Thandika Mkandawire

Aid, Accountability, and Democracy in Africa

AT THE CORE OF DEMOCRACY IS THE IDEA THAT GOVERNMENTS must be systematically responsive to the desires and interests of citizens as expressed through the electoral process. This is the principal mechanism of democratic accountability, since it is through this process that politicians are called to account by a sovereign electorate with powers to sanction them. The effectiveness of the process depends on the viability of democratic institutions and the citizens' engagement, political sophistication, and access to information, which in turn impact on political contestability and transparency. Ensuring accountability is difficult enough if there is only one elected sovereign in a particular space. It becomes profoundly more complex when two sovereigns act upon the same space but are accountable to different constituencies and when the power of one of the two sovereigns is likely to impinge on the accountability of the other. In this paper I consider the problem of accountability in African democracies that are heavily dependent on aid from richer democracies. Concentrating on aid as a constraint on accountability in no way suggests it is the only culprit in this respect. Many other factors impinge on accountability at the national level. Indeed, it is the interplay with and at times the connivance of local and external factors that have undermined accountability in Africa. The internal factors include the lack of transparency of national governments and the "smoke and mirrors" political practices that come along with it; the undemocratic mores of the political class (an aspect of the authoritarian legacy that does not see accountability as a moral imperative but as an undesirable aspect of democracy); the contradictory political affiliations of voters reflecting conflicting ideological, ethnic, or clientelistic loyalties that undermine the collective action required to ensure accountability; the institutional barriers to free and fair elections; the strange behavior of legislatures that have weakened themselves by ceding more powers to the executive. Each of these has been the subject of analysis in the literature on democracy in Africa.

I will argue that although many donors have invested considerable resources in support of democratization, they have also, simultaneously, proceeded to circumscribe the reach and competence of democratic institutions and their accountability to the citizenry in aid-receiving countries. Even as they swear by democracy, part of the aid establishment is still preoccupied with finding ways and means of insulating aid from the encumbrances of democratic politics in recipient countries by creating what have been aptly termed "authoritarian enclaves" (Maravall 1994). I will also suggest that the notion of accountability in developing countries, especially the aid-dependent ones, is best understood not only in the context of democratization but also in the context of the much more fraught aid/donor relationship. Aid, by its very nature, involves power relations that go beyond the adage "who pays the piper, calls the tune." Any exercise of power necessitates and creates its own institutions. Aid giving and receiving often set in motion a whole range of asymmetrical relationships that may take on lives of their own. In such a context, preoccupation with accountability is driven at least as much by ideas about the relationship between the donors and the aid recipient countries as by the inherent meaning of democracy.

Liberal democracy has been largely premised on Westphalian foundations of national sovereignty, which allowed communities to control their own destinies. In such a context democratic accountability corresponded to the territorial boundaries of the nation-state and, as David Held argues, "the theory of democracy . . . could take for granted the link between the demos, citizenship, electoral mechanism, the nature of consent and the boundaries of the nation state" (Held

1999: 90). In the post-World War II period, the reconstruction of the international order was premised on an "embedded liberalism," which, while promoting greater trade and flow of capital, left to each nation-state important tools for economic management and was indeed premised on "domestic interventionism" (Ruggie 1982). Some aspects of this regime were extended to developing countries, neocolonialism notwithstanding, and allowed each individual state a much wider range of policy choices, at least when compared to the "policy convergent" world of today. It is perhaps precisely because it accommodated both "welfare statism" and "national developmentalism" that this era is considered the "golden age" of national autonomy. More pertinent to our discussion is that a significant number of donors viewed their aid as somehow embedded within the "national development plans" drawn up by sovereign states.[1]

During the last three decades of the twentieth century, globalization severely undermined the Westphalian foundations of democracy and the embedded liberalism of the post-World War II era by restricting the policy spaces of many countries, producing "democracy deficits" in many democracies. For African countries the forces of globalization manifested themselves through the imposition of the "Washington consensus," which led to greater policy orchestration. The imposition was facilitated, first, by the collapse in terms of trade and the ensuing debt problems that forced many countries into supplicant positions when it came to donors; second, by the end of the Cold War, which ruled out the possibility of playing off one donor against another, and, finally, following the 1981 Mexican debacle, by the loss of access to private financial markets.

AID AND THE DEMOCRATIC TURN

For years, the development discourse tended to cast doubt on democracy's appropriateness to conditions in developing countries. It was argued that there was a trade-off between economic growth and political rights. The arguments were many: that democratization was a process that evolved in tandem with development, and the full features of a liberal democracy could be enjoyed only after the passage of a certain development threshold (Lipset 1959); that authoritarian rule in poor countries was not only evidence of their underdevelopment, but might also be a necessary institutional arrangement for development (development being "no easy task" and best pursued by regimes that could curtail present consumption to increase savings and investments). Indeed, among some of the leading lights of the modernization school, the quest for political order overrode concerns of accountability and representation (Huntington 1968). Or as Bhagwati argued, "the political economy of development . . . poses a cruel choice between rapid (self-sustained) expansion and democratic processes" (Bhagwati 1966). The successful performance of authoritarian developmental states gave weight to these arguments about the "authoritarian advantage" (Maravall 1994) while ignoring the many disasters of authoritarian rule. The argument for authoritarian rule was further strengthened in the era of structural adjustment as the success of Pinochet and the symbiotic relationship of that regime with the "Chicago School" suggested an elective affinity between authoritarian rule and neoliberalism (Haggard and Kaufman 1992; Montecinos 1993). One of the prominent proponents of neoliberalism had forcefully argued that "a courageous, ruthless and perhaps undemocratic government is required to ride roughshod over these newly created special interests groups" in developing countries (Lal 2000: 33). In the African case the successes of the military regimes such as that of Ghana and Uganda also fed into this argument (Bangura 1992; Haggard and Kaufman 1992).

