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Politicians and Bureaucrats:
The Politics of Development and Corruption in Ghana

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by

Sarah Anne Brierley

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ABSTRACT OF THE DISSERTATION

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by

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Professor Daniel N. Posner, Chair

In this dissertation, I investigate challenges to the delivery of public services to citizens in young democracies. Focusing on the elite actors whose daily job it is to implement development programs, I seek to better understand why politicians and civil servants behave in the ways that they do, and in particular, why each actor may be motivated to engage in misconduct. Regarding development, I focus on the provision and construction of local public goods, such as classrooms, health clinics, and water wells. To build new infrastructure, politicians and bureaucrats must plan projects, select beneficiary communities and award contracts to firms as part of a (theoretically) competitive procurement process. Despite considerable investments in new infrastructure, the results are often disappointing, and corrupt procurement practices are often to blame. It is puzzling to understand why civil servants administer corrupt procurement deals, when it is politicians who gain from this misconduct, and when such behavior conflicts with norms of bureaucratic integrity.

My central argument is that bureaucrats in Ghana engage in corruption because politicians retain discretionary control over their careers. Therefore, the introduction of meritocratic hiring is not enough to protect against widespread corruption because unchecked politicians hold strong incentives to distort adminis-

trative processes. These incentives, I argue, stem from politicians' need to generate funds to finance political parties and election campaigns. In short, experienced and professional bureaucrats engage in corruption, even when they do not personally benefit from it, because refusing to do so can jeopardize their livelihoods and interfere in their careers.

My theory calls into question the traditional view in the literature of bureaucratic delegation that giving politicians greater control over bureaucrats improves policy outcomes. I argue that while granting politicians oversight tools – such as control over bureaucratic transfers, salaries, or promotions – may align bureaucratic incentives with politicians' goals, it can weaken overall government accountability to the citizenry by allowing politicians to suborn bureaucrats to enable corrupt activities.

Methodologically, I adopt a mixed-methods approach. I combine data from an original survey of local government bureaucrats (N=864), with qualitative data from interviews with bureaucrats, politicians, development practitioners and local governance experts, as well as observational data from a new database of local government bureaucrats (N=40,000). In my survey with bureaucrats, I use experimental and sensitive measurement techniques to measure partisan bias in the allocation of projects across communities and the awarding of contracts to companies.

Overall, my results suggest that meritocracy, increasing the pay of civil servants, and increased levels of bureaucratic monitoring may do little to improve the delivery of public services in environments where bureaucrats continue to be controlled by politicians who hold strong incentives to capture state funds.

The dissertation of Sarah Anne Brierley is approved.

Michael F. Thies

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2017

To Carolyn, June and Peter

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CHAPTER 1

Introduction

1.1 Motivation

The morning routine in Accra, the capital city of Ghana, is punctuated at 9am by News File, a daily radio talk show in which the host and a set of panelists discuss matters of public importance. One morning, in March 2017, the topic under discussion was why corruption remained rampant in the public sector, despite the country's nearly 25 years of democratic rule and the adoption of numerous pieces of anti-graft legislation.[1] At the centerpiece of the debate was the story of a police officer who had become embroiled in a conflict with a renowned Member of Parliament (MP). The politician in question was attempting to transfer the policeman out of Accra and into the boonies. His crime? Attempting to close down an illegal broadcasting company, a firm that, it was assumed, provided the MP with financial support. Angered by these actions, the police officer hired a lawyer, who successfully petitioned the Speaker of Parliament, and the President's advisory board to revoke the transfer.

This anecdote, the story of a public servant attempting to perform his job with integrity and, in the process, being punished by a political incumbent, gets at the heart of the issues that I discuss in this dissertation, which presents a

[1]These pieces of legislation include the Commission on Human Rights and Administrative Justice Act, 1993 (Act 456), Public Procurement Act, 2003 (Act 663), Internal Audit Agency Act, 2003 (Act 658), Anti-Money Laundering Act, 2007 (Act 749), Financial Administration Act, 2003 (Act 654), Whistleblower Act, 2006 (Act 720), and the Economic and Organised Crime Act, 2010 (Act 810).

theoretical and empirical analysis of the relationships between politicians and bureaucrats in young democracies. This example also highlights how politicians' quests to obtain campaign funds can incentivize them to condone illegal behavior. Focusing on political decisions that affect local development, my central aim is to better understand why politicians and civil servants behave in the ways that they do, and in particular, why each actor may be motivated to engage in misconduct. A crucial component of development is the construction and maintenance of public infrastructure, such as roads, schools and health clinics. To build new infrastructure, politicians and bureaucrats must plan projects, select beneficiary communities and award contracts to firms as part of a (theoretically) competitive procurement process. It is these aspects of development decision making that I focus on in this dissertation.

