–development nexus.

Conflict of Interest and Declarations

Competing Interests

The author(s) declare that they have no known competing financial or non-financial interests that could have appeared to influence the work reported in this paper.

The author(s) have not received research grants, employment support, consultancy fees, stock ownership, patents, or other forms of financial compensation from any organization that may gain or lose financially from the publication of this manuscript within the past three years or outside that period where such interests could reasonably be perceived as influencing the work.

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During the preparation of this manuscript, the author(s) used ChatGPT (OpenAI) to assist with language editing and grammar checking. All substantive intellectual contributions, analysis, and interpretations are the sole responsibility of the author(s). The manuscript was carefully reviewed and edited by the author(s), who take full responsibility for its content.

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Online Appendix for “ Navigating the Minefield: De-Risking Strategies in Chinese Aid in Response to Security Threats”

A Descriptive Statistics

Table A.1: Descriptive Statistics

	Countries Proximate to Xinjiang			**Countries not Proximate to Xinjiang**		
Main Variables	Observations	Mean	S.D.	Observations	Mean	S.D.
Within 1km buffer	1,554	0.098	0.297	2,684	0.170	0.376
Within 5km buffer	1,554	0.250	0.433	2,684	0.458	0.498
Within 10km buffer	1,554	0.425	0.495	2,684	0.604	0.489
Distance to Mosque (km; in log)	1,554	2.621	1.270	2,684	2.135	1.410
Access to 50k city (min; in log)	1,554	4.633	1.496	2,684	4.061	1.718
$\text{Post}^{\text{Jul09}}$	1,554	0.676	0.468	2,684	0.725	0.447
Private/SOE/JV	1,554	0.559	0.497	2,684	0.375	0.484
Collateralized	934	0.269	0.444	2,021	0.126	0.332
Control Variables	Observations	Mean	S.D.	Observations	Mean	S.D.
Democracy index (lagged)	1,554	0.146	0.096	2,684	0.248	0.178
Domestic violence death (lagged & in log)	1,554	3.041	3.513	2,684	3.247	3.036
Population (in log)	1,554	17.307	1.308	2,684	16.889	1.460
GDP per capita (in log)	1,554	7.273	0.890	2,625	7.550	0.975
Natural resources rents (% of GDP & in log)	1,552	1.870	1.052	2,617	1.787	0.947
Exports from China (in log)	1,554	21.783	1.405	2,684	21.108	2.155
BRI Participation	1,554	0.215	0.321	2,684	0.229	0.326

Note: Unit of Analysis is project. The sample includes 4,238 projects. Although the unit of observation is the project, identification and inference rely on variation at the country–year level due to the inclusion of country and year fixed effects and clustering at the country–year level.

