

Did Aid Promote Democracy in Africa?
The Role of Technical Assistance in Africa's Transitions

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Did foreign aid play a role in Africa's political transformation after the Cold War? After decades of authoritarian rule, the majority of these regimes came to an abrupt and unexpected collapse in the 1990s. Africa's political liberalization was slow at first.¹ Some autocrats established certain civil rights such as the permission to organize opposition parties. Others allowed a freer press.² Still others created commissions to examine the country's constitution. In most countries, these initial movements eventually led to multiparty elections so that by 1994 29 countries had held 54 elections, with observers judging the majority as "free." These elections boasted high turnouts and many opposition victories: voters removed eleven sitting presidents, and three more had declined to run in these transition elections. During 1995-97, 16 countries staged second-round elections and by 1998 only four countries in all of sub-Saharan Africa had not staged some sort of competitive contest. Given the continent's poor record of competitive elections in the post-independence period, rapid political liberalization in this period was a monumental political change.

Despite the magnitude and extent of these changes, scholars' accounts of these transitions have had only limited success (Gibson, 2002). Many studies argue for the primacy of domestic forces, such as economic crisis or political protest (e.g., Bratton & van de Walle, 1997; Westebbe, 1994). Others note the rapid collapse of autocracy at the end of the Cold War and suggest that international factors fostered the changes (e.g., Huntington, 1993).

Some studies suggest that foreign aid may have contributed to democratization (e.g., Gibbon, Ofstad, & Bangura, 1992; Nelson, 1990; Resnick and van de Walle 2013). After the fall of the Soviet Union, donors paid increasing attention to political reforms and began to enforce more stringently conditionality, and a number of anecdotes suggest that elections were in part a response to these pressures. Yet others contend that foreign aid has instead had the effect of

entrenching autocrats in power, since it increases resources available for patronage (e.g., Bates, 1994; Brautigam, 2000; Bueno de Mesquita, Morrow, Siverson, & Smith, 2001; Morrison, 2009; Rodrik, 1996).

We argue that foreign aid may have done both: while aid increased resources available for patronage in earlier periods, it also increased the extent to which donors paid attention to government spending and corruption in the 1980s and 90s, making it more costly for governments to use foreign aid for patronage. Specifically, we argue that when donors invest in policies that increase monitoring, which we measure using technical assistance, there should be an increase in political liberalization. In contrast, more fungible types of aid have negligible, and often perverse, impacts on patronage and liberalization.

In order to test whether higher levels of monitoring contributed to political liberalization, we separate technical assistance from other forms of aid. Apart from a few studies (Finkel et al. 2007; Scott and Steele 201; (Resnick & Van de Walle) much of the literature exploring aid's effects on democracy does not disaggregate foreign assistance into its various types (Djankov et al. 2008; Dunning 2004; Goldsmith 2001; Knack 2004; Wright 2009). We argue that technical assistance is associated with a higher degree of donor oversight than other aid modalities, and should have the marginal effect of decreasing patronage and promoting liberalization. In contrast, other types of aid should have little effect on liberalization. We find robust evidence that supports our claims: when technical assistance as a share of GDP increases, the probability of political liberalization increases. We see no such effect for other forms of aid; in fact, we see an increase in patronage spending under some specifications.

Previous work has also been limited by available measures of democratization which frequently lump together a number of institutional features which have, at best, an ambiguous

relationship with foreign aid and the objectives of donor organizations. To improve upon this approach, we code an original dataset that includes different types of actions associated with political liberalization that might have been taken by leaders, from a formal announcement that political liberalization will take place to the actual staging of a free and fair multiparty presidential election. We argue that our approach offers a more direct measure of how we should expect leaders to respond to the constraining effects of foreign aid.

We present our analysis of aid and African political change in five sections. In the first section we describe the politics of patronage in Africa and place foreign aid in this context. In section two we construct a simple model of politics in which a ruler, starved of the funds needed to maintain a patronage system, has no reasonable option to retain power other than conceding political rights. We show that many African leaders faced these conditions following the end of the Cold War. We present an empirical model in section three and present our results in section four. In the last section, we discuss the implications for our findings.

1. AID AND THE STRUCTURE OF POLITICS IN AFRICA

Striking agreement exists about the general structure of politics prior to Africa's democratic transitions in the 1990s. Scholars argue that post-independence leaders used the state primarily to maintain incumbency and augment their power (e.g., Bratton & van de Walle, 1997; Chabal & Daloz, 1999; Clapham, 1996). Their actions produced a style of politics characterized by personalized exchange, clientelism, and political corruption.³ Clapham's (1996) "monopoly state," for example, is "peculiarly consumption-oriented form of political management, which depends on the diversion of consumption opportunities to those groups which offer the most help, or pose the most danger, to people in power." In this paper, we use the term "patronage

politics” to capture these characteristics.⁴ While all countries may exhibit features of patronage politics (Keefer, 2003; Robinson and Verdier, 2002; Roniger, 1994), Bratton and van de Walle (1997: 62) argue that it is the “core feature of politics in Africa” (see also Chabal & Daloz, 1999; van de Walle, 2001). In its simplest form, patronage politics describe a system wherein rulers who remain in power by providing a constant stream of material benefits to retain the loyalty of their supporters and to buy out potential opponents. Mismanaging a patronage system often led to unpleasant consequences: over half of Africa’s heads of state in power from independence to 1991 were assassinated, executed, imprisoned, or forced into exile.

A large number of studies argue that aid feeds directly into this patronage system. Specifically, since aid is very difficult for donors to monitor – even when given with conditions— autocrats can use it to bolster their regime (e.g., Ahmed, 2012; Alesina & Weder, 2002; Bauer, 2000; Bates, 1994; Brautigam, 2000; Brautigam & Knack 2004; Collier, 1997; Easterly, 2002; Holder & Raschky, forthcoming; Jablonski, 2014; Martens, 2002; Robinson 2003; van de Walle, 2001; World Bank, 2001). The value of foreign aid to fund patronage systems can lead autocrats to craft foreign policy specifically to meet this goal (Clapham, 1996). A country’s geostrategic importance to international actors also empowers autocrats to push against or ignore the enforcement of any conditions that might be part of a loan or grant (Stone, 2008). If such a view is correct, then aid should have helped leaders to fend off democracy in Africa.

