**Democracy or accountability? Governance and social spending in Africa**

Stephanie Kumah

Samuel Brazys[[1]](#footnote-1)

Abstract

In recent years, democracy has often served as shorthand for good governance when considering what facilitates development-friendly public expenditure. While recognizing the *sufficiency* of democracy, we argue that it is *accountability,* achievable outside full democracy,that is the *necessary* component of governance. However, vague conceptualizations of accountability as 'responsiveness' or 'answerability' have stifled empirical work into exploring the relationship between accountability and public spending. In this paper we develop an understanding of accountability as the interaction between opposition, transparency and enforcement and test its impact on social spending in Africa in both the presence and absence of electoral institutions.

INTRODUCTION

The relationship between institutional regimes and public spending has featured prominently in recent debates surrounding human and economic growth and development. Sparked by Burnside and Dollar’s (2000) seminal work, the past two decades have witnessed a flood of research investigating if, when and how institutions matter for development. Key points of contention in this debate are whether democracy is necessary and/or sufficient to spur economic development and/or if economic development promotes democracy (for examples see: Przeworski, 2000; Boix, 2011). Empirical work by Stasavage (2005), Ansell (2008), and Deacon (2009) suggests that the presence of democratic regimes increases public spending in social sectors in developing countries, although Mohtadi and Roe (2003) and Keefer and Khemani (2005) both suggest that this relationship may be stymied by rent-seeking activities. These nuanced results are echoed by Speer (2012) who finds but limited evidence that participatory governance mechanisms result in improved public services. Yet democracy is a highly contested concept with no singular meaning (Collier and Levitsky, 1997). In examining the relationship between democracy and growth, Persson and Tabellini (2005) note results depend on the “devil in the details” based on particular institutional features in a given form of democracy.

In this paper, we take our cue from these latter observations and move to a more focused theoretical basis for, and empirical investigation of, the relationship between institutions and public spending in developing countries. Rather than considering “democracy” as a unitary whole we instead posit that it is the related, but distinct, concept of *accountability* that yields positive public spending outcomes. While the scholarship on the relationship between governance and development is immense, the explicit relationship between accountability and development is as of yet under-explored. Accepting that democracy is likely a subset of accountability – all democracies are accountable – we explore if it is not also a proper subset – i.e. not all accountable states are democracies. In order to do this, in the sections below, we conceptually unpack and define accountability by considering stand-alone literatures on accountability as electoral competition, civil society, decentralization, judicial independence or press freedom and argue that each conceptualization features in animportant element of accountability: *opposition* through electoral competition, civil society, and decentralization, *transparency* through press freedom, and *enforcement* through judicial independence. Our argument is that all three of these features are necessary for effective accountability, but that they may be obtained by institutions and actors that are not fully democratic. In order to test this contention we operationalise accountability through interactions of these concepts and examine the resulting relationships with social spending in a pan-African statistical study. We find evidence that all three components are indeed necessary for a robust positive impact on public social spending and that these results can be achieved in the absence of “full” democracy. In particular, we find that effective opposition (and accountability) can exist even in the absence of competitive elections. The implication of our findings is that while electoral democracy may be *sufficient* for development-friendly public spending, it is not necessary. Accountability may be achieved by a variety of means, suggesting a need for more tolerance of heterogeneous institutional design when considering governance-related development interventions.

ACCOUNTABILITY

Minimally, accountability is defined as the responsiveness of those in power to those they serve (Romzek and Dubnick, 1987, pp. 227-238). This responsiveness has often been associated with “answerability” which is invoked by Shafritz, Karl and Davidson (1998, p. 4) who state “the extent to which one must answer to higher authority – legal or organizational – for one’s action in society at large or within one’s particular organizational position.” Answerability implies communication and feedback between the governors and the remainder of society. In an “answerable” system, those who rule face scrutiny from the body politic. However, “answerability” is hollow if the society is unaware of what the governors are doing. As such, Fox (2007) argues that answerability requires “clear” transparency that disseminates reliable information that sheds light on institutional behaviour. Transparency is an essential component of accountability rather than simply an instrumental facilitator because information is necessary for legitimate opposition. Governments that are forced from power or otherwise sanctioned on the basis of rumour, innuendo or out and out falsehood have not been held accountable but instead have merely lost a game of *realpolitik.*

Yet, answerability alone may not suffice. If government is not compelled to amend or provide redress for its actions then accountability is incomplete. As Rubenstein (2007, p. 616) describes: “According to the ‘standard model’ of accountability, holding another actor accountable entails sanctioning that actor if it fails to fulfil its obligations without a justification or excuse”.[[2]](#endnote-1) More succinctly, Fox (2007, p. 667) states: “Answerability without consequences falls short of accountability” and calls for accountability that includes sanctions, compensation, and/or “hard face” remediation. As Fox explains, these consequences must be ensured by governmental and/or civil society actors (Fox 2007, p. 668), which O’Donnell (1991) classifies as “horizontal” or “vertical” accountability, respectively. Governments may be answerable to, and/or sanctioned by, other political or state actors (horizontal) or by the polity itself (vertical).

Drawing from Fox’s thinking, we identify three components of accountability: *opposition, transparency,* and *enforcement*. We suggest that each of these components can be operationalised through common institutional markers and metrics of governance quality. *Opposition* is clearly a cornerstone of accountability. If there is no constituency available to oppose government policies or actions that do not conform to the public interest then accountability is a hollow concept. *Opposition* is perhaps most obvious in the context of a pluralistic democracy. Electoral competition provides a natural well for opposition to government policy and action (Adsera et al., 2003). Candidates in competitive electoral processes will attempt to capitalise on perceived failings in government policy and action. As Shafritz, Karl and Davidson (1998, p. 4) note, “Elected public officials are theoretically accountable to the political sovereignty of the voters”. This sentiment is echoed by O’Donnell (1991, p. 61) who roots vertical accountability in “any mechanism that allows the electorate to hold the elected accountable (e.g. election)”. However, *opposition* may also be mobilised from a vibrant civil society that may disagree with, or is outraged by, government policy and action.[[3]](#endnote-2) As described by Gaventa and McGee (2013, s4) “social”, “citizen” or “demand-led” opposition can serve to hold “to account the state and its agents” through means that go “beyond the formal democratic institutions.”