B Parallel Trends

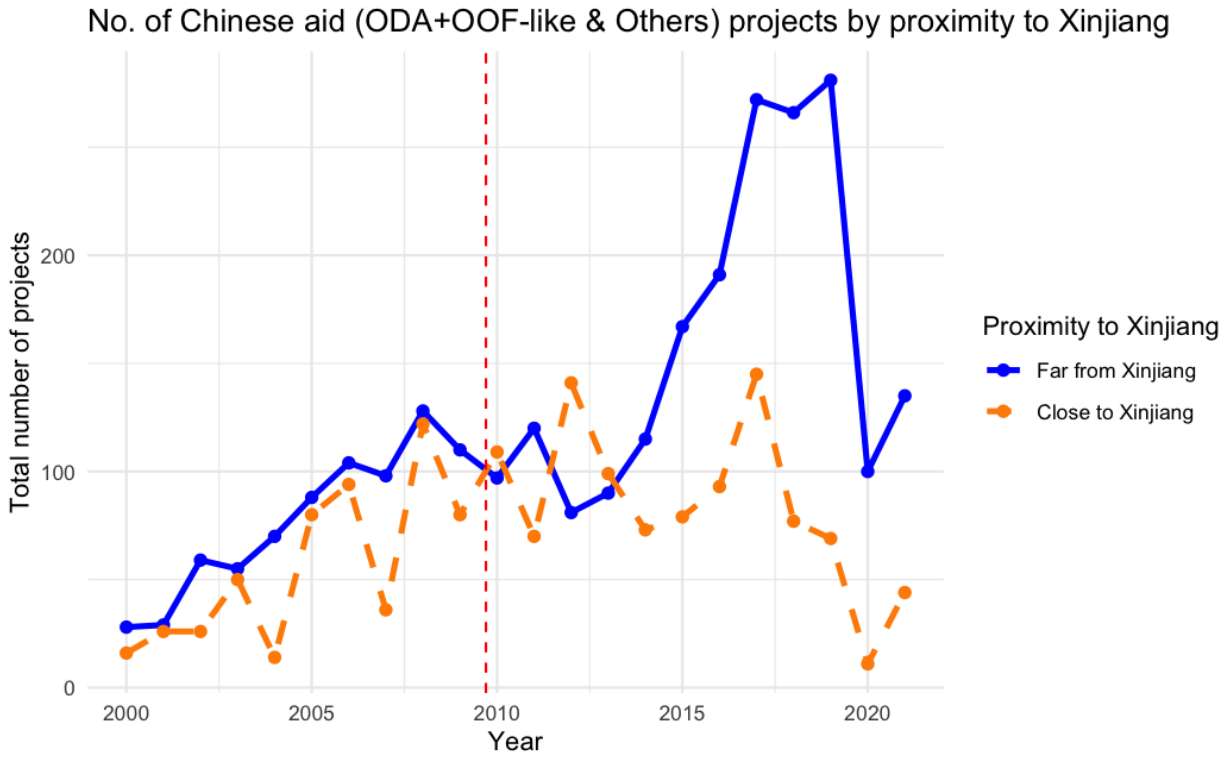

Figure B.1: Total Aid Number Trends

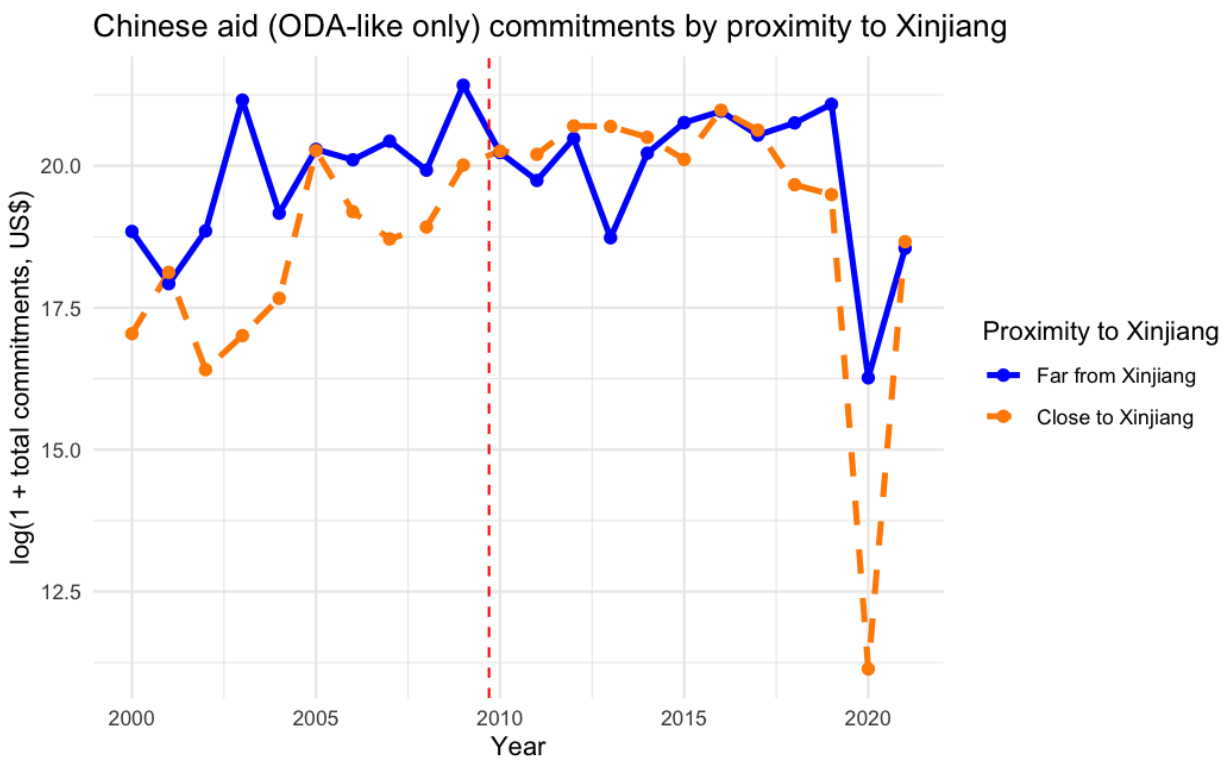

Figure B.2: Total ODA-like Aid Commitment Trends

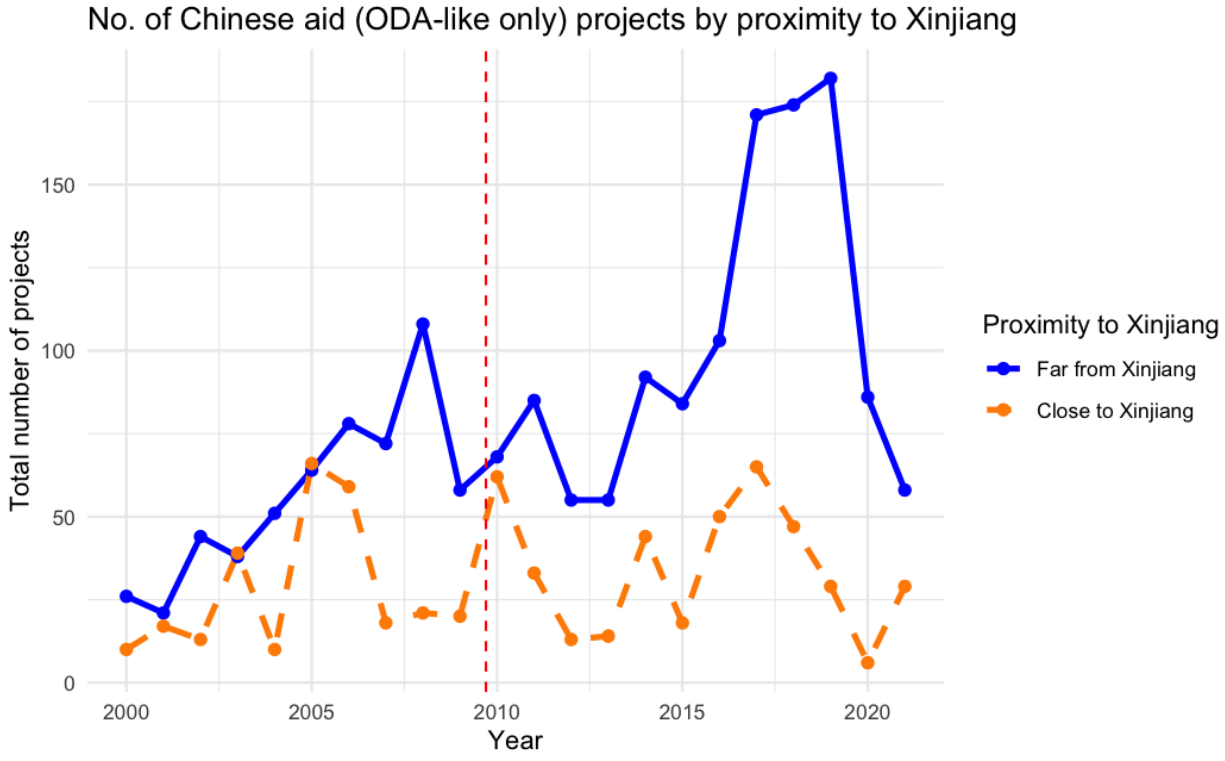

Figure B.3: Total ODA-like Aid Number Trends

C Without Afghanistan or Pakistan

Afghanistan and Pakistan experienced acute, broad-based domestic unrest in 2009–2010. Such country-specific shocks risk violating DiD common–trends and introducing omitted-variable confounding. To address this, I re-estimate all specifications after excluding Afghanistan and Pakistan, and the effect still holds.