My primary research questions are as follows: why do bureaucrats engage in corrupt procurement practices? Does electoral competition remedy or exacerbate the politicization of local development? Under what conditions do politicians support the recruitment of bureaucrats based on merit? And what is the relationship between corruption in procurement and the financing of political parties and election campaigns?

1.1.1 Focus on public infrastructure and procurement

Heavy investment in public infrastructure is required to raise living standards and promote economic advancement in low- and middle-income countries. The need to invest in public infrastructure is especially apparent in Sub-Saharan Africa, a region that is home to over 1 billion people and lags behind every other world region on almost every measure of infrastructure coverage (Yepes, Pierce and Foster, 2008). An estimated 600 million people have no electricity connections, more than 80% of the road network remains unpaved, and only 56% of the population have access to an improved water source (Collier and Cust, 2015). In an attempt

to plug the infrastructure gap, governments in most developing countries dedicate about half of national revenues to public procurement, purchasing goods and services from private firms to pave roads, build schools, install water pumps, and modernize health clinics (World Bank, 2016). Despite considerable investments in new infrastructure, the results are often disappointing, and corrupt procurement practices are often to blame. Time and time again, news stories reveal financial misconduct in public procurement, in the form of uncompetitive tendering, the inflation of contract costs, or the disappearance of money.

Procurement transactions, like most state-led development processes, involve a series of administrative steps that are handled by civil servants. However, it is politicians who are at the center of most corruption exposés, and not civil servants. This is because it is most often the case that politicians are the actors who gain from this type of manipulation. It is puzzling to understand why civil servants administer corrupt procurement deals, when it is politicians who gain from this misconduct, and when such behavior conflicts with norms of bureaucratic integrity. This disconnect between the perpetrator and the beneficiary suggests coercion of bureaucrats by politicians. When ruling party loyalists staff the public sector, such coercion may be expected. However, the adoption of meritocratic hiring in the civil service is meant to promote the separation of the state and the ruling party as a means to reduce or eliminate opportunities for corruption. Despite the introduction of meritocracy, corruption in state-led development remains rife. While bureaucrats may attempt to engage in corruption for themselves, this is difficult in work environments where they are closely monitored by political higher-ups, and when outputs are the result of group decision making. This type of work environment is present in the institutions that I analyze, and in many other instances where the primary role of the bureaucrats is not to distribute an individualized service to citizens. The central puzzle that I investigate is why meritocratically hired bureaucrats engage in corruption for the benefit of politicians.

1.2 The argument

My central argument is that bureaucrats in Ghana engage in corruption because politicians retain discretionary control over their individual careers. Therefore, the introduction of meritocratic hiring is not enough to protect against widespread corruption because unchecked politicians hold strong incentives to distort administrative processes. These incentives, I argue, stem from politicians' need to generate funds to finance political parties and election campaigns. In short, experienced and professional bureaucrats engage in corruption, even when they do not personally benefit from it, because refusing to do so can jeopardize their livelihoods and interfere in their careers.

Agency theory acknowledges that bureaucrats and politicians often have different goals. Accordingly, the primary concern of public administration scholars has been to show that politicians have tools to control the behavior of bureaucrats (McCubbins, Noll and Weingast, 1987). Through a range of *ex ante* and *ex post* mechanisms, scholars show that politicians are able to limit bureaucratic shirking and the distortion of policy away from the intent of the politicians who delegated its implementation (McCubbins and Schwartz, 1984). A presumption in these models is that bureaucrats are the source of agency loss. Applied to corruption, this suggests that elected politicians want to stop administrative corruption, while unelected bureaucrats want to engage in it. In developing democracies, however, problems of delegation are exacerbated by the fact that politicians themselves often have incentives to distort the public will. In this case, I argue that politicians can abuse the tools of control that they wield to contain bureaucratic malfeasance to exacerbate, rather than undermine, corruption.

Preferences of citizens and politicians are often misaligned in developing democracies because of politicians' need to obtain funds to support the political party on whose ticket they stand, and to conduct election campaigns. Pressures to fund

local party offices and campaigns give incumbent politicians an incentive to steal from the state. Data show that incumbents often depend on illicit income for campaigns and display evidence of an electoral cycle of grand corruption (Bussell, 2013; Kapur and Vaishnav, 2013; Mironov and Zhuravskaya, 2016). Kickbacks from public procurement contracts offer an attractive source of funds to politicians. However, bureaucrats present a problem to politicians who want to capture rents from the state because the manipulation of procurement processes usually requires the co-operation of bureaucrats. Tools politicians have to control bureaucrats then enable politicians to co-opt bureaucrats and force them to engage in illicit practices.