Horizontally, *opposition* can be made manifest through the institutionalisation of “checks and balances”.[[4]](#endnote-3) A minority presence in the legislature, or indeed a legislative branch distinct from the executive, will nurture opposition to government policy and practice. Similarly, a broad literature exists on the relationship between decentralised or federalised governance and accountability. While decentralisation is used to refer to the devolution of authority from central governments to local governments, federalism refers to the *process* of this devolution (Rodden 2004, pp. 482, 489). Historically, decentralisation has led to greater competition among local governments who strive to entice members of the electorate to settle in their regions by providing the best public goods package, increasing pluralism and the likelihood of effective *opposition*. This competition has led to a more efficient provision of public goods (Oates 1999).

*Enforcement* can also come from both vertical and horizontal sources. Elections can serve as a sanctioning device through the mechanism of “retroactive voting” (Fiorina 1981). As discussed by Przeworski et al. (1999, p. 29), “governments are induced to choose policies that in their judgments will be positively evaluated by citizens at the time of the next election”. Horizontally, *enforcement* is most apparent through an independent judiciary which can ensure that authorities face legal consequences when they fail to fulfil, or discriminate in, their obligations. Without the rule of law, authorities are free to act with impunity from legal consequences, rendering them unresponsive to the rest of society. Judicial *independence* is vital to this mechanism. A judiciary that is controlled or co-opted by the government is unlikely to take punitive measures towards government officials.

The final component of accountability, *transparency,* is crucial, as there must be some mechanism by which government policies, or more likely, actions, become known. While official “horizontal” actors and/or the “vertical” polity may serve some role in disseminating reliable information on government behaviour, transparency is best provided by an active and free mass-media. As Besley *et al*. (2006) or Adsera *et al*. (2003) explain, a free press can lead to greater accountability by filling the information gap that exists between the government and citizens of the state. If governments are allowed to operate shrouded in secrecy, then they cannot be held accountable as there will be no knowledge of what they are doing. When one neither sees nor hears evil, that evil cannot be held to account. For example, in Zambia, Cromwell (1995, p. 157) notes “… the *Times of Zambia* was often a critical observer of the Zambian government and did much to educate the general public about government policy”. Once again, this mechanism only functions with *free* mass media; when media is owned or co-opted by the state such transparency surely breaks down.

Thus, our concepts of *opposition, transparency,* and *enforcement* follow neatly from previous discussions on accountability, particularly that of Fox (2007). We add to these understandings by arguing that each of these components is necessary for accountability, but none is sufficient. It is the interaction of these components that leads to accountability. Without opposition, there will be no constituency concerned with government policy or action, so even if government wrongdoings are made transparent by mass media, and an effective and sanctioning electoral or judicial mechanism exists, there will be no actor willing to challenge the government. Likewise, in the absence of transparency, even a strong opposition party or polity may be unaware of government malfeasance and, as such, would again not be roused to action even if supported by an effective sanctioning mechanism. Finally, a vibrant opposition informed by a free press will be of little use if there is no mechanism by which they can compel government to change course. Thus, all three components of accountability are vital, as one missing pillar may substantially undermine the remaining two. Recognizing these interactions we therefore say accountability exists when a well-informed opposition can enforce restraint or revision of government policies or actions.

LINKING ACCOUNTABILITY AND DEVELOPMENT

There is strong theoretical rationale and empirical support for believing that accountability, as the combination of the three factors discussed above, will have a positive relationship with development based on existing work that considers each of the factors separately. In the section below, we briefly examine the literatures on the relationship between development and a vibrant opposition, free media, and judicial independence, respectively, before turning to an empirical investigation that considers the relationship of all three simultaneously.

With respect to *opposition,* Stasavage (2005) examines the link between multiparty competition and education spending. His argument rests explicitly on how electoral competition provides incentives to provide public spending on education to a broad electoral base, and he finds evidence that African countries with competitive elections increase spending both on education generally and on primary education. However, opposition may also be made manifest through the presence of a vibrant civil society. Vibrant civil societies exist in polities with high levels of social capital (Fukuyama, 2001, p. 7). As discussed by Bonvin and Martinez (1998, p. 7), these “active civil societies are central to the evolution of participatory and transparent government, which are essential for economic development”. Civil society both helps to mobilise opposition to inefficient/ineffective government policy and practice, but also can spur development through the mechanism of trust, which can reduce transaction costs in the economy (Fukuyama, 1995). Goetz and Jenkins (2001) highlight the importance of citizen-initiated efforts in challenging official oversight mechanisms in India. More recent studies continue to highlight the importance of trust built by civil society either for economic growth (Cheng and Mittelhammer, 2008; Dearmon and Grier, 2009) or human development (Ozcan and Bjornskov, 2011).

The *enforcement* role of judicial independence for economic development is explored by Feld and Voigt (2003) who find evidence that *de facto* judicial independence is positively correlated with economic growth.  As they note: “…it does not suffice to write judicial independence in legal documents. It is necessary to shape judicial independence by additional informal procedures that may be accompanied and enforced by informal social sanctions” (Feld and Voigt 2003, p. 23).  Haggard et al. (2008) and Haggard and Tiede (2011) call for further refinement of this relationship based on conceptual and empirical clarifications of what constitutes “rule of law”, suggesting that the relationship with growth may depend on the definition and indicator employed. In response, Voigt and Gutmann (2013) review their premise and find, again, the *de facto* judicial independence induces economic growth via the enforcement of property rights.

Our final accountability component, *transparency*, facilitated by a free press, has also been shown to be associated with the conditions that promote growth and development. In particular, press freedom has been evidenced as an effective means by which to stem corruption, which in turn has been shown to stunt development. Brunetti and Weder (2003) find strong evidence that press freedom is an effective check on corruption, using a wide range of press freedom and corruption measures. This view is supported by Freille et al. (2007) who employ additional statistical techniques to examine the relationship. However, other authors such as Kolstad and Wiig (2009) or Charron (2009) note that there may be a more nuanced relationship and that press freedom alone may not be a sufficient condition for reducing corruption.

Beyond linking the *components* of accountability to economic growth, there is a small literature that explicitly takes up the question of the relationship between accountability as a whole and economic growth and/or aspects of development beyond simple increases in per capita GDP. For example, Healey and Tordoff (1995) provide a detailed look at the relationship between political accountability and public expenditure in Botswana, Sri Lanka, Jamaica, and Zambia. The study examines how freedom, fair elections, and competitive party politics affect the *management* of public expenditure. The study defines the management of public expenditure as “the balance between political responsiveness and public responsibility in the allocation of public expenditure” (Healey et al., 1995, p. 7). The study explores whether these countries achieve this balance through an examination of electoral conditions and indicators of pluralism. Ultimately, the study concludes that free and fair multi-party politics alone cannot optimise the management of public expenditure.[[5]](#endnote-4) Likewise, Deininger and Mpuga (2005) consider accountability with respect to the quality of public service delivery. Using household-level data on knowledge of reporting mechanisms they find a linkage between an informed citizenry and improved service provision. These results are encouraging for our study but suffer from issues of external validity and a lack of comparison with alternative judicial or press environments.