Table C.1: The Impact of the 2009 Riot (without Afghanistan or Pakistan)

	NearMosque (1km)			NearMosque (5km)			NearMosque (10km)			DistMosque (km; in log)			Access50k (min; in log)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
$Post_i^{Jul09}$	-0.002	0.019	0.022	-0.024*	0.006	0.010	-0.060****	-0.028	-0.018	-0.077	-0.168	-0.185*	0.159*	0.031	0.011
	(0.028)	(0.029)	(0.031)	(0.013)	(0.009)	(0.017)	(0.009)	(0.018)	(0.023)	(0.108)	(0.100)	(0.096)	(0.086)	(0.070)	(0.096)
$Post_i^{Jul09} \times$ NearXinjiang$_c$	-0.073*	-0.104*	-0.108*	-0.103***	-0.137***	-0.140***	-0.122***	-0.180****	-0.189****	0.278*	0.398**	0.412**	0.351**	0.513***	0.536***
	(0.042)	(0.052)	(0.052)	(0.036)	(0.042)	(0.044)	(0.042)	(0.046)	(0.047)	(0.145)	(0.146)	(0.149)	(0.141)	(0.158)	(0.154)
Democracy index (lagged)		0.165	0.168		0.331**	0.341**		0.168	0.180		-0.542	-0.569		-1.072**	-1.058**
		(0.106)	(0.112)		(0.133)	(0.138)		(0.152)	(0.151)		(0.426)	(0.439)		(0.401)	(0.401)
Domestic violence death (lagged & in log)		-0.002	-0.002		-0.005	-0.006		-0.009	-0.010		0.020	0.022		0.002	-0.001
		(0.005)	(0.006)		(0.007)	(0.007)		(0.008)	(0.008)		(0.022)	(0.023)		(0.027)	(0.026)
Population (in log)		-0.054	-0.033		-0.233*	-0.214*		-0.250**	-0.189**		0.576*	0.473		0.070	-0.079
		(0.099)	(0.098)		(0.122)	(0.108)		(0.092)	(0.089)		(0.299)	(0.280)		(0.640)	(0.521)
GDP per capita (in log)		0.070	0.078		0.054	0.069		0.109****	0.134***		-0.202	-0.252		-0.333**	-0.352*
		(0.043)	(0.053)		(0.037)	(0.047)		(0.027)	(0.037)		(0.121)	(0.159)		(0.148)	(0.184)
Natural resources rents (% of GDP & in log)		0.037	0.038		0.067**	0.068*		0.056*	0.061*		-0.236**	-0.243***		-0.258***	-0.274***
		(0.023)	(0.024)		(0.032)	(0.033)		(0.032)	(0.034)		(0.084)	(0.086)		(0.078)	(0.081)
Exports from China (in log)			-0.015			-0.024			-0.045			0.087			0.047
			(0.028)			(0.031)			(0.033)			(0.107)			(0.102)
BRI Participation			0.009			-0.016			0.021			-0.010			-0.188
			(0.029)			(0.051)			(0.037)			(0.096)			(0.132)
Observations	3,720	3,652	3,652	3,720	3,652	3,652	3,720	3,652	3,652	3,678	3,610	3,610	3,707	3,639	3,639
R^2	0.235	0.235	0.235	0.305	0.311	0.311	0.305	0.311	0.311	0.373	0.377	0.377	0.312	0.312	0.313
Year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Flow Class FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sector FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: *p<0.1;**p<0.05; ***p<0.01. An observation is a project. Standard errors are clustered at the country-year level.