But other scholars assert that foreign aid was (and is) a catalyst for democratic reform. The end of the Cold War saw bilateral and multilateral donors placing increasing emphasis on enforcing aid conditions, and donor objectives became more explicitly political. Two factors caused donors to place increasingly enforced political conditions on aid in the 1990s. First,

donors recognized that macroeconomic changes alone could not eliminate structural barriers to development, such as economically inefficient regulation and opaque application of the rule of law. Under the new rubric of “good governance,” donors thus designed aid packages that demanded institutional changes from governments in return for resources (Ake, 1996a; Chabal & Daloz, 1999; Gibbon et al., 1992; Goldsmith, 2001; Ihonvbere, 1996; Nelson, 1990; van de Walle, 2001; Goldsmith 2001). Second, without the ability to play one side against the other, aid recipients lost substantial bargaining power with respect to donors after the collapse of the Soviet Union and consequently were less able to evade donor conditions (Bratton & van de Walle, 1997; Clapham, 1996; Crawford, 2001; Dunning, 2004; Goldsmith, 2001). Given the increased bargaining strength of donors, their demands for political changes allegedly led to liberalization on the continent.

While such an argument appears straightforward, few scholars have shown a robust positive effect of aid on democratization (Brautigam, 2000; Devarajan, Dollar, & Holmgren, 2001; Grosh, 1994; Hook, 1998; Knack 2004; Maren 1997; Moore, 1998; van de Walle, 1994). In Bratton and van de Walle’s (1997) foundational study, for example, explicit political conditions on loans were *negatively* related to average levels of liberalization in Africa from 1988-1992; additional tests found no link between overseas development assistance and democratization as they measure it. Several studies (e.g., Bratton & van de Walle, 1997; Scarritt, McMillan, & Mozaffar, 2001) omit key variables that are well known to predict much of the variance in democracy such as per capita GDP and urbanization.

In some ways, these mixed results are not surprising. If incumbents are able to use aid to fund patronage, we should only see an effect of aid when donors are able to monitor effectively the delivery of aid. Consistent with this argument Dunning (2004) argues that donors’ ability to

condition aid on democratic reforms were more credible in the post-Cold War period. Using a different approach, he finds that aid helps predict democracy in sub-Saharan Africa after the end of the Cold War.

These mixed findings may also have to do with the fact that elections are more risky for some autocrats than others: when elections create a significant possibility that an autocrat will lose power, or will be forced to redistribute government resources more widely, it is unlikely that donors will be able to promote liberalization. Wright (2009) makes this argument explicitly: he contends that aid should only effect democratization when the risk of an incumbent losing office is low. He shows that when this risk is low—using measures of a winning coalition size and economic growth—foreign aid has a positive effect on democratization.

Building upon this work, we argue that the effect of aid on political liberalization depends upon the ability of governments to use aid and other government revenue to fund patronage. When aid increases the ability of governments to engage in patronage spending, aid may impede political liberalization; when aid is associated with increased donor oversight, it has a positive effect on liberalization. In the next section, we outline a model that explores how the choices of African autocrats can be constrained by certain types of aid.

2. FOREIGN AID, POLITICAL CONCESSION, AND AFRICAN LIBERALIZATION

We present a model of an African ruler's choices in a period of declining resources to help explain why scholars hold different positions about the role of foreign aid in Africa's political liberalization, and why few empirical tests have emerged with robust findings. Our model, of course, is an abstraction of the real world that confronted African rulers' during the late 1980s and 1990s. But while the choices of African autocrats included options unique to certain

countries we argue that there were important general trends that can help us to understand the role of foreign aid in the region's political liberalization.

At the center of our model is the autocratic ruler who remains in power by maintaining a patronage system. This view is quite similar to the Clapham's (1996) monopoly state as well as a model of winning coalitions (i.e. a subset of the "selectorate" that keeps a ruler in power) in which a ruler grants members of the winning coalition benefits unavailable to nonmembers (e.g., Bueno de Mesquita et al. 2001).⁵ While the specific resources and distributive mechanisms of patronage networks vary by the cultural, economic, and political institutions found in particular countries, every ruler faces the task of keeping his network at a level that ensures his incumbency. The ruler's goal is to maintain power by devoting the minimum amount of resources necessary to those he must buy off, since he can consume any residual assets. Like the possible variation in the size of patronage networks, this minimum threshold will differ by country and depend not only on political factors (e.g., the number and power of his followers and rivals), but also on numerous non-political factors (e.g., state of the economy, religion/culture/ethnicity, social capital).

When the resources available to support a patronage system fall below the minimum level necessary to maintain it, either because of a shock to present resources or an increase in maintenance costs, the ruler can choose from three strategies to maintain his incumbency: economic, political, and repressive.⁶ The logic of patronage politics shows why these three options exhaust the ruler's set of choices. To maintain the size of the patronage network he must find additional resources (economic), decrease the size of the patronage network and reduce political monopolization (political), and/or repress those who are cast out (repression). A ruler would most prefer the economic strategy since he can maintain the status quo, whereas both

political and repressive strategies require an increased risk of catalyzing opposition groups with a concomitant increase in pressures for political liberalization. However, when economic strategies are constrained—for example by donor monitoring—political responses like liberalization and repression can become more attractive options.

In the late 1980s and early 1990s, African rulers did indeed face new constraints on their choices and were forced to reevaluate their strategies. During the Cold War leaders could employ economic and repressive strategies to maintain power. Autocrats adeptly exploited the distrust between US and the Soviet Union to attract foreign aid. While the option of repression always presented some risk to African rulers (prior to the 1990s, most sub-Saharan African rulers left office through death or violence) some used the tensions of the Cold War to procure the arms necessary to suppress dissent. Western powers routinely looked the other way when African government responded to citizen demands with repression (Ake, 1996; Dunning, 2004).

After the Cold War, the economic and repressive strategies for retaining power become less feasible. Economically, most African nations faced bleak prospects in the late 1980s and early 1990s as a consequence of domestic and international factors. Domestically, years of mismanagement meant that many rulers had exhausted most of their internal sources of revenue.⁷ Internationally, Africa's geo-political importance to the West decreased after the fall of the Berlin wall, and a shift in strategy began to send aid to countries from the former Soviet bloc; the Soviets themselves cut their aid to Africa as well.⁸ While the total amount of aid going to sub-Saharan Africa did not substantially decline during this period, countries in the region found themselves competing to attract aid rather than selling loyalty to the highest bidder.

Repression also became a riskier choice at this time: the major Cold War patrons no longer provided large amounts of military aid and donors began to sanction and withheld aid to regimes

that routinely violated human rights (Bratton & van de Walle, 1997; van de Walle and Resnick 2013; Crawford, 2001). In 1990, the United States, Great Britain, and France all made public their new thinking to link their foreign assistance to progress towards democratization (Nelson 1992; Resnick 2012). In 1991, the Kenyan government arrested around 300 potential participants of a pro-multiparty democracy rally. The Consultative Group of donors responded by suspending about US\$350 million in new aid until the government opened up the political system and tackled corruption (Brown 2001; Roessler 2005). As a consequence of the Malawian government's killing of over 40 pro-democracy protesters in 1992, the Consultative Group suspended all non-humanitarian aid (Brown 2004; Ihonvbere 1997; Roessler 2005; Resnick 2012). By mid-1991 the World Bank indicated that good governance was a key part of economic growth (Nelson 1992). There were certainly some rulers that responded to demands for multiparty politics with iron fists: in Burkina Faso, the Campaore government drove some opposition leaders into exile while executing others; President Biya of Cameroon had dissidents arrested and tried for subversion (Bratton and van de Walle 1997). But, in general, pressure from donors -- as well as some uncertainty about the loyalties of security forces -- made repressive strategies more costly (Bratton and van de Walle 1997). African leaders were forced to consider other ways to remain in power; one such strategy was to concede rights to the opposition.