When electoral democracy is working as it should, electoral pressures can incentivize politicians to limit potential predatory behavior. However, weak accountability between voters and elected officials means that politicians' preferences are often not closely aligned with citizens' in many young democracies. A large literature shows that in the context of developing countries, it is difficult for voters to hold politicians to account, and that politicians regularly engage in activities that go against the public will.[2] Politicians get away with this behavior because of low levels of monitoring, weak rule of law and voters' limited access to reliable information.[3] In environments in which the weak link in the chain of accountability is between between citizens and politicians, I argue that granting politicians powerful oversight tools over civil servants can diminish public sector efficiency and increase corruption.

Most directly, my argument builds on the important work of Wade (1982), who presents a descriptive account of the relationship between politicians and

[2]For example, politicians rig elections, buy votes, and intimidate opponents. When in office, politicians use their discretion to reward party supporters, which perverts traditional accountability relationships (Stokes, 2005).

[3]Empirical work suggests that voters are willing to punish corrupt politicians, but are only able to do so when they have information on corrupt practices (Ferraz and Finan, 2008).

bureaucrats working in India's irrigation sector. His narrative displays several layers of bribery and coercion in the delivery of public services (in his case, water) to citizens. Farmers pay civil servants (engineers) to let water flow to their land. Using these bribes, engineers pay politicians to be transferred to valuable posts, for example to locations where the land is fertile, and, thus, farmers are richer. Politicians collect money from contractors in return for public contracts for canal maintenance and construction. With this money politicians do two things. First, they pocket it for their personal use. Second, they put it toward party funds, some of which eventually ends up in the hands of farmers in return for their votes. And so the cycle continues.

The bad governance equilibrium that Wade describes is held in place by the *transfer system*, with transfers serving as "politicians' basic weapon of control over the bureaucracy" (Wade, 1982, p.319). Those bureaucrats who are unwilling to participate in the corrupt moral economy, or instead, abuse their positions to steal in excess, politicians punish with transfers to undesirable posts, sometimes positions outside of the Irrigation Department. Accordingly, bureaucrats comply – accepting bribes, distorting tender processes, and paying politicians for posts – or they risk a disruption to their careers and the livelihoods of their families.

Similar to Wade, I also argue that transfers are the lever that politicians use to control bureaucrats in Ghana. In countries where the civil service is in the process of professionalizing, it is often difficult for individual politicians to hire, fire or promote civil servants at will. However, one tool that is available to politicians is to transfer bureaucrats. Throughout this dissertation, I present evidence that it is bureaucrats' fear of transfers that incentivizes to perform actions that undermine local development and violate the professional code of conduct.

My study joins only a handful of micro-empirical studies on the relationship between politicians and bureaucrats in developing countries. Most relevant is the work of Iyer and Mani (2012) who conduct an analysis of roughly 3,000 bureau-

crats in the Indian Administrative Service – the top layer of the country's bureaucracy. Iyer and Mani (2012) also argue that transfers are an important tool that politicians use to manipulate bureaucrats. They show that bureaucrats are more likely to be transferred after a change in the chief minister, which suggests that transfers are politicized, and that politicians value working with bureaucrats they deem as loyal. They also show that because politicians reward loyalty; it is not always the case that the most qualified bureaucrats occupy the most important positions. The result of these actions is that bureaucrats underinvest in professional training, which in turn diminishes the quality of the public sector.

While similar, my analysis stands in contrast to Wade (1982) and Iyer and Mani (2012) in two important ways. First, these scholars assume that politicians' ability to transfer bureaucrats is constant across politicians. Instead, I propose that politicians' ability to get a bureaucrat transferred depends on the connections of both the individual politician and the bureaucrat, and thus varies across politician-bureaucrat dyads. Indeed, in Ghana, and most likely in other places, transfers are an informal power that politicians hold. Additionally, to invoke a transfer, politicians have to rely on the co-operation of a politician who is higher up the chain. When bureaucrats themselves have connections to these higher-level politicians, it may be possible for them to block the transfer. Second, Wade (1982) and Iyer and Mani (2012) discuss the costs of transfers to bureaucrats in terms of the *type* of posts that a bureaucrat may be reassigned to, focusing on the sector of the position. Instead, I focus on the geographic location of the position. Indeed, the interviews I conducted with bureaucrats in Ghana suggest that what bureaucrats fear the most is being posted to a very remote part of the country, as opposed to the position they will receive, which usually remains the same after the transfer.

In attributing poor governance outcomes to the behavior of politicians rather than bureaucrats, my study also relates to prior research that argues that politi-

cians purposefully create, or allow the creation of, an excessively complex bureaucratic or legislative structure (Fiorina and Noll, 1978; Fiorina, 1989; Golden, 2003; Banerjee, Hanna and Mullainathan, 2013). When administrative procedures are burdensome and error-prone, citizens struggle to resolve their administrative issues on their own. This presents an opportunity for re-election seeking politicians to engage in case work on behalf of their constituents. Politicians have a unique position as the "monopoly suppliers of bureaucratic "unsticking" services (Fiorina, 1977, p.179-180). Similarly, I propose that politicians do not always have an incentive to promote bureaucratic efficiency and honesty and, instead, may seek to actively undermine good governance practices.