D Heterogeneity by Sector (Full Table)

Table D.1: Heterogeneity by Sector (Full Table)

	Heterogeneous Effect by Sector (ref = Emergency Response)														
	NearMosque (1km)			NearMosque (5km)			NearMosque (10km)			DistMosque (km; in log)			Access50k (min; in log)		
$Post_t^{Jul09} \times NearXinjiang_c$	-0.012	-0.051	-0.056	-0.114	-0.154	-0.141	-0.066	-0.088	-0.102	0.258	0.365	0.391	-0.180	0.007	0.041
	(0.083)	(0.081)	(0.085)	(0.138)	(0.142)	(0.139)	(0.107)	(0.129)	(0.134)	(0.391)	(0.391)	(0.390)	(0.440)	(0.431)	(0.445)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Multisector	-0.307***	-0.317***	-0.308***	-0.355**	-0.272*	-0.285**	-0.519****	-0.485****	-0.471****	1.240***	1.062**	1.026**	1.819****	1.689****	1.617***
	(0.100)	(0.091)	(0.094)	(0.140)	(0.141)	(0.132)	(0.095)	(0.116)	(0.123)	(0.371)	(0.392)	(0.390)	(0.436)	(0.422)	(0.433)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Reconstruction & Relief	0.156*	0.188**	0.179*	0.252*	0.272*	0.286*	0.347***	0.346**	0.331**	-0.655*	-0.684*	-0.648	-1.126**	-1.208**	-1.136**
	(0.090)	(0.087)	(0.088)	(0.132)	(0.139)	(0.144)	(0.110)	(0.131)	(0.134)	(0.357)	(0.360)	(0.381)	(0.461)	(0.460)	(0.479)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Commodity	-0.081	0.114	0.132	0.271**	0.255*	0.247*	0.337*	-0.380**	-0.371**	-1.027**	-0.285	-0.336	-1.219**	-0.419	-0.568
	(0.084)	(0.108)	(0.119)	(0.122)	(0.144)	(0.132)	(0.174)	(0.138)	(0.142)	(0.426)	(0.435)	(0.440)	(0.458)	(0.470)	(0.510)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Budget Support	-1.018****	-1.029****	-1.021****	-0.984****	-0.994****	-1.009****	-0.260*	-0.282*	-0.265	2.158****	2.162****	2.128****	2.973****	3.009****	2.950****
	(0.092)	(0.088)	(0.098)	(0.158)	(0.156)	(0.154)	(0.142)	(0.162)	(0.168)	(0.465)	(0.492)	(0.494)	(0.527)	(0.517)	(0.541)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Trade Policy	0.538***	0.544****	0.545****	0.305**	0.326**	0.317**	0.663*	0.649**	0.659**	-1.435***	-1.473***	-1.485***	-2.141**	-2.212***	-2.213***
	(0.147)	(0.139)	(0.141)	(0.120)	(0.121)	(0.129)	(0.320)	(0.312)	(0.306)	(0.397)	(0.407)	(0.401)	(0.759)	(0.771)	(0.766)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Industry & Mining	-0.042	-0.016	-0.013	0.127	0.145	0.140	0.009	-0.007	-0.002	-0.245	-0.305	-0.320	-0.033	-0.068	-0.095
	(0.072)	(0.073)	(0.076)	(0.132)	(0.135)	(0.131)	(0.104)	(0.117)	(0.116)	(0.372)	(0.365)	(0.358)	(0.466)	(0.423)	(0.426)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Social Infrastructure	-0.153	-0.144	-0.141	-0.209	-0.172	-0.173	-0.002	0.001	0.002	0.041	-0.067	-0.074	0.480	0.350	0.332
	(0.110)	(0.109)	(0.113)	(0.148)	(0.144)	(0.143)	(0.160)	(0.177)	(0.171)	(0.458)	(0.475)	(0.456)	(0.507)	(0.508)	(0.506)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Transport & Storage	-0.145	-0.126	-0.128	0.011	0.033	0.033	-0.102	-0.095	-0.096	0.136	0.062	0.066	0.856*	0.806*	0.821*
	(0.092)	(0.095)	(0.097)	(0.114)	(0.123)	(0.121)	(0.107)	(0.127)	(0.128)	(0.333)	(0.363)	(0.365)	(0.430)	(0.451)	(0.466)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Water Supply & Sanitation	-0.283**	-0.275**	-0.269*	-0.149	-0.122	-0.134	-0.287	-0.282	-0.270	0.887	0.766	0.739	1.415**	1.318**	1.270**