Democracy only firmly entered the aid business in the 1990s, partly as a new commitment to human rights (especially in the post-Cold War era) and partly because of the new belief that "good governance" was essential for development. With the end of the Cold War and definitely by the end of the 1990s, the official normative discourse had squarely shifted toward democracy. Human rights and democracy became part of the foreign policy of the leading Western countries (Donnelly 1999). At the United Nations level the great divide between those states that argued for human rights and those that argued for economic rights or "the right to development" was substantially narrowed. The Vienna Declaration and Program of Action went as far as to state that these rights are "interdependent and mutually reinforcing" (cited in Donnelly 1999). In academic circles Amartya Sen (1999) articulated the view that development means the expansion of choice for individuals and societies. In addition, there was a steady flow of academic work raising doubts or laying to rest one of the stylized "trade-offs" of development (Alesina and Perotti 1994; Bardhan 1993; Burkhart and Lewis-Beck 1994; Helliwell 1994; Przeworski and Limongi 1993: 2000). Democracy was now said to be advantageous because it ensured property rights and private business (Olson 2000); it sustained critical ingredients of "good governance" (accountability and voice), which were good for development; it allowed for self-correction (Bardhan 1999); it was adverse to inflation and macroeconomic populism, which, in the Latin American case, at least, was attributed to the military and the technocracy (Bresser-Pereira 2003); it provided avenues for resolving collective action problems inherent to development and allowed for stable "developmental pacts" to emerge (Beuningen 2007; Olson 2000); it ensured political stability that was vital for economic development (Anyang' Nyongo 1988; Bardhan 1999).[2]

In light of this new understanding, significant amounts of aid were now directed toward promoting democracy through conditionalities aimed at forcing the hands of authoritarian regimes;[3] through support to ongoing processes of democratization by providing technical assistance to electoral processes (including supply of equipment, writing constitutions and monitoring election); and through contributions to the consolidation of new democracies by strengthening various institutions considered central to democratic governance.

AID, THE FISCAL BASIS OF THE STATE, AND ACCOUNTABILITY

Fiscal relations between states, donors, and citizens affect accountability relations in direct and indirect ways. Thus, a better understanding of fiscal positions of recipient states is important when seeking to promote more democratic and accountable government. During the last 20 years or so, many governments have seen their capacity to collect revenue dwindle—largely because of structural adjustment programs, which have been opposed to taxing trade (Aizenman and Jinjarak 2009),[4] and partly because globalization has made it particularly difficult to tax highly mobile capital. One consequence has been greater reliance on aid, not only for long-term investment but also for the state's short-term recurrent expenditures. During the early years of the democratization process in Africa, 60 percent or so of African countries received aid that was more than 10 percent of gross domestic product (GDP) (see table 1).

The American Revolution had, among its memorable rallying cries, the slogan "No taxation without representation." This poignantly underscored the relationship between democracy and the fiscal basis of the state. This meant that the right of the government to tax citizens could only be based on its accountability to citizens. It has been observed that "rentier economies" (Beblawi 1987)—that is, economies relying on revenues gained through the extraction of a limited number of natural resources—require little organizational and political effort in working with citizens in order to secure revenues. The situation in such cases is said to reverse the rallying cry of the American revolutionaries to read: "No representation without taxation." The political and economic implications of reliance on such rents is that there is often a disconnect between states and citizens that, in turn, tends to lead to poor governance.[5] The extraction of revenue from an enclave-like resource base gives the state an autonomy that obviates concerns about accountability to a nontaxed citizenry (Ross 1999; Wantchekon 1999; Wantchekon and Jensen 2004). Indeed, Michael Ross categorically argues that "the oil-impedes-democracy claim is both valid and statistically robust, oil does hurt democracy" (Ross 1999). In contrast, there are the "merchant states" that rely on taxation of a large number of citizens and economic activities, and thus require the organizational and political wherewithal to reach or "bargain" with large groups of citizens (Mkandawire 1995).

Table 1: Aid Dependence of African Economies (Share of Aid in GDP>10% of GDP)