In order to test the relationship between accountability and development we propose to examine how our three component indicators impact levels of government expenditure in social sectors in Africa. Public spending as a dependent variable draws on the large body of literature that uses government spending on social sectors as a measure of “good” development outcome. Using government spending on health and education as a proxy for positive development policy is predicated on evidence which suggests that investment in these sectors is effective (Gupta et al., 2002) and the argument that both education and health are crucial components of the concept of “human development” which improves lives directly and also contributes to economic growth (Anand and Sen, 2000; Baum and Lake, 2003, Bose et al., 2007). Recently, both Stasavage (2005) and Nooruddin and Simmons (2006) used social spending as a proxy for “good” development policy. As discussed above, Stasavage (2005) considers the relationship between electoral competition and education spending. Similarly, Nooruddin and Simmons (2006) examine the conditional relationship between democracy and IMF programs and spending in the health and education sectors, finding that the presence of IMF programs dilutes differences between the social spending of democracies vs. non-democracies. Rajkumar and Swaroop (2008) support these findings by suggesting that efficient government spending only occurs in the context of good governance. Combining the understanding of the positive relationships between civil society, press freedom and judicial independence on governance and social spending as development outcome, we present a first hypothesis that higher levels of accountability will lead to increased public spending in “development-oriented” social sectors.[[6]](#endnote-5)

ACCOUNTABILITY OR DEOMCRACY?

While we think that “full accountability” is necessary for beneficial spending we do not think it is perfectly synonymous with what others may simply identify as “full democracy”, consisting of a pluralistic society with electoral competition, rule of law through an independent judiciary, and a free press. Schmitter (2004) supports this contention by noting that accountability can exist in any number of regime types, although full *political* accountability may reside only in democracies.

Tsai (2007) convincingly demonstrates the point by showing that accountability does not directly equate to democracy as political systems can be responsive in the absence of electoral mechanisms. In fact, as Ackerman (2003) or Peruzzotti and Smulovitz (2000) note, many states have officials who are not elected, constitutional orders without elections, or electoral systems dominated by a single party, yet semblances of accountability exist. Both Gaventa and McGee (2013) and Peruzzotti and Smulovitz (2000, p. 150) explore how non-electoral “societal accountability” can enable citizens, through associations and movements, as well as the media to “[expose] governmental wrongdoing” and “[activate] the operation of horizontal agencies”. These functions echo civil society and a free press operating in *opposition* and *transparency* roles, respectively.

While it is often the case that a strong civil society, press freedom and judicial independence are present in electorally competitive societies, we would agree with the authors above in positing that this *need not* be the case. The advent of new communications and media technologies make it increasingly likely that individuals and organizations can fulfil the functions of *opposition* and *transparency* in a non-electoral society. Likewise, judicial independence is not predicated on electoral democracy. Accordingly, our second hypothesis is that accountability can promote development-friendly public spending in non-electoral societies.

DOES ACCOUNTABILITY MATTER FOR PUBLIC SPENDING?

We operationalise development friendly expenditure as each state’s public health expenditure as a percentage of GDP.[[7]](#endnote-6) We utilize commonly used measures for our conceptualizations of accountability. Our metric for transparency is taken from Freedom House’s Freedom of the Press Index.[[8]](#endnote-7) We use Linzer and Staton’s (2011) measure of latent judicial independence as a more nuanced measure of enforcement when compared to binary or ordinal judicial independence formulations.[[9]](#endnote-8) Finally, our metric for opposition combines a measure of civil society from the Cingranelli-Richards (CIRI) Human Rights Dataset[[10]](#endnote-9) with measures of legislative and executive electoral competitiveness from the World Bank’s Database of Political Institutions (Keefer, 2012). We standardize each of these opposition measures from 0-100, combine them additively, and then re-standardize the resulting sum from 0-100 for our “combined” opposition measure.[[11]](#endnote-10) While we feel that all of our metrics are strongly operationalised, we do note that they are ultimately proxies for latent concepts that are difficult, if not impossible, to measure. As such, we recognize that our results could be sensitive to alternative formulations or operationlisations of the metrics. Furthermore, as a number of our metrics capture different aspects of governance, we would not expect the right hand side variables to be strictly independent of each other. Indeed, a simple check of Pearson correlation coefficients suggests imperfect multicollinearity with a number of the measures. Since, however, the main consequence of imperfect multicollinearity is overstated standard errors we do not modify our specifications. As our hypotheses focus on the interaction between opposition, transparency and enforcement we specify a model with the two and three-way interaction terms.[[12]](#endnote-11)

Our specification approach follows the Stasavage (2005) and Nooruddin and Simmons (2006) studies on the determinants of social spending in the developing world described above and incorporates a number of controls from those studies and from the broader literatures on government health and education spending. Our study focuses on health spending as our main investigatory measure of development spending largely for pragmatic reasons. As Stasavage (2005) notes, the World Bank’s data on education spending has many missing observations.[[13]](#endnote-12) However, despite the dramatically reduced data coverage, in Appendix II we find results for the interactive relationship that are consistent with the health results presented below. As Murthy and Okunade (2009, p. 58) note in their study on core determinants of health expenditure in Africa, such models ‘are largely a theoretical’. Common controls include (ln) per capita GDP, foreign aid as a percentage of GDP, and percentage of population that is (i) under 15, (iii) over 65, and (ii) rural.[[14]](#endnote-13) The logic behind these controls are conjectures that richer countries may spend more on health, foreign aid may be tied to conditionality for social spending, and that countries with populations that are disproportionately young or old will be induced to spend more on health. While we use the WDI database for the population and income variables, we refine Stasavage’s aid control by taking advantage of the project-level AidData database to use the amount of aid in the health sector.[[15]](#endnote-14) For studies on health expenditure, other controls include the under-5 mortality rate, the number of physicians per thousand people, and the ratio of death by communicable disease or HIV (Lu et al., 2010).[[16]](#endnote-15) We have a two-sided expectation for these controls. Countries with high levels of mortality and disease may have higher levels of health spending to combat these problems. However, it could also be that high levels of mortality and disease are *caused* by low levels of health spending and/or that high levels of health spending *cause* low levels of mortality and disease. Accordingly, we would not be surprised by either a positive or negative relationship. Drawing on Nooruddin and Simmons (2006) we note their inclusion of a time variable to account for any trending and we incorporate this into our models. In our first specification (Model I in Table 1), we use the “Polity 2” measure of democracy from the Polity IV project to control for Stasavage’s (more parsimonious) alternative hypothesis that it is simply democracy that matters for social spending.[[17]](#endnote-16) However, to test our second hypothesis that accountability can be achieved without all of the formal democratic institutions we omit the Polity measure in Model II and remove the electoral component from the *opposition* measure.