A rational ruler would concede such rights along a continuum, from the least to the most politically costly. Allowing public discussions of multiparty politics, for example, may be one of the earliest concessions. As resources continued falling, autocrats may allow the legalization of opposition parties. The more the autocrat's patronage system is starved, the more he will be forced to concede until, ultimately, he may allow elections to be held. Because each step

constitutes a transfer of political power from the incumbent to his potential challengers, each step is likely to be resisted and be characterized by delay and renegeing.

(a) The importance of donor monitoring and technical assistance

The shift away from the geopolitical objectives of the Cold War also witnessed donors becoming increasingly focused on the linkages between political and economic development, highlighted by the policies generated by the Washington consensus. In one of the more famous episodes, donors suspended \$250 million dollars of aid to Kenya in 1991 – more than a quarter of all the country’s development assistance – to express their disapproval of the President Moi regime’s record on corruption and political repression, an event which contributed to Moi’s decision to allow multi-party elections in 1992 (Barkan, 2004; Branch, 2011).

One consequence of this increasing donor attention to economic and political reform was an increase in technical assistance as a share of donor portfolios (henceforth TA), which facilitated donors’ ability to monitor reforms and circumvent corrupt institutions. Technical assistance refers to “the provision of donor funded personnel to supply missing skills and train local people” (Arndt, 2000, p. 159). It is given for a number of reasons, but one of the purpose of TA is to ensure the proper management of donor funds, particularly in cases where local personnel were not well trained, or where local institutions are seen as corrupt or mismanaged (Helleiner, 2000). Technical assistance should therefore be associated with an improvement in financial management within recipient countries.

Technical assistance can reduce the resources available for patronage through multiple channels. TA is often used to pay for consultants who can act as monitors for donors. Not only do they observe the project or program to which they are officially tied, but their mere presence

helps to monitor other government activities, in formal and informal ways. Consider the expatriate technical expert who is assigned to work on income tax policies within the Ministry of Finance. Charged with managing this particular project, she will see to the proper executing of its activities. But while she may be only active within a certain office, she also walks the hall of the Ministry daily, interacting with dozens of bureaucrats and politicians during her assignment. Her presence is likely to make flagrant misappropriation of aid marginally more difficult by at least increasing the costs of avoiding detection. Or consider the technical expert who is assigned to the Ministry of Wildlife, helping to collect and dispose of illegally acquired animal skins or ivory. The existence of the outsider puts additional burdens on those who may have wanted to sell the wildlife products on the black market.⁹ In these examples, TA provides both implicit and explicit monitoring elements often not found in other forms of aid.

The monitoring spillover of TA has been mentioned frequently in studies of aid (see Maipose, 2000; World Bank, 2001). Helleiner (2000, p. 84), for example, bluntly asserts that technical assistance is “little more than a device for the monitoring and enforcement of external conditions” (similar arguments can be found in Arndt, 2000; Maipose, 2000). Berg (2000: 22), citing a review of technical assistance projects by Forss, et al. (1990), believes that donors frequently employ TA to oversee aid use “because they felt they could not trust project implementation and project funds to existing government agencies.”¹⁰

As but one of many examples of this monitoring effect, consider a technical assistance project delivered by the World Bank to Kenyan Ministry of Finance from 1990 through 1994.¹¹ The project was designed to support a credit of over 100 million dollars to help address weaknesses in the Kenyan financial sector, many if not most of which had to do with the extent to which the Kenyan government had used the banking sector to fund risky loans to politically

connected enterprises (Wrong, 2009).

Among other things, this project hired a number of consultants to evaluate Kenyan banks and financial institutions and assist in the restructuring of financial assets, many of which were owned by the government or by political elites. The resulting evaluations were strongly critical of both the political corruption in the financial sector as well as the recalcitrance of Ministry of Finance officials. As a result of this oversight, much of the World Bank's credit to the financial sector was eventually cut. In addition, the Kenyan government eventually introduced a number of the reforms suggested by the Bank, including the elimination of government control over the management of a number of state owned corporations.

While there is no question that Kenya's protracted democratic transition stemmed from many factors independent of this program, its consequences clearly hindered Moi's ability to distribute patronage. Most importantly, Moi fired the Governor of the Bank of Kenya at the time, Eric Kotut. A close political ally of Moi, Kotut had used his position at the Bank of Kenya to provide campaign funds for Moi in the 1992 election (Center for Global Governance and Development, 2005). More broadly, greater external scrutiny of the Kenyan banks sector interfered with Moi's capacity to use weak regulations in the financial sector as a mechanism for maintaining political support (World Bank, 1995).

Programs such as the one above suggest that technical assistance can have a dampening effect on a government's ability to engage in patronage. Because technical assistance increases oversight of government spending, it increase the costs of patronage and thus reduces the resources of needed to maintain the patronage system (as well as increasing the very real risk that continuing obvious forms of patronage threatens future aid as well). Given that rulers need to respond to this reduction in resources available for patronage, we hypothesize that an increase in

technical assistance to autocrats will be associated with an increase in political concessions.

Of course TA is not only used to monitor government spending and promote political reforms. Donors employ TA for a number of other purposes, including providing training and project administration. However, even in these cases, technical assistance likely decreases the ability of governments to engage in blatant reallocation of government funds. Nor does our argument rest on the claim that other forms of aid are not also successful at inducing reforms—in many cases they do. Our argument is that, all else equal, TA operates to reduce resources for patronage, leading to incumbent concessions of rights to their political opponents.

Nor do we propose that TA is the only way that aid can contribute to political liberalization. TA effectively increases oversight and constrains patronage, but this does not rule out the possibility that aid can also be effective through other mechanisms. Among other mechanism, aid may promote civil society participation, encourage party competition, increase the costs of electoral fraud, fund pro-democracy movements, and occasionally even fund election campaigns (Resnick and van de Walle 2013; Faye and Niehaus 2012; Hyde forthcoming).