Country	1970-1979	Country	1980-1989	Country	1990-1999	Country	2000-2004
Mauritania	24.5	Lesotho	40.7	Rwanda	42.7	Sao Tome and Principe	55.9
Somalia	16.5	Equatorial Guinea	39.0	Sao Tome and Principe	36.4	Eritrea	27.0
Botswana	15.4	Comoros	34.6	Guinea	19.5	Burundi	22.5
Rwanda	13.5	Cape Verde	31.8	Swaziland	18.8	Rwanda	18.4
Swaziland	12.9	Mauritania	29.1	Guinea-Bissau	16.8	Gambia	17.5
Mali	12.8	Guinea-Bissau	27.7	Equatorial Guinea	16.0	Mozambique	16.1
Lesotho	11.3	Sao Tome and Principe	25.6	Mali	15.9	Malawi	14.6
Togo	11.2	Somalia	23.9	Kenya	15.5	Swaziland	14.3
Seychelles	11.0	Gambia	23.1	Lesotho	15.4	Mauritania	14.0
Burkina Faso	10.9	Swaziland	22.5	Malawi	15.1	Guinea-Bissau	13.7
Chad	10.0	Namibia	21.5	Gambia	15.0	Uganda	12.0
		Liberia	17.7	Cape Verde	14.6	Zambia	11.3
		Mali	16.6	Djibouti	13.7	Cape Verde	11.0
		Burundi	15.6	Chad	13.4	Djibouti	10.8
		Chad	14.1	Uganda	13.3	Ghana	10.7
		Togo	13.7	Burkina Faso	13.3	Niger	10.5
		Seychelles	13.6	Tanzania	13.2	Chad	10.4
		Mozambique	12.9	Mauritius	12.6	Ethiopia	10.3
		Senegal	12.8	Sudan	12.4		
		Burkina Faso	12.2	Mozambique	12.2		
		Botswana	11.6	Central African Republic	12.1		
		Guinea	11.3	Madagascar	11.8		
		Tanzania	11.1	Nigeria	11.8		
		Rwanda	10.1	Cameroon	11.2		
				Ghana	10.6		
				Benin	10.5		
				Eritrea	10.3		
				Botswana	10.2		
				Gabon	10.2		
				Togo	10.0		

Source: World Bank.

Some writers have suggested that the rentier state model is applicable to the assessment of the aid-accountability linkages (Bräutigam 1992; Moore 2001; Therkildsen 2002). In much the same way as with mineral rents, aid, by reducing the state's dependence on its citizenry for tax revenue, can also obviate the need for citizen consent by short-circuiting the process of "bargaining" between the state and citizenry and by forcing a break in the "fiscal-social contract" (Bräutigam 1992, 2001; Moore 2004, 1998, 2001; Moss, Pettersson, and van de Walle 2008; Therkildsen 2002).[7] There are, however, fundamental differences between aid and other rents. Revenue from natural resources goes directly to the government either as taxes or royalties while aid is mediated by a wide range of factors, including conditionalities, bureaucracies, and technical assistance, each of which impinge on national sovereignty. More specifically, aid dependence not only tends to make democracy less accountable to the citizens of the country, but also makes the state accountable to foreign citizens. Beholden to taxpayers in donor countries, governments in aid-receiving countries increasingly respond more punctiliously to the demands of donors than to those of their own citizens. In the usual principal/agent approach to public services, the crucial assumption is that the client who receives the services is also a citizen who pays for the taxes, which generates a feedback loop that sustains the relationship. Such a feedback loop of accountability is broken in the aid-recipient nexus (Martens 2009; Reinikka 2009; Svenson 2008).[8]

Parliamentary democracy implies delegation and a corresponding need for accountability, along with all the principal-agency problems that it entails. However, in the context of aid, accountability takes on a more ambiguous character and tends to lean toward a more technocratic interpretation. It is also strongly circumscribed by the prior terms of engagement between aid and recipient. At the heart of the current debates on accountability is the unresolved tension between the exigencies of a technocratic view of accountability, which stresses performance and proper accounting for public resources, and the exigencies of democracy, which stresses processes and political accountability. Although the moral imperatives of solidarity and common humanity suggest that aid should be based on trust, dialogue, and partnership, the necessity for continued support for aid by voters in the donor countries calls for greater focus on financial probity and efficient allocation—which, in the receiving country, often translates into greater conditionality and the substitution of accounting for accountability.

AID AND DEMOCRACY WITHOUT ACCOUNTABILITY

In the earlier stages of the "Third Wave" of democracy, nonaccountability of the recipient governments to their own citizens was not seen as a problem; both policies and institutional reforms were premised on this nonaccountability as the default mode. The neglect or even dread of accountability as a constitutive aspect of democracy was not only confined to the aid establishment but was typical of academic work on democracy. Lindberg reports that when Schmitter and Karl "contended that accountability was the central key to most definitions of democracy, their claim was met with overwhelming indifference and occasional expressions of hostility" (Lindberg 2009). Furthermore, within academic circles, there were initially apprehensions that attention to accountability would force the new elected governments to pay too much attention to popular will and thus reverse neoliberal policies and revert to various forms of macroeconomic populism (Dornbursch and Edwards 1992).

As it turned out, these fears were assuaged, albeit partially, by the attachment of new democracies to orthodox macroeconomic policies. Evidence from Latin America showed that "new democracies outperformed their authoritarian counterparts in promoting growth, containing the growth of fiscal deficits, and limiting the growth of the debt burden" (Remmer 1990: 327). And in Africa the adhesion of the new democracies, such as Benin, Ghana, Malawi, Mali, Mozambique, South Africa, and Zambia, to orthodoxy with the zeal characteristic of acolytes was a source of great relief (Levy 2006). It could now be argued that there was an elective affinity between democracy and economic liberalism.[9] Democracy could now be championed not so much because it empowers citizens to make demands on the state but because it would facilitate the "new social contract" through which painful policies would be imposed. However, the good behavior of new democracies did not entirely allay all fears about the threat that democracy posed for the "Washington consensus." The problems faced by donors was well captured by a U.S. Agency for International Development (USAID) official:

> The emergence of political liberalization in Africa has strengthened the institutional base for long-term policy rationality, but it has weakened the capacity to adopt "good" policies in the short run. Democratic politics has created a number of difficulties for economic policymaking. In the first place, unitary states have been replaced by states in which legislative and executive power is separated. This has complicated the process of economic negotiation between assistance agencies and African governments. Agreements reached behind closed doors are now openly debated in parliaments (Wolgin 1997: 56).