Our econometric approach also follows that of Stasavage (2005) as we employ a panel-corrected standard error OLS.[[18]](#endnote-17) Our reduced form for our linear specification including the interaction terms is:

(eq.1)

where is health spending as a percentage of GDP, and is the vector of coefficients on the control variables. Summary statistics and data sources for all of our variables can be found in Appendix I. We present our results in tables one below:

**TABLE 1 ABOUT HERE**

Our results suggest that accountability is multi-faceted and that it is indeed the three-way combination of opposition, judicial independence and press freedom that contributes to more responsive government in developing countries. However, as one cannot simply interpret the coefficient of either the interaction or components terms in an interactive model we plot the conditional marginal effects in figure 1.1 below:

**FIGURE 1.1 ABOUT HERE**

Figure 1.1 provides strong support for our contention that all three components of accountability matter, interactively, for effective development. Interacting the impact of opposition with press freedom at the 10th percentile, median and 90th percentile values of judicial independence reveals the three-way relationship.[[19]](#endnote-18) At low levels of judicial independence, there is little relationship between opposition and press freedom. At the median level of judicial independence this relationship is replaced with a weakly complimentary relationship. However, at the 90th percentile of judicial independence, we see a strongly positive and robust complimentary relationship between opposition and press freedom, suggesting that when all three components are present, the sum of the whole becomes greater than its parts. Moreover, the marginal impact, in this case of opposition, becomes *substantially* larger at high levels of judicial independence and press freedom. For instance, a one standard deviation change in opposition when judicial independence is in the 90th percentile and press freedom is in the 95th percentile increases health spending as a percentage of GDP by over 2, compared to an increase of 0.17 to 0.30 in the stand-alone the linear model (as available in Appendix II). Judicial independence appears to be the most crucial of the three accountability components. When judicial independence is low, there is little interactive effect between opposition and press freedom. However, when judicial independence is high, the positive impact of opposition increases strongly in press freedom. We see this as strong evidence in support of our hypothesis; effective accountability requires opposition, transparency, and enforcement. Without the enforcement role of judicial independence, information and opposition can do little beyond their stand-alone functions in influencing government behaviour.

In order to evaluate our second hypothesis and disentangle the relationship between accountability and democracy, we re-run our models, omitting the Polity variable and the electoral components from the “opposition” measure (reducing it to a measure of civil society). The results are presented in Model II in Table 1 with the results from the three-way interactions presented graphically figure 1.2 below, which strongly mirror the results from figure 1.1 above.[[20]](#endnote-19) At high levels of judicial independence, civil society and press freedom have a strongly complimentary relationship and the marginal effect of civil society on health spending is amplified numerous times in the three-way interaction at high levels of press freedom and judicial independence. Also, judicial independence once again serves as a vital catalyst – transforming civil society and press freedom from substitutes or null interactive effect at low levels of judicial independence to compliments at high levels of judicial independence. This finding, in combination with the lack of any substantive change from removing the Polity control measure, lends credence to our assertion that “full *accountability*” can contribute to positive social spending outcomes in the absence of electoral regimes. While further exploration would be needed to unravel all of the nuance between “full accountability” and “full democracy” our results suggest that “full democracy” is *sufficient* but not *necessary* for “full accountability”, and the subsequent effects on public spending outcomes. The implication of this finding is that development-friendly governance may be possible in the absence of electoral structures as long as sufficient *accountability* mechanisms are present.

**FIGURE 1.2 ABOUT HERE**

In all of our models the coefficients on our controls are in-line with our expectations and/or the existing literature. Like Stasavage (2005) we find a strong relationship between rural populations and social expenditure but, if anything, a *negative* relationship between young populations and social expenditure. While Stasavage (2005) offers no explanation for the negative finding on young populations, we suspect that the strongly negative relationship with child mortality is indicative of a relationship where low levels of health expenditure *cause* high levels of child mortality and/or high levels of health expenditure reduce this mortality. Thus, countries with high levels of youth are also associated with low levels of health expenditure.

In contrast to Stasavage (2005) we find a consistently positive relationship between aid and social expenditure. We attribute this finding to our use of refined, project-level, data from the AidData database. Our positive finding is in line with Stasavage’s (2005) expectation that aid might provide a signal for donors’ preferred areas of government spending. This finding may also speak to the long-raging debate on aid fungibility.[[21]](#endnote-20) Our results suggest that countries that receive more health aid spend more on health, overall, suggesting that health aid has *not* been entirely fungible in Africa during the time period of our study.

ROBUSTNESS CHECKS FOR ACCOUNTABILITY AND SPENDING

In addition to the robustness checks on education spending and the use of FGLS fixed-effects in Appendix II, we check our results against the challenge that accountable governments could simply spend *more,* in general, and as such our results are not unique to the health and education sectors. This critique might be based on the rent seeking logic described by Mohtadi and Roe (2003) or Keefer and Khemani (2005) that governments that face higher levels of accountability must be responsive to a wider variety of constituent demands and therefore spending levels in “accountable” states rise overall. To check for this possibility we test our spending specification using military expenditure as the dependent variable, adding a dummy for a conflict year as an additional variable. We again use expenditure as a percentage of GDP and source our data from the WDI database. The interactive result is presented as Model III in Table 1 and further results are available in Appendix II. While our hypotheses predicted positive relationships between accountability and health and education expenditure, with military expenditure we expect no, or a negative, relationship. We present the three-way interaction in figure 1.3 below:

**FIGURE 1.3 ABOUT HERE**

In line with our expectations, figure 1.3 shows no statistically significant, complimentary (positive), relationship between the components of accountability and military spending. Instead, increasing levels of judicial impendence increase the marginal rate of substitution between opposition and press freedom. These results suggest that increasing levels of accountability decrease military spending. These results stand in stark contrast when compared to spending in the social sectors and provide a further robustness verification of our results.

Our robustness checks add confidence to our claim that accountability is important in promoting higher levels of development-oriented spending in African countries. The nuance of our findings, however, is that all three elements of accountability: opposition, transparency, and enforcement, are necessary in order for this effect to be realised at its maximum potential. Yet, within these results judicial independence comes out as first among equals – the catalyst which underpins the three-way interactive effect. Countries with high levels of only one or two elements of accountability might either find these mechanisms ineffective and/or find that they act as substitutes in the absence of the third.