Finally, my work relates to recent studies that argue that corruption is motivated by politicians' needs to capture rents to fund election campaigns and for the upkeep of political party structures. These accounts contrast with prior research that focuses on corruption being motivated by the perpetrators' desire to line their own pockets. Bussell (2013) asks when politicians will support the adoption of electronic service centers in India. She argues that politicians' willingness is contingent on whether they rely on *grand* corruption (bribe taking) versus *petty* corruption (skimming off contracts) to fund their election campaigns. When they rely on grand corruption, politicians are willing to implement new technology because this technology brings new contracts. Conversely, politicians who rely on petty corruption to fund their campaigns are resistant. Also linking bureaucratic corruption to electoral politics, Gingerich (2013*b*) proposes that bureaucrats in Latin America steal not for themselves but on behalf of political parties. Further evidence that corruption in driven by politicians' need to finance election campaigns is demonstrated in work that shows an increase in corruption in the days and weeks before elections in Russia (Mironov and Zhuravskaya, 2016). Scholars have also demonstrated evidence of a *quid pro quo* between infrastructure contractors and politicians in India, with these relationships more pronounced in

electorally competitive states where election campaigns are likely to cost politicians more than in non-competitive states (Kapur and Vaishnav, 2013).

1.2.1 Alternative theories of public sector corruption

My account of politician-bureaucrat relationships suggests that politicians' need to fund election campaigns and support the maintenance of political party offices and structures drives corruption. Politicians suborn bureaucrats to extract rents from the state. Alternative theories of public sector corruption propose that bureaucrats drive corruption. A conclusion of this line of thinking is that politicians must be given greater control over bureaucrats. In a highly influential and frequently cited article, Shleifer and Vishny (1993) assert that "weak governments that do not control their agencies experience very high corruption levels" (p. 599). These authors take the principal-agent framework as given, and instead seek to understand the distributive consequences of corruption. However, this seminal article, the title of which is "Corruption", in fact is only concerned with petty corruption. Petty corruption for the most part occurs during interactions between a single bureaucrat and a private individual who is demanding a public service, such as a passport, visa or license to operate a business. Shleifer and Vishny (1993) do not consider that not all bureaucrats are presented with opportunities to engage in this type of corruption; not all bureaucrats sell individualized services to citizens. Instead many bureaucrats work in teams and the outputs they produce – such as reports, budgets or annual plans – are not directly sold to individual citizens. In these cases, it is difficult for bureaucrats to engage in corruption for their personal benefit.

Olken and Pande (2012) adopt the same model as Shleifer and Vishny (1993) to understand corruption.[4] Bureaucrats make a decision to be corrupt or to be

[4]It should be noted that this model is originally deprived from Becker and Stigler (1974).

honest. If they are corrupt, there is a certain probability that they will be detected and punished, which would force them to lose their wages. Again, this framework is simple, but rests on the important assumption that bureaucrats' principals (politicians) do not themselves want bureaucrats to engage in corrupt behavior, and thus have an incentive to punish this behavior. My account suggests that this is not always the case.

Another plausible explanation of what drives corruption and the politicization of administrative processes is that bureaucrats in young democracies are, for the most part, loyalists of the ruling party. A large literature discusses meritocracy, and a lack of meritocratic hiring practices across a range of settings (Shefter, 1977; Geddes, 1994; O'Dwyer, 2006; Grzymala-Busse, 2007; Grindle, 2012). If bureaucrats are recruited on the basis of their partisan connections as opposed to merit, they may have a limited ability, or incentive, to stand up to political corruption. First, their positions may be tied to the success of the incumbent, and thus they may want to engage in whatever activities will increase the probability of the ruling party's success. Second, if they resist the demands of their political patrons, they may be fired. While the patronage bureaucracy hypothesis is plausible, I suggest that the argument that bureaucrats in young democracies are patronage hires is not always very nuanced. As I discuss more in Chapter 4, there is a need to disaggregate between professional and menial positions. Much of the patronage-hiring literature suggests that ruling parties distribute jobs to their party agents. These agents then distribute benefits to voters and canvass electoral support during campaigns. These accounts have their roots in the literature on party machines in the USA (Carpenter, 2001; Wilson, 1961). However, the types of jobs given to party workers in Ghana are not professional positions such as Budget Analyst or Procurement Officer. My study is concerned mainly with bureaucrats who occupy professional positions in local bureaucracies, these are the bureaucrats who plan and executive development projects.