	(0.112)	(0.128)	(0.130)	(0.149)	(0.166)	(0.165)	(0.191)	(0.218)	(0.217)	(0.612)	(0.666)	(0.653)	(0.550)	(0.597)	(0.598)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Agriculture, Forestry & Fishing	-0.156*	-0.137	-0.133	-0.172	-0.135	-0.142	-0.110	-0.093	-0.086	0.138	0.004	-0.013	0.099	-0.023	-0.053
	(0.089)	(0.091)	(0.092)	(0.148)	(0.162)	(0.159)	(0.132)	(0.156)	(0.160)	(0.413)	(0.456)	(0.445)	(0.482)	(0.503)	(0.488)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Business	-0.226**	-0.220**	-0.222**	0.194	0.199	0.198	0.065	0.064	0.066	-0.249	-0.306	-0.303	0.449	0.427	0.447
	(0.100)	(0.094)	(0.098)	(0.146)	(0.152)	(0.151)	(0.106)	(0.128)	(0.132)	(0.391)	(0.407)	(0.416)	(0.424)	(0.407)	(0.424)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Communications	-0.149	-0.118	-0.114	-0.107	-0.012	-0.023	-0.003	0.069	0.081	0.097	-0.158	-0.179	0.649	0.413	0.386
	(0.119)	(0.111)	(0.118)	(0.183)	(0.168)	(0.172)	(0.151)	(0.152)	(0.159)	(0.562)	(0.609)	(0.623)	(0.601)	(0.569)	(0.608)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Food Aid	-0.291*	-0.253*	-0.249*	-0.062	-0.031	-0.038	0.024	0.038	0.045	-0.035	-0.062	-0.078	0.706	0.614	0.583
	(0.142)	(0.127)	(0.125)	(0.152)	(0.160)	(0.155)	(0.177)	(0.207)	(0.200)	(0.639)	(0.659)	(0.626)	(0.818)	(0.812)	(0.773)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Disaster Prevention	-1.768	-1.687	-1.638	-0.863	-0.559	-0.590	-1.933	-1.343	-1.306	2.151	2.250	2.099	3.846	3.838	3.415
	(20552.257)	(20510.945)	(20488.857)	(21211.726)	(20779.961)	(21162.484)	(19673.150)	(22628.326)	(22665.023)	(59207.765)	(59979.500)	(59874.275)	(79001.675)	(78666.306)	(79513.261)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Education	-0.123	-0.119	-0.119	-0.057	-0.056	-0.057	-0.039	-0.063	-0.061	0.087	0.059	0.056	0.099	0.116	0.115
	(0.124)	(0.127)	(0.128)	(0.102)	(0.102)	(0.099)	(0.078)	(0.098)	(0.101)	(0.310)	(0.326)	(0.321)	(0.408)	(0.381)	(0.379)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Energy	-0.101	-0.083	-0.082	-0.020	0.001	-0.006	-0.115	-0.107	-0.100	-0.176	-0.257	-0.268	0.552	0.480	0.471
	(0.089)	(0.088)	(0.091)	(0.141)	(0.143)	(0.141)	(0.118)	(0.136)	(0.137)	(0.427)	(0.429)	(0.423)	(0.430)	(0.416)	(0.419)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Government & Civil Society	-0.060	-0.055	-0.053	-0.054	-0.041	-0.047	-0.078	-0.089	-0.083	-0.187	-0.238	-0.250	0.471	0.400	0.383
	(0.189)	(0.189)	(0.191)	(0.178)	(0.179)	(0.178)	(0.181)	(0.190)	(0.193)	(0.561)	(0.575)	(0.571)	(0.667)	(0.648)	(0.650)
$Post_t^{Jul09} \times NearXinjiang_c \times$ Health	-0.097	-0.079	-0.076	-0.045	-0.013	-0.017	-0.046	-0.030	-0.025	0.026	-0.120	-0.133	0.700*	0.509	0.482
	(0.102)	(0.105)	(0.104)	(0.114)	(0.109)	(0.107)	(0.124)	(0.129)	(0.133)	(0.317)	(0.298)	(0.289)	(0.392)	(0.334)	(0.352)
Observations	4,238	4,169	4,169	4,238	4,169	4,169	4,238	4,169	4,169	4,196	4,127	4,127	4,225	4,156	4,156
R^2	0.302	0.301	0.301	0.338	0.342	0.342	0.311	0.314	0.314	0.398	0.400	0.400	0.338	0.336	0.337
Country controls		✓	✓		✓	✓		✓	✓		✓	✓		✓	✓
China controls			✓			✓			✓			✓			✓
Year × Sector FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Flow Class FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: *p<0.1;**p<0.05; ***p<0.01; ****p<0.001. An observation is a project. Standard errors are clustered at the country-year level. Only selected coefficients shown.