Most donors still acted as if they held a view of the electorate as fundamentally irrational and beholden to all kinds of primordial values, a view that received considerable support in academic circles. For those who interpreted African politics through the lens of neopatrimonialism, the notion of representation had no meaning in Africa because, when people vote, "they are expected, or 'asked,' to do so, or perhaps because it is indispensable to be seen to be voting a certain way. On the whole, they do not vote because they support the ideas of a particular political party but because they must placate the demands of their existing or putative patron" (Chabal and Daloz 1999: 39).[10] This view was further reinforced by the oft poorly veiled contempt for local elites so prevalent in much of the political analysis of Africa. We should also recall the effect of the "irretrievably cynical view of the state" (Toye

1991) that was sustained by the public choice school and the equally cynical views of neopatrimonialism school in Africa that reduced African politics to "politics of the belly" (Bayart 1993). In one view politicians were seen as rational operators who were in politics to pursue rents that would undermine democratic decision making (Bienen and Herbst 1996; Callaghy 1990; Lindberg 2003). In the other view the elites were corrupt or too beholden to neopatrimonial or other elite interests and thus not able to act in the public interest even when they came to power through the democratic process. Where these views were held as a matter of course, elections were seen simply as the interlude of a farce or a play of immense tragedy. This understanding provided moral and intellectual support to the conclusion that the democratic process had to be circumvented by limiting the remiss of the elected elites. A number of measures were introduced to discipline these new democracies just in case they aimed to go beyond the formal processes of elections toward the substantive issues of, for example, social welfare and income distribution.

MONOLOGICAL PARTNERSHIPS

The strategies of constraining the threat of "macroeconomic populism" consisted of three pillars: the ideational, the institutional, and brutal force of finance that was exerted on economically strapped democracies. The ideational pillar involved persuading key actors that the Washington consensus was the "only game in town" and then empowering such actors. Donors often started with firm ideas about "good policies" and the instruments to be adopted. They then suggested as, the World Bank report, *Assessing Aid: What Works, What Doesn't and Why* (World Bank 1998) did, that foreign aid would be more effective if it were more systematically targeted to poor countries that pursued these "good policies." This sounds reasonable until one asks what constitutes good policies, and who makes them. Many of the constraints imposed on democratic decision-making were based on specious performance goals and spurious quantitative precision about means and ways and the insistence on "policy coherence" that produced the one-sided and stifling Washington consensus. The constraints also reflected the premium given to technocrats in the management of economic affairs, and the ascendancy of a technocratic "epistemic community" in both donors and aid-receiving countries that shares the same vision and speaks the same arcane language. This immediately raised concerns over the nature of the counterpart that would "own" the policies. One solution was something tantamount to "cloning" the recipient so that the recipient walks, talks, and looks like the donor. In a rather perverse way, to facilitate both dialogue and accountability, donors preceded to shape their counterparts in a manner that would not only make the parties mutually intelligible but that would also make the recipient pliable. Or, as Gerry Helleiner notes with respect to the World Bank,

> However much the Bank may have conceded as to the pace, sequencing and details of adjustment programmes, as the de facto intellectual leader of the aid agencies in the 1980s and 1990s, it has not significantly altered its basic recipe for development-oriented reform. But it now wants local policymakers not simply to do what it recommends but also to believe in it (Helleiner 2000).[11]

Essentially this process involved the intensification of "capacity building," which often involved indoctrination and cloning. Through various "capacity-building initiatives," whole ministries were restructured to make them compatible with both the ideological proclivities and institutional preferences of the donors. It also demanded that the remolded partners be shielded from the encumbrances of domestic politics. And so donors devoted considerable resources strengthening elements of the state and civil society that they considered proper counterparts and insisted that the institutions dominated by these groups be "autonomous" from domestic actors while receiving their sustenance and authority from access to donor financial and human resources. We are all aware of the theatrical cases where donors have drafted key government documents, which the recipients have been induced to "own" and for which they have been financially rewarded for their intellectual acumen, maturity, and commitment to reform.[12] In many cases, bureaucrats in aid-receiving countries have learned that there is no point taking initiatives or insisting on national specificities; life is made easier by relying on experts or simply downloading and slightly reworking the "best practice" documents that are nowadays readily accessible on the web. The more insidious form this takes is the preparation of such documents by carefully selected, coached, and empowered nationals hiding between the smokescreen of technocratic autonomy and the much vaunted "ownership." Parliaments have also learned it is much easier to let the technocrats in the finance ministries meet the donors demands than engage in protracted dialogues. This ritualized charade trivializes notions of deliberation and accountability by making dialogue and exchange of ideas and experiences superfluous. But more seriously, it is a mockery of the notion of transparency that is so central to accountability because it relies on a deceptive legerdemain in which documents dictated or imposed by donors are transmogrified into "nationally owned" ones.