1.3 Why Ghana?

Ghana is a democracy in West Africa, with a population of approximately 27 million people. Similar to most African countries, the decades after independence saw Ghana fluctuate between periods of authoritarian and democratic rule. The democratic "third wave" swept through the continent in the early 1990s, with elections held in Benin and Zambia in 1991. Quick to follow suit, Ghana's military government organized multi-party presidential elections in November 1992. Flight Lieutenant Jerry John Rawlings formed the National Democratic Congress (NDC), and went on to win the presidency. Opponents formed the New Patriotic Party (NPP). Six further election cycles have taken place since the country's founding election. Each contest has seen a close race between the NDC and the NPP.

My focus in this dissertation is on one important component of a democratic state – a professionalized civil service. Little contemporary empirical research investigates the operation and composition of bureaucracies in third-wave democracies. The data that exist, suggests that Ghana is a representative case of a young democracy where the public sector is neither fully professionalized nor subject completely to the whims of the ruling party. Indeed, as in many countries, Ghana's bureaucracy can be thought of as *partially* professionalized.

Generally, scholars have adopted two methods to measure levels of meritocracy and public sector professionalism. The first method relies on asking experts their opinions on the level of meritocracy in a country (Evans and Rauch, 1999; Dahlström, Lapuente and Teorell, 2012; Kopecký, 2011). The advantage of this method is that it can be quite inexpensive to contact a handful of experts to evaluate each country. Accordingly, it is easy to collect data from a large number of countries. The disadvantage is that experts residing in different countries are likely to use different benchmarks when making their assessments. This can

severely limit the reliability of cross-national comparisons. The second method uses surveys with civil servants that ask questions such as whether they took an exam to enter the civil service, and who controls promotions (Gingerich, 2013*a*; Charron, Dahlström and Lapuente, 2015; Meyer-Sahling and Mikkelsen, 2016; Boittin, Distelhorst and Fukuyama, 2016). Surveying bureaucrats directly has the advantage of being somewhat objective. For example, one can calculate the share of bureaucrats who entered the public sector following an exam. The disadvantage to this approach is that it can be quite costly to contact hundreds, or thousands, of civil servants in each country. Consequently, these studies present data from only one or two countries.[5]

The Quality of Governance (QoG) project adopts the former approach, administering surveys with country experts.[6] Figure 1.1 displays the density of meritocracy scores across 157 countries that are represented in the QoG database. In Figure 1.1, I highlight the position of Ghana (15.63) on this 28-point index. Ghana is positioned slightly above the average in Sub-Saharan Africa (14.76), but below countries like India (19.97) and Botswana (21.8). These data suggests that Ghana's bureaucracy is not fully professionalized, but has elements of professionalism.

In this study, I investigate the behavior of bureaucrats who work in local governments. Ghana's constitution decentralizes power to district level units. Using survey and administrative data, I demonstrate that these bureaucrats are highly qualified, which suggests that they were hired on the basis of merit. My discussion of the qualifications of local bureaucrats brings to the forefront the idea that within a country there may be a great deal of variation in the extent of meritocratic hiring across different public sector institutions. Indeed, scholars

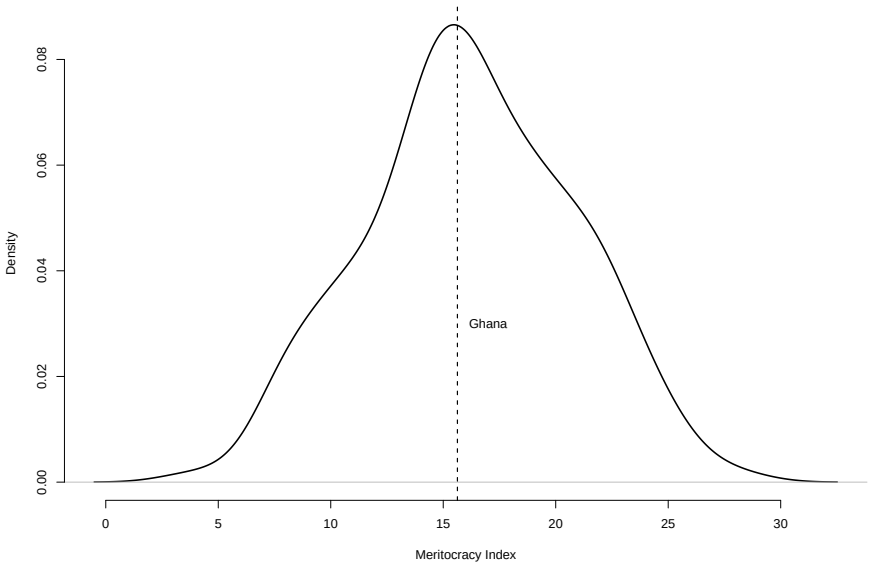
[5]An exception is Charron, Dijkstra and Lapuente (2015) who use data from bureaucrats working in a number of European countries.