CONCLUSION

Building on existing discussions, we have made the argument that it is the combination of three aspects of accountability, *opposition, transparency* and *enforcement* that fosters responsive and responsible government spending. Our pan-African statistical study supports this contention. Each of the elements has previously been independently correlated with increases in social spending. However, when accounting for all three components simultaneously, we find a strong interactive effect, in which the largest marginal impact is felt when all three facets of accountability are high, suggesting that each component fulfils a distinct, but mutually-reinforcing role, in providing an effective accountability mechanism.[[22]](#endnote-21) Isolated elements of governance may have little effect, or may fail to reach their full potential, if other key institutional pieces are missing. In particular, judicial independence, and the enforcement function, stands out as the most crucial of the three components. This has important policy implications for governance and capacity building projects. Stand-alone efforts to encourage a vibrant opposition, support a robust and free press, or enshrine an independent judiciary may underperform unless projects to support development of the other aspects are also in place. Conceivably, these capacity-building projects could be integrated such that each institution can develop utilizing the strengths and synergies of its complimentary counterparts.

Our findings both affirm and challenge the conventional wisdom. Our results support the contention that governance matters for development. Accountability is a crucial component of good governance and we have shown it to also be strongly associated with development-friendly government allocation decisions in Africa. However, we have also provided evidence that accountability can occur in the absence of democracy. Our results suggest that the three-way relationship between *opposition, transparency and enforcement* holds even in non-electoral environments. This lends further nuance to our results; while electoral mechanisms certainly do not *hurt* accountability, a focus on elections, at the expense of the other institutional components, may not necessarily yield “good governance” that results in developmentally-friendly policy. This suggests avenues for further research in comparing the *necessity* of democracy vis-à-vis accountability for good development outcomes.

REFERENCES

Ackerman, J. (2004). Co-Governance for Accountability: Beyond “Exit” and “Voice”. *World Development*, *32*, 447-63. doi:10.1016/j.worlddev.2003.06.015

Adsera, A., Boix, C., & Payne, M. (2003). Are you being served? Political accountability and quality of government. *Journal of Law, Economics, and organization*, *19*, 445-490. doi: 10.1093/jleo/ewg017

Anand, S., and Sen, A. (2000). Human development and economic sustainability. *World Development*, *28*, 2029-2049. [doi:10.1016/S0305-750X(00)00071-1](http://ezproxy-prd.bodleian.ox.ac.uk:2066/10.1016/S0305-750X(00)00071-1)

Ansell, B. W. (2008). Traders, teachers, and tyrants: democracy, globalization, and public investment in education. *International Organization*, *62*, 289-322. doi:<http://ezproxy-prd.bodleian.ox.ac.uk:2066/10.1017/S0020818308080107>

Baum, M. A., and Lake, D. A. (2003). The political economy of growth: democracy and human capital. *American Journal of Political Science*, *47*, 333-347. doi:10.1111/1540-5907.00023

Besley, T., and Prat, A. (2006) Handcuffs for the Grabbing Hand? Media Capture and Government Accountability. *American Economic Review*, *96*, 720-736. doi: 10.1257/aer.96.3.720

Boix, C. (2011). Democracy, development, and the international system. *American Political*

*Science Review*, *105*, 809-828. doi:10.1017/S0003055411000402

Bonvin, J., & Martinez, M.A. (1998). Preface. In Bernard, A., Helmich H., and Lehning P.B(Eds). *Civil Society and International Development* (pp. 7-11). Paris, France: OECD Publishing: North-South Centre of the Council of Europe.

Bose, N., Haque, M. E., and Osborn, D. R. (2007). Public Expenditure and Economic growth: A

disaggregated analysis for developing countries\*. *The Manchester School*, *75*, 533- 556. doi:10.1111/j.1467-9957.2007.01028.x

Brunetti, A., and Weder, B. (2003). A free press is bad news for corruption. *Journal of Public*

*Economics*, *87*, 1801-1824. doi: 10.1016/S0047-2727(01)00186-4

Burnside, C., and Dollar, D. (2000). Aid, policies, and growth. *American Economic Review*, *90,*

847-868.

Charron, N. (2009). The impact of socio-political integration and press freedom on

corruption. *The Journal of Development Studies*, *45*, 1472-1493 doi:10.1080/00220380902890243

Cheng, M. Y. & Mittelhammer, R. (2008). Globalization and Economic Development: Impact of Social Capital and Institutional Building. *American Journal of Economics and Sociology*, *67*, 859–888. doi:10.1111/j.1536-7150.2008.00600.x

Cingranelli, David L. and David L. Richards (2008). *The Cingranelli-Richards (CIRI) Human Rights Dataset*, Version 2010.08.15.

Cromwell, E. (1995). Zambia: A Wind of Change in Expenditure Management? In Healey, J. & Tordoff, W. (Eds). *Votes and Budgets: Comparative Studies in Accountable Governance in the South.* (pp.153-207). New York: St. Martin’s Press.

Deacon, R. T. (2009). Public good provision under dictatorship and democracy. *Public*

*Choice*, *139*, 241-262. doi: 10.1007/s11127-008-9391-x

Dearmon J., Grier K. (2009). Trust and development. *Journal of Economic Behavior &*

*Organization*, *71*, 210-220. doi:10.1016/j.jebo.2009.02.011

Deininger, K., and Mpuga, P. (2005). Does greater accountability improve the quality of public service delivery? Evidence from Uganda. *World Development*, *33*, 171-191. doi:10.1016/j.worlddev.2004.09.002

Devarajan, S., and Swaroop, V. (2000). The implications of foreign aid fungibility for

development assistance. *The World Bank: Structure and Policies*, 196-209. Washington

DC.

Diamond, L.J. (1994). Toward Democratic Consolidation. *Journal of Democracy* *5*, 4-17. doi: 10.1353/jod.1994.0041

Feld, L.P., and Voigt, S. (2003). Economic growth and judicial independence: cross-country evidence using a new set of indicators. *European Journal of Political Economy*. *19*, 497-527. [doi:10.1016/S0176-2680(03)00017-X](http://dx.doi.org/10.1016/S0176-2680(03)00017-X)

Fox, J. (2007). The Uncertain Relationship between Transparency and Accountability. *Development in Practice*. *17*, 663-671doi**:**10.1080/09614520701469955

Freille, S., Haque, M. E., and Kneller, R. (2007). A contribution to the empirics of press freedom

and corruption. *European Journal of Political Economy*, *23*, 838-862. doi:10.1016/j.ejpoleco.2007.03.002

Fukuyama, F. (1995). *Trust: The Social Virtues and the Creation of Prosperity*. New York [u.a.]: Free Press.