3. DATA

Rather than rely on extant measures of political liberalization, we create a unique dataset that better captures the phenomenon of political concessions. Most existing studies of the effects of foreign assistance on political outcomes rely on off the shelf measures such as Freedom House or Polity. These datasets are less suited to our study here: The Freedom House measure of civil liberties and political rights is an aggregate of several variables and contains subjective measures such as treatment of minorities and the degree of corruption, many of which have little or nothing to do with the extension of political rights. While some of the conceptual bases of Polity

indicators lay closer to this study's focus, the data do not systematically capture the rapid political transitions that occurred during this period: approximately 20% of the country-year observations in our dataset take on values of -77 (interregnum) or -88 (transition) in the Polity database (Marshall and Jaggers 2002). While the Polity variable converts Polity values of -77 and -88 into the -10 to +10 Polity range, the values are imputed based on rules of thumb developed by the creators of the database. The coding of transition periods are based upon the outcome of the transition process, rather than actual concession events, as in our data. Because we are most interested in capturing dynamics of the years exactly when the Polity values are most likely to be imputed, Polity is also inappropriate for our study, and would be likely to introduce significant bias to our results.¹² This bias is likely to be especially severe when looking at democratic transition periods (Plümpner & Neumayer, 2010).

Some studies of African use dummy variables for multiparty election as their "transitions" dependent variable. For our analysis, critical events occur before ballots are eventually cast. It is precisely in this pre-election period that incumbents must contend with opposition groups, that bargains are struck (whether kept or violated), and that concessions are made. By the time elections occur rulers have run out of many political options.

To test our hypothesis, we created a scale from zero to four where each shift to a larger number on the scale represents an increase in concessions by a leader to opposition groups. The cardinal values in this scale are not important; our analysis is based on the order of these phenomena. We code countries by these rules:

- Zero: Strict limits on political organization; President has announced no intention to change.

- One: Announcement by President that political liberalization will take place or announcement that an election will take place.
- Two: Formal change of constitution to open political system or formal lifting of ban on political organization.
- Three: Multiparty presidential election.
- Four: Free and fair multiparty presidential election

Our sources include Africa South of the Sahara (“Africa South of the Sahara”, various issues) and Nohlen, Krennerich, and Thibaut (1999). We follow the coding rules of Polity and Freedom House by keeping the value of the measure constant in the absence of a significant political event. Although existing measures of democracy and our indicator are correlated (Spearman’s rank correlation of .7 for both Polity2 and Freedom House’s composite measure of democracy), our measures seek to capture more accurately the degrees of liberalization in the theory we present. It has the additional advantage of being based on concrete events, and thus is replicable. In the appendix we provide the coding for all countries and years (1985 to 1998), and in Table 1 we show the trends in these data over time. We end the analysis in 1998 and most transitions in the region had occurred by that time.

(Insert Table 1 about here.)

Because the data we use in this analysis are coded by country year, we also code an event once per year.¹³ We use Kenya’s political liberalization between 1990 and 1992 to illustrate how we coded our dataset. President Moi of Kenya lifted the ban on political parties in 1991 and held a multi-party presidential election in 1992, but the election was not considered free and fair because of the violence and intimidation surrounding the election (“Africa South of the Sahara”,

2000). In terms of our measure of political concessions, Kenya moved from a zero to a two in 1991, and from a two to a three in 1992.

We recognize that there are other measures of political concessions besides what we include in these data, including earlier legislative changes, legislative elections, specific acts of repression, the formation of proto-opposition parties, extra governmental conventions or actions, or more informal political negotiations. Some of these events may be correlated with our measure of concessions. We believe our variable, however, reflects the fundamental shifts on the political landscape and provides a parsimonious, replicable, and comparable measure.

To demonstrate that our results are not sensitive to idiosyncrasies in our coding scheme, we also replicate our results using the National Elections Across Democracy and Autocracy (NELDA) dataset from Hyde and Marinov (2012). Unlike Polity and Freedom House, these data allow us to code specific concessions. We use a similar scheme and use the NELDA data to code concession as zero if a country has never held an election for the incumbent office in our time frame, one if an election is held, and two if an election is held in which contestation with multiple parties was allowed.

(a) Measuring political patronage

We do not have a measure of the exact costs that rulers confront when subject to the monitoring effects of TA; neither is there a good cross country measure of patronage which we could use to test more directly how the consequences of changing TA levels. One suggestive but clearly speculative approach would be to assume that patronage expenditures correlate with government expenditure, and then to demonstrate the effect of technical assistance on government expenditures as a share of GDP.¹⁴ Governments clearly use public employment and

public resources in order to reward political supporters, especially in developing countries. Using a measure of government expenditures as a share of GDP from the World Development Indicators (World Bank, 2012) we find some support for this imperfect proxy. Government expenditures dropped significantly after the Cold War. In the 1980s, government expenditure averaged 17.4% of GDP. From 1991 to 2000, expenditures dropped to an average of 15.7% of GDP.

Of course government expenditure captures other concepts besides patronage, and we return to this issue in the estimation section. In addition we follow others scholars in using public sector wages as a share of GDP as an alternative measure (e.g., Gimpelson and Treisman 2002, Robinson 2003, Robinson and Verdier 2002).¹⁵ The logic these scholars propose is that public sector employment is used by leaders as a flexible, targetable, and credible instrument of patronage; it “reward supporters and their dependents through publicly provided income, and through the associated positive externalities for a community of actors embedded in the clientelistic networks” (Calvo and Murillo 2004: 743). Such rewards are applicable in sub-Saharan Africa, where formal private sector employment is relatively rare. Unfortunately data on public sector wages is difficult to obtain; however using several sources we are able to obtain coverage for about half of our sample (World Bank, 2012; International Monetary Fund, 1989, 2013).

(b) Independent variable: technical assistance

In order to measure technical assistance, we rely on data from the World Development Indicators, which provides us with data on technical cooperation grants for all reporting multilateral and bilateral donors. Consistent with other studies of aid and liberalization, we log TA and scale it by GDP. While we recognize that this variable does not perfectly measure donor

oversight, we believe this is a more objective as well as more nuanced measure of donor oversight than used in other empirical studies, such as the three point scale, one period average of oversight created by Bratton and van de Walle (1997), or the time dummy variable used by Dunning (2004).

To be clear, we are not claiming that other forms of aid come without monitoring, nor do we assert that all TA is perfectly monitored. All aid comes with some minimal level of oversight, and parts of many TA aid packages can be distributed as patronage. Following both previous scholarship and policymakers' own arguments, however, we posit that TA brings with it *relatively* more oversight than the other forms of aid that governments may receive. It is important that we reiterate that we have no evidence to show that donors actively used TA to catalyze political change. Our argument is that as the share of TA to total aid increases, the share of fungible resources available to autocrats decreases. Additionally, we make no claim that TA is the only important variable in explaining liberalization. As we mentioned above, a number of domestic and international factors affected the important political shifts in Africa during this time period. Our study simply seeks to test the independent effect of TA on liberalization.