[6]In the 2015 release of the QoG dataset, the number of experts per country ranged from a minimum of 1 to a maximum of 61, with a median of 6.

have argued that there may be as much *sub-national* variation as there is *cross-national* variation in levels of professionalism (Gingerich, 2013*a*). Geddes's (1994) account of Brazil suggests something similar. She discusses how presidents isolate parts of the public sector, creating "pockets of efficiency" where expertise are prioritized and nurtured (Geddes, 1994, p61-69). These discussions suggest that it may be inappropriate to assign a single level of meritocracy to a country.

These objections notwithstanding, the case of Ghana highlights that the professionalization of the public sector does not happen overnight. Instead, it is a gradual process. As a country in transition, lessons from Ghana are applicable to other developing countries that are seeking to build a more effective and professional public sector, limit opportunities for corruption and enhance the delivery of public services.

Figure 1.1: Distribution of meritocracy index



Notes: Figure 1.1 displays the distribution of country on a Meritocracy Index. A total of 157 countries are included in the data. The index is composed of responses to four questions. Each response is on a scale of 1 - 7, with higher scores indicating more meritocracy. The four items are:

- When recruiting public sector employees, the skills and merits of the applicants decide who gets the job.
- Public sector employees are hired via a formal examination system.
- When recruiting public sector employees, the political connections of the applicants decide who gets the job (high scores reversed for the index).
- The practice of hiring, firing, promoting and paying public sector employees follows the provisions of the laws and other legal documents regulating these processes.

1.3.1 Structure of local governments in Ghana

In this dissertation, I focus on politicians and bureaucrats who work in local governments. In this section, I briefly describe the operation of these institutions. Ghana is currently divided into ten administrative regions, and 216 districts. In each district there is a local government, which are known locally as Metropolitan, Municipal or District Assemblies. Throughout, I refer to these assemblies as local governments.[7] In accordance with Ghana's Local Government Act (1993), local governments are responsible for the overall development of districts, including the provision of basic infrastructure and municipal works and services.

Each local government is led by a political figure head called a District Chief Executive or mayor. Mayors are the main politicians that I focus on in this dissertation. Mayors are responsible for the day-to-day performance of the executive and administrative functions of the local government. The mayor is also the chair of the two most important district-level committees: the Executive Committee and the District Tender Committee.[8] As I will demonstrate, through their seats on these committees, mayors can politicize administrative and developmental processes.

At this stage it is important to highlight an important aspect of mayors in Ghana, which is that they are not elected politicians, but are appointed by the president. In practice, local party branches put forward lists of potential candidates to the president, who then selects from these lists. The fact that mayors in Ghana are not elected presents some advantages and disadvantages for my study that are worth discussing upfront. One advantage is that the partisanship of the mayor is held constant across all local governments. In the period that I study, the NDC were in office, and thus all mayors belonged to this party. The fact

[7]When the population of a district is over 95,000 a District Assembly becomes a Municipal Assembly. District populations over 250,000 are represented by Metropolitan Assemblies.

[8]I discuss the roles of each of these committees more in Chapter Two.

that all mayors belong to one party facilitates cross-district comparisons. One disadvantage is that readers may object that the disconnect between politicians and voters that I highlight in my theory is exaggerated in Ghana because mayors are not directly accountable to citizens. A potential concern is that this would limit the generalizability of my argument.

I propose that concerns of generalizability are partially allayed for at least two different reasons. First, while mayors are not elected, there are layers of indirect accountability that should, in theory, incentivize mayors to work on behalf of local citizens. Before taking office, the mayor must obtain the approval (by secret ballot) of two-thirds of the district councillors. These councillors are elected by citizens.[9] Mayors are also subject throughout their terms to a vote of no-confidence should two-thirds of councillors agree.[10] Additionally, while mayors can not be re-elected, they can be re-appointed, and this means they need to show the president that they can get out the votes for the ruling party in their district. Lastly, many mayors have the ambition to become national legislators, and a significant minority (roughly 40 percent) contest in party primaries to become the party's candidate for the parliamentary elections.

Second, I propose that it can be just as difficult for voters in developing democracies to hold elected mayors to account as unelected mayors. Even when politicians are elected they may not be accountable to citizens for a variety of reasons. Low levels of election integrity (Collier and Vicente, 2012; Ofosu, 2016), citizens' lack of information on the actions of politicians (Snyder Jr and Strömberg, 2010; Humphreys and Weinstein, 2012), and low expectations of local institutions may results in a disconnect between politicians and voters (Gottlieb, 2016). My theory suggests that when, for whatever reason, there is limited accountability between

[9]Note that while the majority (70 percent) of local councillors are elected, a minority (30 percent) are appointed by the president. Councillors can not run on party labels.

[10]This condition is found in Article 243(3) of the 1992 Constitution of the Republic of Ghana.

politicians and bureaucrats, and when politicians have a need to personally finance local party structures and fund election campaigns, politicians will suborn bureaucrats to engage in corrupt behavior on their behalf. Thus my argument is likely to be applicable across a range of settings where citizens struggle to hold politicians to account.