The spartan certainty about "good policies" only led to the kind of truth that Hannah Arendt suggested had, from the view point of politics, a "despotic character" because it forecloses disputes, disagreement, and deliberation. And the more precise the donor targets and the more dogmatic the articulation of these goals was, the more likely it was that aid would constrain democratic institutions in the receiving countries. Even such an eminently sensible thesis as "policy coherence" could and did wreak havoc on accountability, especially if it produced "take-it-or-leave-it" policy options that foreclosed debate and rendered politics inflexible and collided with the deliberative nature of policymaking in democracies and contributed to the production of what I have characterized as "choiceless democracies" (Mkandawire 1999) or others have referred to as "low-intensity democracies" (Gills and Rocamora 1992) or "democratie tropacilisée," "imperfect," "illiberal," and "immature" democracy (Armony 2004)—suggesting severe limitations on the accountability and sovereignty of new democracies. This was most sharply demonstrated in the Poverty Reductions Strategy Papers (PRSPs) process, which was supposed to mirror the new "participatory" approach.[13] The quest for coherence and, even worse, the imposition of putatively coherent policies on recipient countries, would clearly undermine the prospects of developing a culture of dialogue and compromise (Mkandawire 2001). Incoherence is inherent to democratic politics, where compromise underlies decisions.

Reshaping Civil Society

One further difference between aid and other "rents" is the way they respectively structure civil society. Mineral economies have tended to create highly organized labor, which at times has acted forcefully on the political arena,[14] while aid, especially in the era of neoliberalism, has tended to favor and capture nonmembership-based segments of civil society. Aid has spawned "briefcase organizations" that are accountable to nobody but their foreign funders. One immediate consequence of the much bemoaned fragmentation of aid has been the fragmentation and hierarchization of civil society (Kaldor 2003). The hierarchization comes from the fact that "funding by official agencies and private foundations have led to the development of a market for NGOs, in which donors influence the culture and management style of NGOs, and successful NGOs transform themselves into a kind of oligopoly" (Kaldor 2003: 16). In most cases, the effectiveness of these "oligopolies" in their advocacy activities is not derived from their anchoring in domestic civil society but in the authority given to them by the donor countries and transnational civil society networks. This close relationship with donors has in some instances earned NGOs the status of a parastatal of government subcontractors in the eyes of the public (Kaldor 2003). Governments are aware that NGOs can influence donors, and many of their "consultative meetings" with NGOs are carried out not in the spirit of accountability but rather as a response to donor requirements for such meetings or to pre-empt donor's insistence on consultancy with designated portions of "civil society." One further consequence of "etatisation" of elements of civil society is homogenization of the voices of civil society around themes that donors deem pertinent at any given time (Jelin 1997; Edwards and Hulme 1996; Shivji 2004). All this militates against the Tocquevellian view that inseparably associates civic activity with the emergence and consolidation of democracy on the assumption of voluntary membership organizations. The "briefcase" NGOs that aid has spawned and sustained blunts any incentives to seek or augment their membership and thus undermines one major driver of accountability in democracies, namely civil society.

The Institutional Straightjacket

As part of their response to conditionalities, and their own internal political developments, recipient countries have made significant institutional changes. Authoritarian governments have become democratic; socialist governments have become capitalist; most governments have witnessed a dramatic shrinking of their reach and capacity. In contrast, few donors have witnessed such changes in their ideologies or institutional arrangements in relating with aid recipient countries. Indeed, in many cases changes in the aid establishment have rarely amounted to more than relabeling existing institutional arrangements. As a consequence, the current use of "governance" is still very much business as usual. One consequence of this one-sided adjustment is that the donors, accustomed to working with authoritarian regimes, now find they have problems dealing with democracies even when they are supportive of the democratic processes and the changes that have taken place.

Limiting the authority of elected government with the advent of democracy has been ensured by introducing institutional reforms that effectively eviscerate the authority of elected bodies through the "insulation" of policy technocrats and the creation of "autonomous" authorities or "authoritarian enclaves" or "reserve domains" (Linz and Stepan 1998: 48), or by circumventing oversight by national democratic institutions. There has thus been a flurry of initiatives, in the name of institution building, to create "independent" central banks, “independent” fiscal authorities, and “independent” road authorities (Boylan 1998; Boylan 2001),[15] which, while insulated from and autonomous of local representative institutions, derive their new authority from donors and are therefore beholden to them and more outward-oriented in terms of accountability. Other initiatives have involved the creation of parallel bureaucracies that constitute much of the technical assistance given and which are not accountable to elected bodies. This institutional modeling approach tends to multiply formal institutions with little regard for their effective contribution to the solidification of the democratic architecture. One effect of such parallel structures is that they undermine the notion of checks and balances so crucial to democracy, because critical parts of the executive are outside the control of the parliament and even judiciary, given the ease with which diplomatic immunity is granted.[16]

Exploiting Structural Weaknesses

Many African democracies emerged during or at the tail end of the “lost decades” that wrought so much damage to the economic fabric and capacities of the states. In many cases it is the fear of donor demands rather than citizens’ wishes that have driven government policy. Such fears are often heightened by the knowledge that sanctions may have been instrumental in bringing down the ancien régime and by the desperate need to access aid money. It has been suggested in the literature that because aid always helps democratic leaders, it should give donors greater leverage over democratic recipients than over dictators: aid can buy political reforms in democracies and not in autocracies (Montinola 2010; Yuichi Kono and Montinola 2009). It is precisely because democratic regimes are more sensitive to the domestic political responses of their voters that would follow the withdrawal of aid than their authoritarian predecessor that donors have been encouraged to intensify their conditionalities. They have also exploited the now much more open mass media to make their preferences known and to voice thinly veiled threats that aid will be discontinued or reduced if their preferences are not taken into account.