(c) Control variables

There are several alternative factors which might explain our relationship between TA and patronage or concessions, and we take a number of steps to account for these. To control for country-specific factors which might confound our results, we include country fixed-effects. To ensure that TA is not just a proxy for the amount of aid given to a country using $\text{Log}(\text{Aid}/\text{GDP})$ (World Bank, 2012).¹⁶

We also control for political repression since leaders may sometimes be able to temporarily

delay concessions in the face of high patronage costs by suppressing opposition groups or voters. To measure repression we include the *Political Terror Scale* as a control. This is a one to five scale coded from U.S. State Department and Amnesty International Report which captures “violations of physical or personal integrity rights carried out by a state or its agents” (Wood and Gibney 2010).

The effect of aid on political concessions is also likely conditional on the political objectives of donors. We seek to account for this by using a measure of the political affinity of each country with the United States to proxy for the political interests of the United States and its allies. The Affinity of Nations measures and compares United Nations voting records (Gartzke and Jo, 2006). In addition, we include a dummy for the Cold War which is equal to zero prior to 1992 and one afterwards. This helps to track donor concerns over aid spending changed after the fall of the Soviet Union in ways that might have altered the effect of aid on democracy (Dunning, 2004). We control for $\text{Log}(GDP \text{ per capita})$, $\text{log}(Population)$ and $\text{Log}(Urban \text{ Population})$ since these are associated with democratization and more populous countries often receive higher levels of aid (World Bank, 2012). We control for $GDP \text{ Growth}$ (World Bank, 2012) since growth shocks may increase demand for aid and are likely also associated with demand for political reform (Haggard and Kaufman 1995).

This list is not exhaustive. Later in the paper, and in the supplementary appendix, we consider several alternative specifications and control for measures of financial turmoil, civil unrest, aid modalities, poverty and donor conditionality. We also take additional steps to address concerns about reverse causation and selection.

The final form of our concession and patronage models are as follows:

$$(1) \text{PoliticalConcessions}_{it} = \beta_1 \text{Log}(TA/GDP)_{it} + \beta_2 \text{PoliticalConcessions}_{it-1} +$$

$$\varphi X_{it} + c_i + \epsilon_{it}$$

$$(2) \text{Log}(\text{Patronage}/\text{GDP})_{it} = \beta_1 \text{Log}(\text{TA}/\text{GDP})_{it} + \varphi X_{it} + c_i + \epsilon_{it}$$

where c_i are country fixed effects and φX_{it} are a vector of controls. In order to account for persistence in concessions, and consistent with other scholars, we include a lagged dependent variable in our concessions model.¹⁷ We use several techniques to estimate these equations. First, we estimate both models using OLS with country fixed effect and country clustered standard errors. In doing this we recognize that *PoliticalConcessions* is a categorical variable. However, since fixed effect ordered models are known to be biased, we follow the recommendation of Angrist and Pischke (2008) and estimate both models using an OLS framework. We also include ordered probit estimates, which remain consistent.

One additional concern is that fixed effects models with a lagged dependent variable can be inconsistent and biased in small T panels when the c_i are correlated with the lag of the dependent variable (Wooldridge, 2010, 371-374). To address this issue we take advantage of the Arellano-Bond estimator (Arellano and Bond 1991). This GMM estimator removes the fixed effects using first differences and uses time lags to instrument for the lagged dependent variable. We also instrument for the independent variable using a one year lag.¹⁸

4. RESULTS

There is clear and consistent evidence that technical assistance affects incumbents' level of concessions. Technical assistance as a share of GDP is a statistically significant predictor of political concessions across all models, including the restrictive Arellano-Bond specification (Table 2). Also, consistent with results of other studies, total aid as a percent of GDP never approaches conventional levels of statistical significance, consistent with existing research that

suggests that overall aid has very little influence on the probability of democracy. We see similar results if we estimate our effects using NELDA data, suggesting that these results are not just an artifact of our coding of concessions.

Our estimates suggest that technical assistance played an important role in the decision to liberalize elections. We show these substantive effects in Figure 1: a change in technical assistance from its minimum level to its maximum is associated with more than a one point change in our index of political concessions.

(Table 2 Here)

(Figure 1 Here)

We show the effect of technical assistance on our measures of patronage in Table 4. Technical assistance has a large and significant effect on government expenditures in Model 1, consistent with our argument that technical assistance constrains patronage. We replicate our findings on a smaller sample of public sector wages in Model 2. While these are far from perfect proxies for patronage, technical assistance does have a large and significant effect on government expenditures and wages, consistent with our argument. As shown in Figure 2, an increase in technical assistance from its minimum to its maximum level decreases government expenditures by nearly 10 percentage points.

One might still be concerned that this effect of technical assistance on wages and public spending is artificial. Technical assistance might be correlated in some way with other sources of public income, or this effect might be due to unmeasured relationships between aid and public budgets. Relatedly, one might be worried that technical assistance is systematically related to spending conditions associated with IMF structural adjustment programs. We take several steps to address these concerns. In Model 3 and 4 we control for $\text{Log}(\text{Tax Income}/\text{GDP})$ (World Bank,

2012), *Log(Public Debt/GDP)* (World Bank, 2012) and *Log(Donor Budget Support)* (Tierney et al. 2011). We also include a variable for whether a country was under an IMF agreement in each year from Vreeland (2003).¹⁹ In Model 4, we also control for overall public spending to evaluate whether the effect of technical assistance on wages is just due to the public spending effects. In none of these specifications do we see a substantive change in the coefficient on technical assistance.

(Table 3 Here)

(Figure 2 Here)

(Figure 3 Here)

5. ROBUSTNESS CHECKS

There are several challenges to this analysis. First, our estimates could be biased if donors choose to give technical assistance for reasons which may themselves be correlated with concessions or patronage. For instance, technical assistance is often a core component of IMF programs to support trade or financial reform. This, of itself, is not a problem; however if trade or financial reform is itself correlated with concessions, we might be concerned the relationship between TA and concessions is spurious rather than causal. To assess whether this is the case, we control for a binary variable which equals one when a state is under an IMF agreement (Vreeland 2003).

Relatedly, it might be that technical assistance is associated with a particular type of aid in a way that introduces bias. For instance, it is possible that some technical assistance is given to aid in the democratization process, for example, by funding election monitors and campaigns. If true, this could substantially bias our estimates. However, we believe this is unlikely as very little

direct democracy assistance was provided to Africa in the 1980s and early 1990s. Still, we control for democracy assistance by creating the variable $\text{Log}(\text{CivilAid}/\text{GDP})$, which is the log of all aid given to support government and civil society, including institutional capacity building and election support (Tierney et al. 2011). In addition, to ensure that technical assistance is not correlated with other types of aid in ways that might introduce bias, we control for $\text{Log}(\text{Donor Budget Support}/\text{GDP})$ (Tierney et al. 2011), $\text{Log}(\text{Bilateral Aid}/\text{GDP})$ (World Bank, 2012) and $\text{Log}(\text{Multilateral Aid}/\text{GDP})$ (World Bank, 2012).