Fukuyama, F. (2001). Social capital, civil society and development. *Third World Quarterly*. *22*, 7-20. doi:10.1080/713701144

Gaventa, J., & McGee, R. (2013). The impact of transparency and accountability initiatives. *Development Policy Review*, *31*, s3-s28. doi:10.1111/dpr.12017

Goetz, A. M., & Jenkins, R. (2001). Hybrid forms of accountability: citizen engagement in institutions of public-sector oversight in India. *Public Management Review*, *3*, 363-383. doi:10.1080/14616670110051957

Gupta, S., Verhoeven, M., and Tiongson, E. R. (2002). The effectiveness of government spending on education and health care in developing and transition economies. *European Journal of Political Economy*, *18*, 717-737.  doi:10.1016/S0176-2680(02)00116-7

Haggard, S., MacIntyre, A., and Tiede, L. (2008).The rule of law and economic development. *Annual Review of. Political Science*, *11*, 205-234. doi: http://dx.doi.org/10.1146/annurev.polisci.10.081205.100244

Haggard, S., and Tiede, L. (2011). The rule of law and economic growth: where are we? *World Development*, *39*, 673-685. doi: 10.1016/j.worlddev.2010.10.007

Healey, J. M., and Tordoff, W. (Eds). (1995). *Votes and Budgets: Comparative Studies in Accountable Governance in the South*. New York: St. Martin’s Press.

Keefer, P., & Khemani, S. (2005). Democracy, public expenditures, and the poor: understanding

political incentives for providing public services. *The World Bank Research Observer*, *20*, 1-27. doi: 10.1093/wbro/lki002

Kolstad, I., and Wiig, A. (2009). Is transparency the key to reducing corruption in resource-rich

countries? *World Development*, *37*, 521-532. doi: 10.1016/j.worlddev.2008.07.002

Linzer, D. A., and Staton, J. K. (2011). A Measurement Model for Synthesizing Multiple Comparative Indicators: The Case of Judicial Independence. *Presentation at the 2011 Annual Meeting of the American Political Science Association, September* (pp. 1-4).

Lu, C., Schneider, M. T., Gubbins, P., Leach-Kemon, K., Jamison, D., and Murray, C. J. (2010). Public financing of health in developing countries: a cross-national systematic analysis. *The Lancet*, *375*, 1375-1387. doi:10.1016/S0140-6736(10)60233-4

Mohtadi, H., & Roe, T. L. (2003). Democracy, rent seeking, public spending and growth. *Journal of Public Economics*, *87*, 445-466. doi:10.1016/S0047-2727(01)00135-9

Murthy, V. N., and Okunade, A. A. (2009). The core determinants of health expenditure in the African context: Some econometric evidence for policy. *Health policy*, *91*, 57-62. doi: 10.1016/j.healthpol.2008.10.001

Nooruddin, I., and Simmons, J. W. (2006). The politics of hard choices: IMF programs and government spending. *International Organization*, *60*, 1001-1033. doi: 10.1017/S0020818306060334

O'Donell, G. A (1994). Delegative Democracy.*Journal of Democracy*. 5.1: 55-69. DOI: 10.1353/jod.1994.0010

Oates, Wallace E. (1999) An Essay on Fiscal Federalism." *Journal of Economic Literature*, *37*(3), 1120-149.  doi:10.1257/jel.37.3.1120

Özcan,B., and Bjørnskov, C. (2011) Social trust and human development, *The Journal of Socio-*

*Economics, 40*(6),753-762. doi:10.1016/j.socec.2011.08.007

Persson, T., & Tabellini, G. (2006). Democracy and Development: The Devil in the Details. *The American Economic Review*, *96,* 319-324

Przeworski, Adam, Susan Carol. Stokes, and Bernard Manin. (1999). *Democracy, Accountability, and Representation*. Cambridge, U.K.: Cambridge University Press.

Przeworski, A. (Ed.). (2000). *Democracy and development: political institutions and well-being in the world, 1950-1990* (Vol. 3). Cambridge, U.K.: Cambridge University Press.

Rajkumar, A. S., and Swaroop, V. (2008). Public spending and outcomes: Does governance matter? *Journal of Development Economics*, *86*, 96-111. doi:10.1016/j.jdeveco.2007.08.003

Rodden, Jonathan (2004). Comparative Federalism and Decentralization: On Meaning and Measurement. *Comparative Politics* *36*, 481. doi: 10.2307/4150172

Romzek, B.S., and Dubnick, M.J. (1987). Accountability in the Public Sector: Lessons from the Challenger Tragedy. *Public Administration Review*. *47*, 227-238. doi: 10.2307/975901

Rubenstein, J. (2007) Accountability in an Unequal World. *Journal of Politics*. *69*, 616-632. doi: 10.1111/j.1468-2508.2007.00563.x

Schmitter, P. C. (2004). The ambiguous virtues of accountability. *Journal of Democracy*, *15*, 47-60. doi: 10.1353/jod.2004.0073

Shafritz, J.M., Karl, B.D., and Davidson, R.H. (1988) *The Dorsey Dictionary of American Government and Politics.* Belmont, CA: Dorsey Press.

Smulovitz, C. and Peruzotti, E. (2000). Societal Accountability in Latin America. *Journal of Democracy, 11*, 147-158. doi: 10.1353/jod.2000.0087

Speer, J. (2012). Participatory governance reform: A good strategy for increasing government responsiveness and improving public services? *World Development*, *40*, 2379-2398. doi:10.1016/j.worlddev.2012.05.034

Stasavage, D. (2005). Democracy and education spending in Africa. *American Journal of Political Science*, *49*, 343-358. doi: 10.1111/j.0092-5853.2005.00127

Tsai, L.L. (2007) *Accountability Without Democracy: Solidarity Groups and Public Goods Provision in Rural China.* Cambridge, UK: Cambridge University Press.