MUTUAL ACCOUNTABILITY AND BUDGET SUPPORT

By the end of the 1990s the aid establishment was faced with three problems. The first was the problem of "aid fatigue," partly induced by the increased and not always favorable exposure of aid to public scrutiny and the need to strengthen domestic accountability of recipients. In many ways, the "mutual accountability" issue has arisen out of the need to rehabilitate the state. The new emphasis on good governance is no longer premised on marginalization of the state and retrenchment. It has now been recognized that the state—usually limited to the executive branch of government—is a decisive agent of national development. With the growing realization that conditionality was not working, it has become clear that national "ownership" of policies is instrumental to the efficient use of aid.

The second problem concerned the issue of efficacy, especially at the time of increased aid. Concurrent with real and promised increases in aid, there has emerged a literature suggesting that aid may, after all, not be effective in terms of promoting economic growth and combating poverty;[17] other studies suggest that it may be downright harmful (Easterly 2006; Moyo 2009). One argument was that aid conditionality has been ineffective and lack of coordination among donors has overburdened the bureaucracies of the recipient countries and led to incoherence in both the aid institutions and projects. It became clear that conditionality-driven aid had not only failed to yield the desired outcomes but also had high transaction costs for donor and recipient countries. There was therefore the need to reduce the transaction costs associated with fragmented aid delivery and complex principal/agent problems of monitoring.

The third problem came from the moral imperative of "empowering" the new democracies by ensuring their "ownership" of policies. A number of donors began to push for an aid dispensation that prized democracy and good governance. Donors began to feel that they had gone too far or, in the words of Paul Collier, then at the World Bank, "the extension of the practice of conditionality from the occasional circumstances of crisis management to the continuous process of general economic policy-making has implied a transfer of sovereignty which is not only unprecedented but is often dysfunctional" (Collier 1999: 319).

With money from outside and policy "owned" by the recipient, it was necessary to introduce the idea of "mutual accountability," which solved the "principal agent" problems that had bedeviled the conditionality aid regime and reconcile "ownership" with the need to pursue the post-Washington consensus. This new consensus among donors was enshrined in the Paris Declaration, which endorsed the view that countries must "exercise effective leadership over their development policies" (OECD 2005) partly because this is effective way to have policies implemented. This in turn was interpreted to mean that general budget support would be the right way to go since this would not only put the recipient governments in the driver's seat but would also reduce the transaction costs associated with fragmented aid delivery while strengthening domestic accountability (Renzio 2006).

The "mutual accountability" between aid agencies and national governments had to be reconciled to the democratic premises of the accountability of both partners to their respective constituencies. In a fundamental way this demands a degree of trust between the parties. Unfortunately, much of the thinking on the donor side was premised on a political economy that still viewed local elites as either rent-seekers out to capture the state or as enmeshed in neopatrimonial relations that often undermine the rational functioning of the state. The recipients resented the patronizing attitudes of the donors and the unequal nature of the framework within which "mutual accountability" was carried out.

A WIDENING POLICY SPACE?

In the 1980s and 1990s, new democracies tended to follow orthodox policies more strictly than older ones (Mkandawire 2004). Indeed, it can be argued, without being cynical, that the willingness by donors to engage in "mutual accountability" was also facilitated by the belief that donors had attained sufficient ideational hegemony in key policymaking institutions such as ministries of finance and central banks and had sufficiently ring-fenced these institutions that they could cede authority without jeopardizing the core policy regime that they still adhered to. However, as would be expected as democracy became more entrenched, deliberation and compromises and responsiveness to a more assertive electorate introduced elements of compromise in policy that were anathema to the dogmatic insistence on one "consensus." Three actors appear to account for this. The first was the growing maturity of local constituencies that with time began to make demands on their governments that were beyond the formal issues of election and that at times went against the Washington consensus.[18] The second factor has been the erosion of the spartan certainty that had hitherto made the Washington consensus sacrosanct and severely restricted dialogue on economic policy. And finally, there are the set of favorable conditions in the global economy that has somehow widened policy space for African policymakers (these include improved terms of trade and the China/India factor). As table 1 suggested, the number of countries for which aid constitutes 10 percent or more of GDP has declined. This is probably a reflection of improved performance of African economies during the last decade.

Not surprisingly, in more recent years donors have complained about loss of control of policy. A World Bank economist, noting that "the traction from policy improvement in increasing growth performance in Africa has declined over time," observes:

> The declining traction of policy influence on growth may also, in contrast to the East Asian historical experience, reflect growth trade-offs from the decision many African countries have taken to pursue a dual reform process—economic and political (democratic)—with the latter's attendant costs and policy risks: for example, from transitions across political systems and election cycles" (Ndulu 2007: 11).

CONCLUSION

Over the years the relationship between aid, democracy, and accountability has undergone significant change. In the initial years of development thinking, with its proclivity for authoritarian politics, it was taken for granted that more often than not, aid would be given to states that were not democratic. Indeed, it was assumed that "strong" (read undemocratic) states would be the ideal partner. It was only with the Third Wave of democratization that the relationship between aid and democracy was squarely placed on the agenda. While an elective affinity between democratization and economic liberalization were often proclaimed, there was serious doubt in both policy and academic circles about the capacity of new democracies to withstand political pressures that would derail the structural adjustments to which aid was tethered for much of the past three decades. Hence the muted concern over accountability by new democracies and the imposition of conditionalities that severely limited democratic institutions. With the obvious failure of conditionalities, the high transaction costs of such conditionalities and the moral absurdity of foreign "ownership" of policies in other democracies, there has been a move to address the issue of accountability and the recognition of different "principals" that donor and recipient states respectively have to respond to. Accountability in the context of aid dependence is problematic because it addresses two different constituencies: those of the donor country and those of the recipient country.