A third concern is that technical assistance is associated with financial or civil turmoil, both of which are common near democratic transitions. There are several reasons one might be concerned about this. First, donors might choose to give more technical assistance when they are unable to deliver more traditional forms of aid because of insecurity or capacity issues.

Alternatively financial or political turmoil could increase a government's need for foreign expertise.²⁰ Thus if political or economic turmoil is related to concessions, we could observe a spurious correlation between TA and concessions. A related problem arises from the fact that donors might have more leverage over leaders when countries are facing a financial or political crisis, making monitoring and conditionality more effective (van de Walle and Resnick, 2013). This of itself is not a challenge to our results; however if during financial crises donors increase monitoring, it is possible we could observe a spurious correlation.

We include several variables to account for the possible confounding influence of civil and financial turmoil. First, we include controls for the number of riots, revolutions, anti-government demonstrations and strikes (Banks et al. 2013). Second, we include controls for several commonly used measures of financial turmoil: $\text{Log}(\text{Public Debt}/\text{GDP})$, *Government Budget Balance*, and *Growth Crisis* (World Banks, 2012). *Growth Crisis* is a binary variable which

equals one if there is greater than one standard deviation drop in growth in a year and zero otherwise.

All of these robustness checks are shown in Table 4 for our political concessions models. Across all specifications, we see little change the coefficient on technical assistance. In the Supplementary Appendix, we also include estimates of our patronage models which include all of these control variables. The results are consistent with those above.

(Table 4 Here)

6. CONCLUSION

African autocrats in the 1980s appeared safely in power. While limping domestic economies restricted their ability to create a more extensive patronage network, a permissive international assistance environment facilitated their incumbency. The roots of the Washington consensus that grew in the 1980s and the end of the Cold War quickly changed this status quo: in addition to strong external pressure to liberalize, rulers began to face increasing constraints to using foreign aid to support their followers. While aid continued to flow, it came increasingly in forms far less amenable to patronage politics.

To prevent losing office, patrons promised greater economic and political rights while trying to minimize the actual concessions they made. Given their large dependence on foreign aid, many rulers had to concede significant rights to remain in office. Those rulers with more extensive patronage networks and more constraints on their capacity to turn aid into patronage felt this squeeze most deeply, and conceded more rights to opposition groups. Several former autocrats lost in multiparty elections.

The political concessions model helps to tie together the facts, theories, and conventional

wisdoms associated with Africa's recent liberalization. The model helps to account not only for the post 1989 timing of the political transformations on the continent, but also for some of the variation in the rate and extent of those changes across countries. It also combines both the international and domestic factors identified by scholars as important, and incorporates new insights into how the type of aid matters to explaining political change.

A focus on how the increased share of TA reduced autocrats' patronage resources may also help resolve the apparent contradiction in the literature about how aid works in African politics. African autocrats clearly created patronage networks, and the difficulty of monitoring aid (or indifference to how it was used) meant that aid was likely to have helped solidify autocratic rule. But increasing shares of TA, as occurred in the region after the end of the Cold War, impeded African autocrats' misuse of aid by decreasing fungible resources and increasing monitoring capacity. Thus aid can be seen as both entrenching dictators and helping to unseat them.

Although we found some evidence to support our concessions model, we do not of course capture all the important factors that shaped the nature of politics in these countries. This analysis can only capture broad features of this period: the characteristics of the leaders, opposition groups, and other political and economic institutions all shaped the changes that occurred. They cannot all be controlled, for example, by a country fixed effect variable. Such diverse domestic political histories should not prevent us, however, from attempts to identify and test theories about continent-wide patterns. Domestic considerations alone have difficulty explaining the multitude of transition elections over a short time period in sub-Saharan Africa.

Our study finds robust evidence for the idea that the composition of foreign aid had some role in African political change. The significance of technical assistance as an independent variable proves quite resilient over a number of robustness checks and in the face of

conventional factors used to explain this transition period. Teasing out the political logics of different types of aid may be a fruitful line of scholarship aimed at explaining the domestic political effects of foreign aid.

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Table 1. Aid, Technical Assistance, and Per capita GDP Growth in Africa, 1985-1998

	Aid/GDP	Technical Assistance/GDP	Technical Assistance/Aid	Per Capita GDP Growth
1985	17.9%	3.7%	20.7%	0.8%
1986	18.7%	4.7%	25.1%	-0.1%
1987	18.4%	4.2%	22.8%	-0.4%
1988	17.9%	4.4%	24.6%	2.5%
1989	18.8%	4.2%	22.3%	0.7%
1990	19.7%	3.9%	19.8%	-0.5%
1991	19.0%	4.6%	24.2%	-0.7%
1992	21.4%	5.4%	25.2%	-2.0%
1993	19.7%	5.4%	27.4%	-1.7%
1994	22.6%	5.0%	22.1%	-0.9%
1995	19.7%	5.3%	26.9%	2.3%
1996	16.1%	4.4%	27.3%	2.6%
1997	13.5%	3.6%	26.7%	2.6%
1998	13.3%	3.4%	25.6%	1.2%

Table 2: The Effect of Technical Assistance on Political Concessions, 1985-1998

	(1)	(2)	(3)	(4)
Log(TA/GDP)	8.91**	12.78*	10.21***	2.08*
	3.56	6.89	3.78	1.04
Log(ODA/GDP)	-0.55	1.01	-0.37	-0.22
	1.13	2.22	1.40	0.27
Political Terror Scale	-0.16**	-0.29**	-0.13*	-0.01
	0.07	0.12	0.07	0.01
U.S. Affinity	-0.57	-0.78	-0.39	0.09
	0.39	0.83	0.50	0.08
Log(Urban/Pop)	1.45**	3.38**	3.34***	0.11
	0.69	1.60	1.18	0.08
Log(GDP/Pop)	-0.84**	-1.81**	-0.53	-0.01
	0.32	0.79	0.58	0.05
Log(Pop)	0.50**	1.49***	0.21	-0.03
	0.19	0.47	0.31	0.04
Cold War	-0.38**	-0.47	-0.33*	-0.08**
	0.16	0.30	0.19	0.03
GDP Growth	-0.00	-0.01	-0.00	-0.00*
	0.00	0.00	0.00	0.00
Political Concessions t-1	0.66***	0.83***	0.44***	0.85***
	0.05	0.12	0.08	0.03
Observations	515	515	466	721
R-Squared	0.73			0.84
OLS	Yes	No	No	No
Ordered Probit	No	Yes	No	No
Arellano-Bond GMM	No	No	Yes	No
NELDA Concessions Coding	No	No	No	Yes

*p<10%; **p<5%; ***p<1%. Estimated with country fixed effects. Standard errors are clustered on country. For model 4, we expand the sample from 1980 to 2000. Model 3 instruments for Log(TA/GDP) using Log(TA/GDP)t₋₁.