Voigt, S., and Gutmann, J. (2013). Turning cheap talk into economic growth: On the relationship

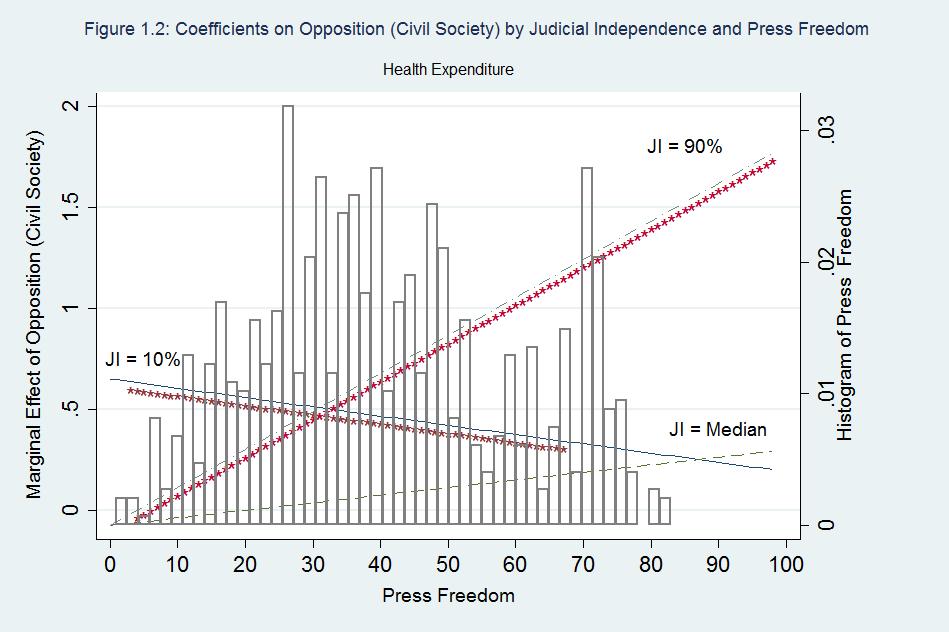
between property rights and judicial independence. *Journal of Comparative Economics*, *41*, 66-73. [doi:10.1016/j.jce.2013.01.007](http://dx.doi.org/10.1016/j.jce.2013.01.007)

**Table 1: Accountability and Public Spending**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Health** | **Health (No Elections/Democracy)** | **Military** |
|  | **I** | **II** | **III** |
| Time | 0.048  (1.45) | 0.041  (1.23) | 0.075\*\*  (2.81) |
| Opposition (Combined Measure) | 0.030\*\*  (2.96) |  | -0.019  (0.48) |
| Opposition (Civil Society) |  | 0.983\* |  |
|  |  | (2.31) |  |
| Judicial Independence | 18.541\*\*  (6.32) | 8.098\*\*  (3.47) | -8.695  (0.67) |
| Press Freedom | 0.032† | 0.013 | 0.038 |
|  | (1.93) | (1.27) | (0.54) |
| Polity | 0.015 |  | 0.019 |
|  | (0.61) |  | (0.92) |
| % Population Rural | 0.134\*\* | 0.142\*\* | 0.133† |
|  | (2.66) | (2.85) | (1.84) |
| % Population < 15 | -0.146\*\*  (3.06) | -0.122\*\*  (2.61) | -0.016  (0.19) |
| % Population > 65 | -0.263  (1.13) | -0.143  (0.56) | -0.455  (1.09) |
| (ln) Per Capita GDP | 0.052 | -0.018 | -0.541 |
|  | (0.24) | (0.08) | (1.41) |
| Real GDP Growth | 0.006 | 0.002 | -0.043\* |
|  | (0.53) | (0.14) | (2.47) |
| Health Aid (% GDP) | 0.151\*\* | 0.114\* |  |
|  | (3.01) | (2.35) |  |
| Under 5 Mortality | -0.024\*\*  (4.54) | -0.026\*\*  (4.75) |  |
| Death by Communicable Disease | -0.078  (1.14) | 0.200  (1.18) |  |
| Conflict |  |  | 0.241  (0.70) |
| Opposition x Press Freedom | -0.000  (0.66) | -0.008  (1.06) | 0.000  (0.02) |
| Judicial Independence x Press Freedom | -0.223\*\* | -0.064\* | 0.033 |
| Opposition x Judicial Independence | (4.23)  -0.171\*\* | (2.23)  -3.641\*\* | (0.17)  0.114 |
| OPP x FH x JI | (3.83)  0.002\*\* | (3.24)  0.042\* | (0.83)  -0.001 |
| Constant | (3.04)  -92.980  (1.40) | (2.36)  -85.239  (1.26) | (0.55)  -144.725\*\*  (2.78) |
| N= | 614 | 648 | 568 |
| Groups | 46 | 48 | 48 |
| R2 | 0.9239 | 0.9176 | 0.7840 |
| F or χ2 | 4458.44 | 1350000.00 | 29983.52 |
| (Prob. > F or χ2) | 0.0000 | 0.0000 | 0.0000 |
| Country Dummies | Yes | Yes | Yes |

Absolute value of *z* score in parentheses. †Significant at 10% level, \*Significant at 5% level, \*\* Significant at 1% level.