While at times donor demands have been supportive of democratic institutions, they have also tended to undermine citizens' authority over state affairs. It would be the height of irony if democracies that have pushed for democratic reforms in many countries were to undermine new democracies by making them only outwardly accountable. As things stand, the more accountable a donor is to its own voters, the more onerous and invasive will be its intervention in the receiving economy and the more likely it is to undermine the recipient democratic government's accountability to its own voters. Not surprisingly, a number of new democracies have expressed preference for the unconditional aid given by the authoritarian regime of the People's Republic of China, which has taken the construction of parliaments in Africa as serious business![19] It is perhaps better to begin by recognizing such ambiguities and tensions as given, as being in the nature of the beast as it were, and to seek to address them in order to minimize the negative and maximize the positive. If we agree that the "goodness" of governance is ultimately attributable to its democratic legitimacy, then aid must come to terms with questions of the asymmetries that undermine democracy, the politics of budget allocation, and democratic anchoring of policies in the recipient country. It would seem that in situations where a decision has been made to support regimes because they are democratic, donors should then adopt a much less hands-on policy stance.

There have always been debates within recipient countries about the readiness or capacity of national institutions to receive aid, about the moral justification of providing aid to "kleptocrats" or authoritarian regimes, about the "dependence syndrome" that aid induces, and the need for "self-reliance" as a guiding principle. As we indicated earlier, there are many serious concerns about internal limitations to accountability in the new democracies in Africa that we have not addressed in this paper. These concerns are reasonable but they do not justify attempts to circumvent the democratic process or limit the policy options available to elected bodies. Pressure for accountability must ultimately come from the citizens of the recipient country. Donors can help by making their aid flows transparent and channeling them through institutions in which elected bodies have oversight.

Accountability presupposes discretion. "Choiceless democracy," like a puppet, cannot be held accountable, although in the African case African governments were often held accountable for ventriloquized policy pronouncements.[20] To support accountability in the new democracies, there is a pressing need to rethink the institutions that underpin the current management of aid and the "policy space" that democracies have. Aid belongs to that category of economic activities in which it is prudent to proceed by trial and error. This, in turn, requires dialogue and a more deliberative partnership. It is also incumbent upon democratic aid-receiving countries that they themselves begin to look for exit strategies, at least from the more onerous and interventionist forms of aid. Increasing policy space is not entirely in donor hands. We have suggested that there are many domestic factors that may be reducing the external hold of African economies. The lessening of accountability to outsiders does not of course immediately translate into greater accountability to internal actors. Governments can improve their position by performing better in their revenue collection. Fiscal probity by democracies must not be merely a means to meet the exigencies of external debt collectors, but also a way of securing more space for democracy by reducing aid dependence.

NOTES

1. With the help, of course, of the ubiquitous experts.
2. There were, of course, dissenting voices who still insisted that democracy might not be a prior or parallel condition of development and that democracy might actually hamper development. See Leftwich (1993, 1996).
3. It was believed that while geopolitical interests had tended to undermine the threats to condition aid on demands for democracy, the demise of the Soviet Union and the triumphalism of the West now lent greater credibility to the political conditionalities making aid conditionality more potent after the Cold War (Dunning 2004).
4. The conclusion of a recent IMF study states: "The fairly robust empirical finding is that middle income countries ultimately lose about 45-65 cents of total revenue for each dollar of lost trade tax revenue. Low income countries, more starkly still, recover almost nothing: revenue losses from trade liberalization have been permanent." There is also no evidence that the introduction of value-added tax has in itself made it easier to cope with the revenue effects of trade liberalization (Baunsgaard and Keen 2005).
5. This part of the "resource curse" theme (Auty 1995; McFerson 2009; Ross 1999; Wantchekon 1999). Of course, the "resource curse" thesis about either aid or rents from minerals is not deterministic but merely suggests the high probability of "bad governance" in rentier

economies. A number of countries have remained democratic while being resource-rich. Australia, Botswana, Norway, and the United States are often cited as examples. Similarly, properly designed aid programs need not undermine democratic accountability.

6. Mick Moore goes as far as to suggest it is this aid nexus that accounts for the "bad governance in the developing countries":

> The more specific argument is that political underdevelopment stems to a large degree from what might be termed a "disconnect" between states and citizens. Compared with the states of the rich world, those of the poor world tend to be relatively independent of their citizens: to have autonomous sources of finance and other critical resources; and/or be able to use international connections and resources to rule over their citizens in a relatively unrestrained fashion. In poorer countries, public authority has been constructed in a context in which there has been less bargaining between states and (organized) citizens than has been the norm during the process of state construction in the North. In the South, state elites have more often either ignored their citizens or related to them more coercively—and have been able to do so because of the resources and support they (state elites) could garner from their relations with other states, the international state system and international markets (Moore 2001: 387).

7. The failure of donor community to treat Chad's oil revenue as if it were aid clearly suggests the differences between political economy aid and mineral rents.

8. The World Bank captures this difference in the following passage that is worth quoting at length:

> Aid differs in important ways from domestically financed services. The beneficiaries and financiers are not just

distinct—they live in different countries, with different political constituencies. This geographical and political separation—between beneficiaries in the recipient country and taxpayers in the donor country—breaks the normal performance feedback loop in service delivery. . . . For example, beneficiaries in a recipient country may be able to observe the performance of aid agencies. But they cannot reward or punish the policymakers responsible for this performance in donor countries. The broken feedback loop induces greater incentive biases in aid than in domestic programs. So aid effectiveness is determined not only by the performance of the recipient but also by the incentives embedded in the institutional environment of aid agencies. Understanding these incentives is central to any reform of aid to support service delivery better.