Table 3: The Effect of Technical Assistance on Patronage Spending, 1980-2000

	Government Spending (1)	Public Wages (2)	Government Spending (3)	Public Wages (4)
Log(TA/GDP)	-3.76**	-10.59**	-4.81***	-12.08**
	1.64	4.21	1.45	4.71
Log(ODA/GDP)	1.00***	2.04	1.10***	2.27
	0.35	1.31	0.37	1.39
Political Terror Scale	0.02	0.20**	0.02	0.19**
	0.03	0.09	0.03	0.09
U.S. Affinity	0.04	0.04	-0.04	0.38
	0.10	0.24	0.11	0.29
Log(Urban/Pop)	-0.06	-0.21	0.22	-0.30
	0.24	0.66	0.22	0.85
Log(GDP/Pop)	0.09	-1.05	0.10	-0.63
	0.13	0.67	0.15	0.66
Log(Pop)	-0.01	-0.35	-0.10	-0.29
	0.09	0.21	0.12	0.22
Cold War	0.09	-0.14	0.04	-0.03
	0.06	0.17	0.07	0.18
GDP Growth	-0.00	-0.00	-0.00*	-0.00*
	0.00	0.00	0.00	0.00
Log(Tax Income/GDP)			-0.09	0.03
			0.10	0.22
Log(Public Debt/GDP)			-0.08	0.71
			0.09	0.53
Log(Budget Support Aid)			-0.00	0.01
			0.00	0.01
IMF Agreement			-0.04	-0.22
			0.04	0.16
Log(Government Spending)				0.09
				0.31
Observations	734	297	403	196
R-Squared	0.09	0.42	0.10	0.47

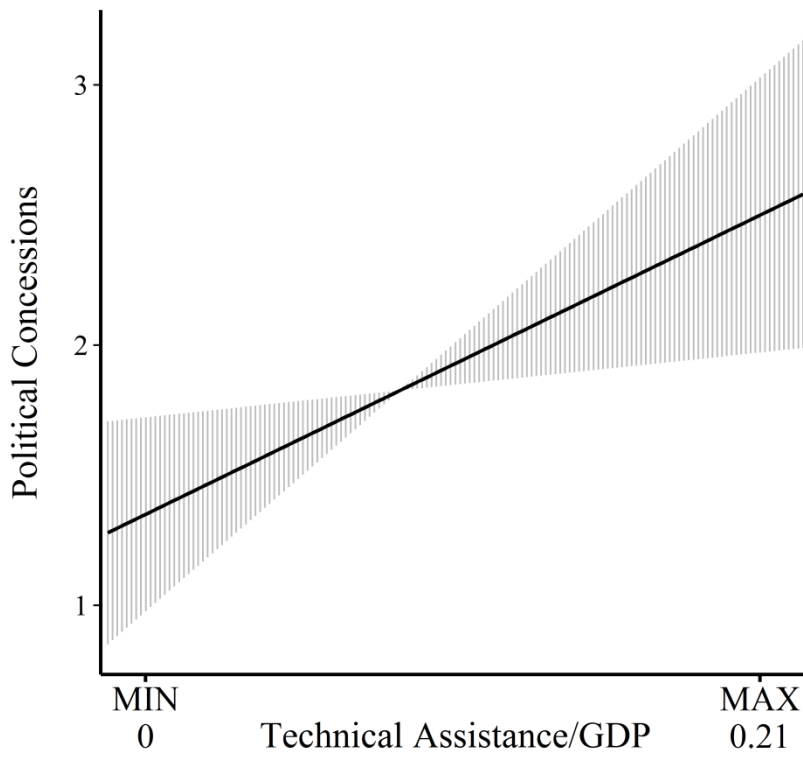
*p<10%; **p<5%; ***p<1%. Estimated using country fixed effects. Standard errors are clustered on country.

Table 4: Robustness Checks for the Effect of Technical Assistance on Political Concessions

	(1)	(2)	(3)	(4)
Log(TA/GDP)	8.66**	8.98**	10.20**	8.52**
	3.72	3.38	4.97	4.13
Observations	501	502	326	465
R-Squared	0.73	0.73	0.67	0.72
Aid Type Controls	Yes	No	No	No
Financial Crisis Controls	No	Yes	No	No
Civil Crisis Controls	No	No	Yes	No
IMF Agreement Control	No	No	No	Yes

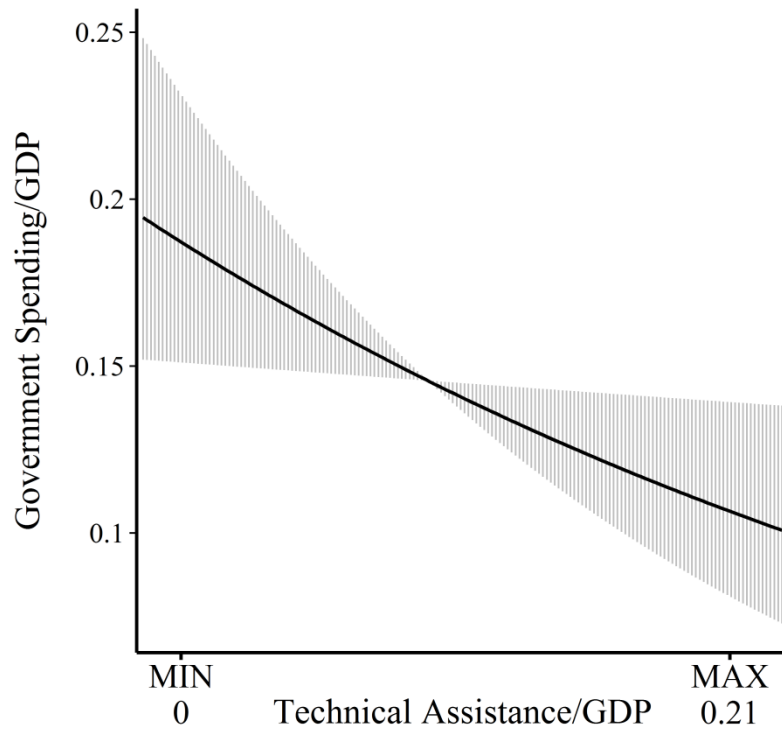
*p<10%; **p<5%; ***p<1%. Estimated using country fixed effects. Standard errors are clustered on country. All models include the control variables included in other models, Model 1 also includes controls for budget support, democracy aid, multilateral aid and bilateral aid. Model 2 includes controls for budget balance, public debt and growth crises. Model 3 includes controls for riots, revolutions, anti-government demonstrations and strikes. Model 3 includes a control for whether a state is under an IMF agreement.