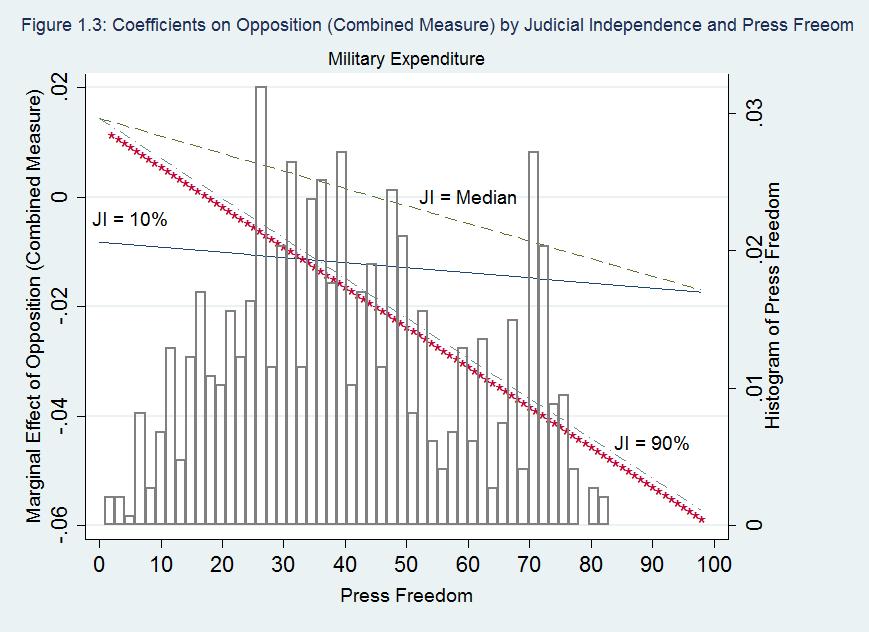


Figure 1: Three-Way Public Expenditure Interactions

1. Stephanie Kumah is MSc Candidate in Migration Studies at Oxford University. Dr. Samuel Brazys is corresponding author ([samuel.brazys@ucd.ie](mailto:samuel.brazys@ucd.ie)), Lecturer of International Relations in the School of Politics and International Relations and Geary Institute Fellow at University College Dublin. Replication data and do.file are available upon request from the corresponding author. The authors thank participants of the College of William & Mary Senior Seminar in Challenges to Development and of the School Political and International Relations Seminar Series, and four anonymous reviewers for comments on the manuscript. All remaining errors and omissions are the authors’ own. Please cite as Kumah, S., & Brazys, S. (2016). Democracy or Accountability? Governance and Social Spending in Africa. *The Journal of Development Studies*, *52*(2), 286-299 available at http://www.tandfonline.com/doi/abs/10.1080/00220388.2015.1087513?journalCode=fjds20 [↑](#footnote-ref-1)
2. In addition to defining accountability, Rubenstein (2007, pp. 616-632) enumerates the normative benefits of accountability within a state. These benefits include its facilitation of the constitution of non-domination, the increase in rule following by power wielder, the promotion of the accountability holder’s preferences, promotion of valuable substantive and procedural norms, the promotion of civic virtues and self-development as part of both power wielders and accountability wielders, and the provision of useful information to accountability holders. These benefits highlight the importance of accountability mechanism within a state. [↑](#endnote-ref-1)
3. For example, in “Toward Democratic Consolidation”, Larry J. Diamond highlights the role of civil society as “a vital instrument for containing the power of democratic governments, checking their potential abuses and violations of the law, and subjecting them to public scrutiny” (Diamond, 1994, p. 7). [↑](#endnote-ref-2)
4. Horizontal accountability can take various forms. Traditional forms of horizontal accountability include checks and balances in institutional settings characterized by a separation of powers. Other examples include “human rights ombudsman, corruption control agencies, legislative investigative committees, and administrative courts” (Ackerman, 2003, p. 443). Przeworski et al. also advocate the use of accountability agencies as a form of horizontal accountability (Przeworski et al. 1999, p. 50). [↑](#endnote-ref-3)
5. Indeed, with respect to Botswana, they argue that Botswana’s success in managing public expenditure cannot be attributed solely to electoral conditions. Instead, they conclude that this success may be attributed to “the influence of a deeper culture of societal responsiveness and prudence among politicians” (Healey et al., 1995, p. 249). [↑](#endnote-ref-4)
6. We would note that we would not expect an alternative hypothesis of more accountability *decreasing* social spending, but we do think that the null hypothesis of no relationship between accountability and social spending is a plausible outcome. [↑](#endnote-ref-5)
7. Stasavage (2005) uses expenditure as a percentage of GDP. However, both he and Nooruddin and Simmons (2006) also use expenditure as a share of total government expenditure as alternative measures. We do the same, finding no substantive differences. [↑](#endnote-ref-6)
8. For ease of interpretation we inverted the freedom house metric, such that a score of 100 is “free press” and 0 is “not free press”. [↑](#endnote-ref-7)
9. We would note that the while the latent judicial independence (LJI) measure does incorporate information from the Polity variables that we otherwise use in our model, the LJI measure is estimated from a number of other measures including these through a Bayesian random walk prior processes using a logistic link function, rather than a simple multiplicative process, we think the Polity measure is sufficiently transformed to be simultaneously included as right-hand side variables (Linzer and Staton, 2011). However, we also omit the Polity variable from our models in Tables AII.4 and AII.5. [↑](#endnote-ref-8)
10. We use the “Freedom of Assembly and Association” variable from the CIRI database to proxy for civil society. This metric takes on values of 0, 1, or 2, and measure the extent of *de facto* government restrictions or limitations on assembly and association. We recognize that this is a measure of civil society *potential* rather than *activity* but as we would expect those to be highly correlated we fell it is an appropriate proxy. [↑](#endnote-ref-9)
11. While we recognized the importance of federalism or decentralization in *opposition* we omit incorporating a metric to capture this variable due to the fact that our dependent variable is *centralized* health and education spending. As discussed at greater length in the conclusions, we see examination of accountability on *decentralized* government expenditure as an interesting avenue for future research. [↑](#endnote-ref-10)
12. We also run non-interactive models with each component and a mdoel with all three components included (but no interaction term). The results of these models (available in table AII.1 in Appendix II) find that each component separately is positively associated with spending on health. [↑](#endnote-ref-11)
13. Over 16 years for our 53 countries, we have 779 observations of health spending compared to just 409 for education spending. [↑](#endnote-ref-12)
14. Lu et al.’s (2010) find negative relationships between ODA and partner government health spending and no significant relationship between income levels and health spending. [↑](#endnote-ref-13)
15. And we further refine this by using aid disbursements, rather than commitments, as a more accurate “on the ground” picture of foreign aid. However, the following results are all largely robust to using the commitment measure. [↑](#endnote-ref-14)
16. The latter, death by communicable disease, is only available for the year 2008, however, we would expect the differences between countries to remain relatively stable over time and as such we use the 2008 data as a proxy for all years in the dataset. Dropping this variable does not change the other substantive results and it of course drops from the fixed-effects model as a time invariant regressor. We also omit the number of physicians as this measure is highly correlated with both under 5 mortality and death by communicable disease and the data coverage on the number of physicians measure is substantiallyless than on the other two metrics. [↑](#endnote-ref-15)
17. We also run a linear model using the Polity measure and omitting the accountability components, finding a positive association between Polity scores and public spending, replicating Stasavage’s (2005) results. However, this result, combined with the results from Model II suggest that while Democracy may be sufficient for public spending outcomes it is not necessary. [↑](#endnote-ref-16)
18. Including a panel correction for autocorrelation and country dummies. As a robustness check we also run FGLS fixed-effects specifications. These results are available in Appendix II. [↑](#endnote-ref-17)
19. We also use minimum, mean, and maximum values, finding no substantive differences. [↑](#endnote-ref-18)
20. Again, additional results and robustness checks, including FGLS fixed-effects specifications, are available in Appendix II. [↑](#endnote-ref-19)
21. Perhaps starting with Devarajan and Swaroop (2000). [↑](#endnote-ref-20)
22. Interestingly, when examining two-way interactions in Appendix II, we find, if anything, a substitution relationship. This suggests that two out of the three components will not suffice, and in fact, may not provide any total impact on social spending larger than one of the elements would on its own. [↑](#endnote-ref-21)