The divergence and distance between constituencies and clients may be important—but there is more. Even if donor constituencies adopted client feedback as a paramount criterion for aid, there would still be difficulties in exercising external influence without undermining local accountability relationships. To illustrate the inherent problem of external actors, consider enterprise finance. When financiers or venture capitalists want to influence an enterprise they are investing in, they become an equity holder and perhaps request a seat on the company's board. Clearly it would be politically infeasible for donors to request seats in the recipient's cabinet. Yet the influence that donors exercise on the recipient's public spending often resembles that of an equity financier (World Bank 2003: 203-4).

9. This point was made by former U.S. Assistant Secretary of State for African Affairs Herman Cohen, who argued that "the beginning of the movement for democratic change in Africa coincided with, and was stimulated mainly by, structural adjustment, which realigned economic power from urban elites to rural populations and the busi-

ness community" (cited in Bienen and Herbst 1996: 35).

10. These views are contradicted by an increasing number of studies of African voters, including those by *Afrobarometer*.
11. Some of the responses (cited in Helleiner 2000) by donors on their understanding of ownership are remarkably candid:

- "Ownership exists when they do what we want them to do but they do so voluntarily."
- "We want them to take ownership. Of course, they must do what we want. If not, they should get their money elsewhere."
- "We have to pressure the local government to take ownership."
- "We have to be realistic. Our taxpayers want to be sure their money is being used well. They want to know there's someone they can trust, a national of their own country, in charge."
- "I routinely instruct my staff to draft terms of reference for technical cooperation projects and then spend half an hour with a local government official on it."

12. Yvove Tsikata, a World Bank official, observes about the ownership on public expenditure review (PER) in Tanzania:

> Although the PER process is driven by mechanisms set up in Tanzania, the country's traditional aid dependence nevertheless tends to elevate the role of the donors in the process. The secretariat of the working groups is, for example, based at the World Bank offices, although the permanent secretary of the finance Ministry chairs the meetings. Comments on the reports related to the exercise are more likely to come from donors other than nationals. Moreover, although the PER is supposed to be a Tanzanian document, it still goes through the review process of the World Bank, leading to inordinate delays. This reduces the legitimacy of the Tanzanian consultative process. In the most recent cycle, the bulk of the work and consultations process

took place in Dar Es Salaam in April-May 2000 but eleven months later the final PER reports was still not available (Tsikata 2003: 43).

13. Howard Stein's account of the process is telling in this respect:

    The pertinent questions, however, given the emphasise by both the Bank and the Fund on ownership, were how the PRSPs were drafted and whether they were actually country driven, with genuine participation by stakeholders. The answer was quite disturbing. Beyond a few hurried hours on Saturday morning, there was no parliamentary participation in the writing of the PRSP. Meanwhile, the Fund and the Bank rejected two drafts presented by the Ministry of Finance before finally accepting the third. Interviews with parliamentary representatives affirmed time and again that none of the views had been reflected in the document. In fact only two sentences in the entire fifty-three-page paper were devoted to the views of Parliament: one indicating simply that they "concurred with the reported findings of the Zonal Workshop . . . and one rather banal comment about the need to consider regional differences (Stein 2008).

14. The role of Zambian labor movements in the struggle for independence and later in democratization easily comes to mind. There are, of course, cases where mineral rents have sustained "labor aristocracies" or, as in the Gulf States, Royalty Associated NGOs (RANGOs). However, in either, the attention of these privileged groups tends to be internal.

15. The independence of these institutions is not designed or intended to enhance democracy and accountability through systems of checks and balances. Rather, as Shapiro notes with respect to the centrality of independent courts in new democracies, this "may have more in common with the popularity of independent banks than with the protection of individual freedoms by functioning as devices that

signal for investors that the capacity of elected officials to interfere in redistributive policy or interfere with property rights will be limited" (Shapiro 2003: 21).

16. As Helleiner notes,

> a remarkably high percentage of bilateral development assistance to low income Africa goes directly to overseas contractors, foreign technical personnel, or to local suppliers, governmental organizations, or even local governmental officials (topping-up their inadequate salaries), without going through any local governmental budgetary system. The local governments frequently have no information on these flows or on the projects they support. Externally supported projects frequently exist as "islands" within the local economy and society, supplying certain services to a select few but otherwise unconnected in any way to indigenous development processes (Helleiner 2000).

17. Much of the evidence of this is derived from cross-country regressions analyses that yield a negative coefficient for the aid variable.
18. One such case has been the introduction by the Malawi government of subsidies for fertilizers. A more common one has been the revision of some of the tax concessions made in mining agreement that governments made under the duress of structural adjustment.
19. Commenting on the new Malawi parliament building financed by China, the Chinese ambassador, Lin Songtian, noted that "this project was a concrete action reflecting the Chinese government's commitment to supporting Malawi in its noble cause of the democratic and human right development" (Anonymous 2010).
20. Over the years donors have blamed African countries for being overzealous in the retrenchment of their civil service, of neglecting infrastructure, of not investing enough in higher education—completely oblivious of the fact these were these were consequences of policies imposed by the donors.

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