Figure 1: The Effect of Technical Assistance on Political Concessions



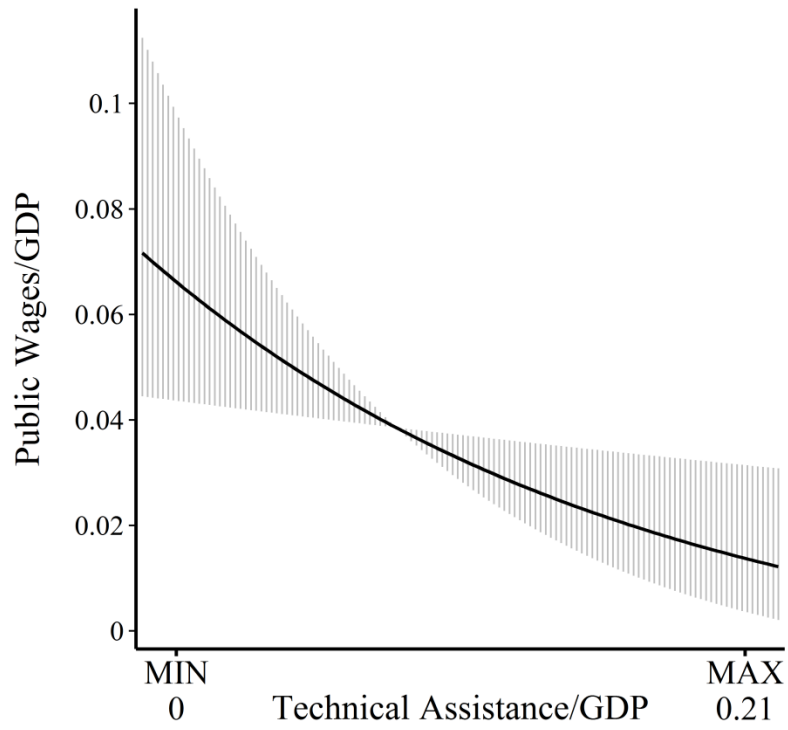
Predicted from Model 1 in Table 2 with all control variables held at their mean. Vertical lines show the 95% confidence interval.

Figure 2: The Effect of Technical Assistance on Government Expenditures



Predicted from Model 1 in Table 3 with all control variables held at their mean. Vertical lines show the 95% confidence interval.

Figure 3: The Effect of Technical Assistance on Public Sector Wages



Predicted from Model 2 in Table 3 with all control variables held at their mean. Vertical lines show the 95% confidence interval.

¹ We use the terms democratization and political liberalization interchangeably in this paper.

² In most cases, these rights reestablished rights that had existed prior to the autocratic period.

³ On Kitschelt's (2000) continuum of clientelism, the political structure of Africa is close to the terminus he describes as "personalistic clientelism based on face-to-face relations with normative bonds of deference and loyalty between patron and clients" (p. 849). This definition is similar to Bratton and van de Walle (1997, p. 61-62) interpretation of Weber's concept of patrimonialism.

⁴ We use patronage politics as a generic term. We do not argue that patronage politics is necessarily distinct from neopatrimonialism, the monopoly state, clientelism, or any other term used to describe a political system that includes the vertical exchange of loyalty for excludable benefits.

⁵ Our model is akin to small winning coalition, large selectorate type in Bueno de Mesquita, Morrow, Siverson, and Smith (2001).

⁶ Our model follows the same logic as the formal model of Acemoglu and Robinson (2001). Diaz-Cayeros, Magaloni, and Weingast (2001) argue that a similar set of choices were, in part, responsible for the decline of the PRI in Mexico, as does Frieden (1991) in his work regarding the demise of the military regime in Brazil.

⁷ Between 1980 and 1990, per capita GDP growth in sub-Saharan Africa was -0.7%.

⁸ Grants and concessional loans to sub-Saharan Africa increased by about \$1.3 billion (from \$14.7 billion to \$16 billion) from 1989 to 1995 while grants and concessional loans to Eastern Europe and Central Asia rose by \$10 billion (from \$600 million to \$10.8 billion) over the same period.

⁹ Of course it is possible that people sent by aid agencies to monitor aid use could be corrupted by the recipient government. In this case, TA would have no impact on aid use. This is an

empirical question; if TA has no effect on aid use then it should have no predictive power in our model.

¹⁰ This is not to say that donors do not have alternative monitoring strategies at their disposal.

Among other strategies, donors can bypass state agencies (Dietrich 2013), they can more precisely define project locations and objectives (Winters forthcoming), and they can empower local communities with better information (Reinikka and Svensson 2005).

¹¹ Information comes from the Implementation Completion Report for the Financial Sector Technical Assistance Project available at <http://www.worldbank.org/projects/P001350/financial-sector-technical-assistance-project>.

¹² In 1991, 11 out of 47 countries in sub-Saharan Africa have a polity value of -77 or -88, in 1992 and 1993 eight countries take on this value, and in 1994 and 1995 six countries stake on this value. Because 20 of the 25 transitions that led to an election in sub-Saharan Africa occurred over this time period, a substantial portion of the liberalizations we attempt to model would be based on imputed data if we use the Polity2 variable.

¹³ We use the end of the year position of the country to code the level of political liberalization.

¹⁴ We recognize this is an imperfect proxy. For one, we cannot evaluate whether government supporters are benefiting from this spending (for a discussion and alternative approaches see Holder and Raschky forthcoming and Jablonski 2014).

¹⁵ Relatedly, by using a proxy for patronage, we run the risk of introducing measurement bias if our measurement error is correlated with the error term in our estimates (Wooldridge, 2010: 76-77). This is difficult to fully rule out, however by using multiple measurement strategies we reduce the risk of systematic measurement bias.

¹⁶ Nor does TA appear to be a proxy for a type of aid: our results also remain consistent if we separately control for bilateral aid, multilateral aid, budget support, or democracy aid.

¹⁷ We also estimated the patronage models with a lagged dependent variable and obtained consistent results.

¹⁸ Our results are also consistent if we exclude the lagged dependent variable.

¹⁹ We also estimated a model that excluded all years in which a country was under an IMF agreement. We obtain consistent results.

²⁰ This does not appear to be the case: technical assistance is, on average, considerably lower during times of civil strife, such as riots, strikes or revolutions. This is true regardless of whether we control for overall levels of aid. This alternative explanation would also predict a spike in technical assistance before and after a concession event. In Figure A1 in the supplementary appendix we plot the distribution of technical assistance around concession events. There is no systematic spike in technical assistance around concessions.