E The Uyghur Diaspora

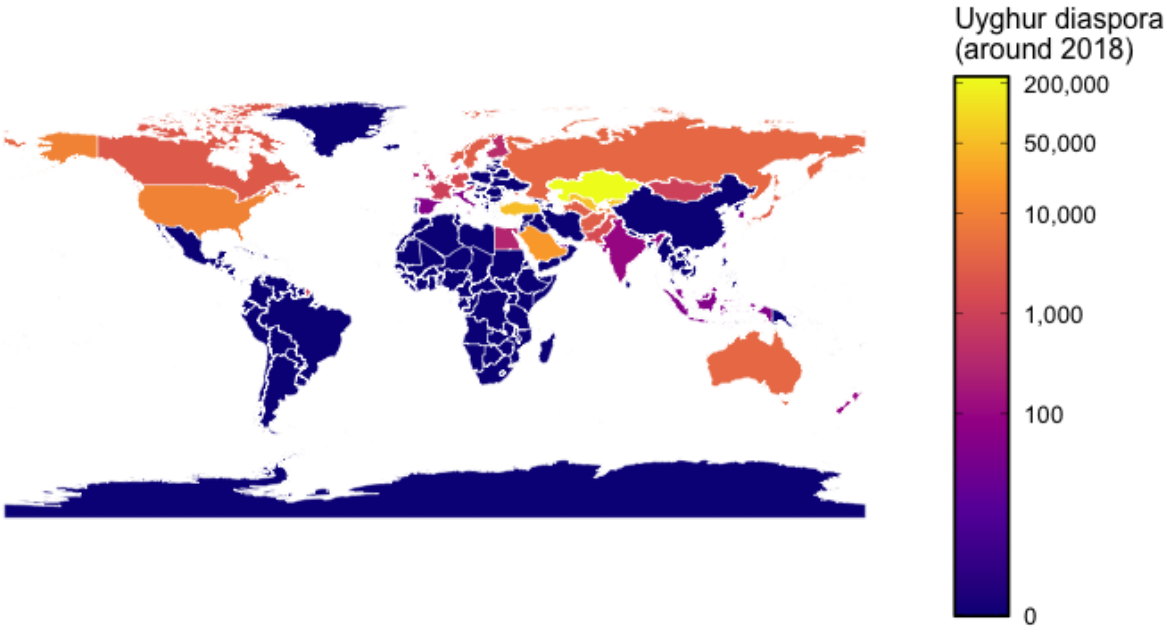

Figure E.1: Mapping the Uyghur Diaspora (Source: Uyghur Human Rights Project)