Each mayor works with a team of local bureaucrats. On average, each local government employs over one hundred workers. Many of these workers occupy menial positions, such as Night Watchmen, Janitors, Receptionists, and Day Care Assistants. Core administrative duties are coordinated by approximately fifteen to twenty bureaucrats, who are led by the top bureaucrat – the District Coordinating Director (DCD). The hiring of local government bureaucrats is performed by the Local Government Service Secretariat, an institution that is based in the capital, Accra. All applicants must apply to the Accra office before they can be employed. Official Schemes of Service documents outline the qualifications that potential employees must hold before being recruited into various classes of work. DCDs serve in the administrative class. The Scheme of Service asserts that DCDs must hold a Masters degree from a recognized University and have a minimum of 12 years relevant working experience in a local government or a comparable public service institution. The Schemes of Service help promote meritocratic recruitment to professional positions.

1.4 Reseach methods

To assess my argument that politicians use their discretionary control over bureaucrats to forment corruption, I combine data from an original survey of local bureaucrats (N=864), with information from semi-structured interviews with politicians, bureaucrats and experts on politics and local governance in Ghana. Using these data, I measure the control that politicians have over the careers

of bureaucrats, levels of corruption, and demonstrate the connection between politicians' control and corruption. To substantiate my claim that professional bureaucrats are recruited on the basis of merit, I use a dataset of the complete universe of local government workers in Ghana. I demonstrate that changes in the ruling party are not associated with significant changes in the recruitment of professional bureaucrats, which suggests that these positions are isolated from political interference.

1.4.1 Survey of local bureaucrats

In Chapters 2 and 3, I analyze data from an original survey of local bureaucrats that I conducted in late 2015 and early 2016. I follow three steps to select bureaucrats; selecting regions, followed by districts and finally individuals. First, I conducted the survey in five contiguous regions of Ghana – Central, Eastern, Brong-Ahafo, Ashanti and Volta. These regions together contain just under 60 percent of the population. A total of 126 local governments lie within these regions.[11] In the second stage, I take a stratified sample of 80 of these districts. The stratification procedure ensured I selected districts with varying political configurations. The two variables that I stratified on are the partisan affiliation of the Member of Parliament, and the degree of local electoral competition which I measure using the parliamentary election results from Ghana's election in 2012. I sought variation on these variables as they may influence how bureaucrats behave.

Figure 1.2 displays a map of Ghana and neighboring countries. The dots show the locations of the 80 local governments in the sample. After I sampled districts, the final step was to select individual bureaucrats to survey. I selected respondents on the basis of their positions, selecting twelve of the most important positions

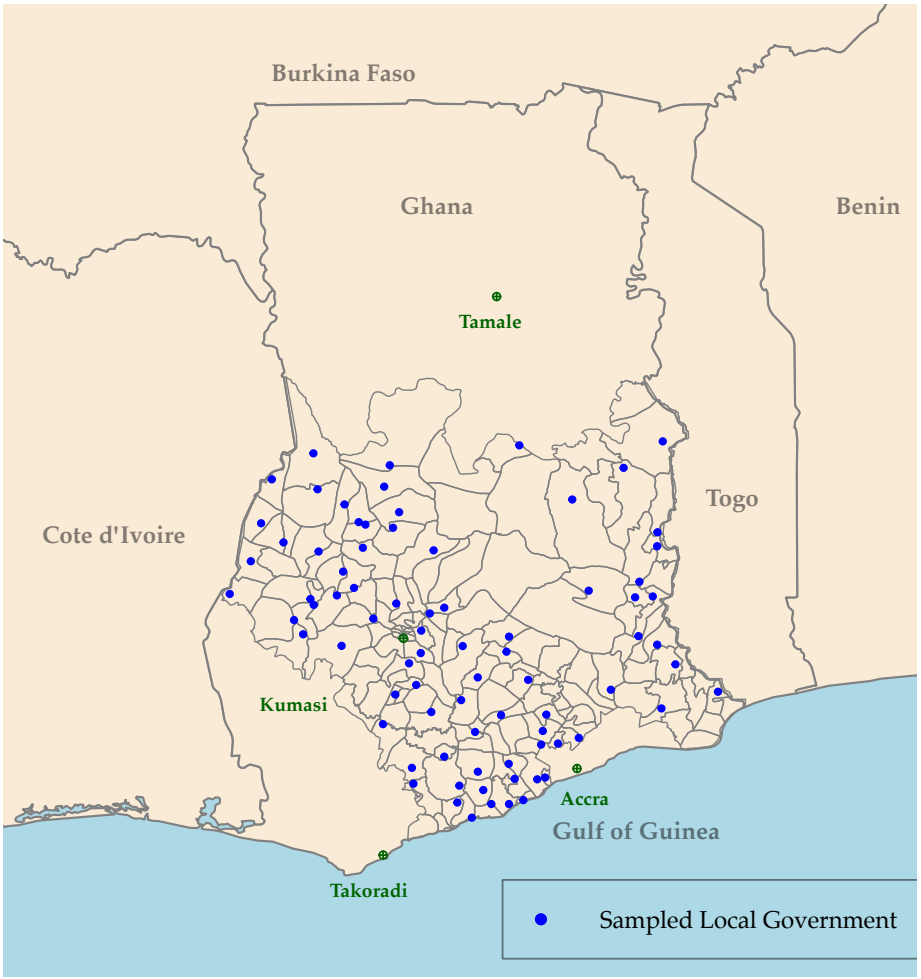
[11]I do not include the two Metropolitan assemblies (Kumasi and Cape Coast) in the sample.

in the local government system. These positions are consistent across districts.[12] Enumerators conducted interviews with 10 to 12 of these bureaucrats in each district.[13] This procedure generated a sample of 864 bureaucrats. The typical survey respondent was 43 years old and had spent 13 years working in the public sector. The vast majority of respondents are males. The majority of respondents hold a Bachelors degree, and a significant minority hold a Masters degree.

[12]The list of positions are: Co-ordinating Director, Assistant Director, Budget Officer, Finance Officer, Auditor, Planning Officer, Procurement Officer, District Engineer, Head of Education, Head of Health, Head of Works, and Head of Social Development. In many districts the District Engineer and Head of Works are the same person, however, as this was not always the case, and given the importance of these positions, I kept these as two distinct categories.

[13]If after three visits to the local government the enumerator did not meet ten of these bureaucrats enumerators replaced with a bureaucrat who held a different position, usually the assistant of the original position. Enumerators conducted the surveys between Friday 11, December 2015 and Wednesday 13, January 2016.

Figure 1.2: Map of the 80 local governments in the sample



Note: Each dot indicates the location of a local government. I sample local governments in five regions of the country: Ashanti, Brong Ahafo, Central, Eastern and Volta. The lines display the boundaries of each district. I also indicate the locations of the four largest cities in the country: Accra, Kumasi, Takoradi and Tamale.

1.4.2 Survey techniques to measure sensitive topics

Many of the topics I sought to discuss with bureaucrats were sensitive in nature. When topics are sensitive, respondents have an incentive not to answer truthfully because they fear repercussions or because they find it embarrassing to admit their honest answer. To promote truthful responses, I adopt a range of techniques (see Blair, 2015, for review). First, I allowed bureaucrats to self administer their responses to sensitive questions. Second, I designed questions to provide respondents with plausible deniability. I also ordered the questions so that they survey begins with questions that are not controversial and ends with the most sensitive question. I briefly discuss the steps I took to diminish survey response bias below.

Surveys were conducted in private between a bureaucrat and a trained research assistant. For the majority of the survey, research assistants recorded bureaucrats' responses on pen and paper. For questions that related to sensitive topics, respondents inputted their responses on their own using a cell phone. In Chapter 2, I discuss two experiments that I embedded in the survey. These experiments aimed to document politicization in both the placement of local public goods projects, as well as the selection of firms that win public contracts. Given that the treatments were sensitive in nature, I recorded the experimental vignettes and bureaucrats listened to them in private using headphones. This ensured that the research assistants were blind to the treatment, which was randomly assigned to each respondent.[14] The randomization process ensures that respondents assigned to each of the treatment conditions are, on average, similar across all observable and unobservable characteristics (Gerber and Green, 2012).

To measure bureaucrats' engagement in corruption, I use a randomized-response (RR) survey method. The randomized-response technique aims to solicit honest answers about sensitive behavior, such as corruption, through inducing random

[14]This technique mirrors Kramon (2016) who embeds treatments in recordings to investigate the effects of monetary handouts on voters in Kenya.

noise into the responses of individuals (Blair, Imai and Zhou, 2015). Importantly, research shows that RR-techniques can recover unbiased estimates of sensitive outcomes that researchers are trying to measure (Rosenfeld, Imai and Shapiro, 2015). The variant of the RR-method that I use is the "forced-response" design. Using this technique, I find that 46 percent of the bureaucrats I survey admit to corruption in public procurement in their districts.

Finally, I use a list experiment to demonstrate the link between politicians' control over bureaucrats, and bureaucrats engagement in corruption. Otherwise called the "item-count technique", a list experiment uses a control and treatment list. Each respondent is randomly assigned to receive only one of the two lists. In the list experiment, I ask respondents how many actions on a list are likely to result in being transferred by a politician. I include on the treated list the following item: *Attempt to expose misconduct*. The results show that close to 60 percent of bureaucrats believe that reporting corruption is a reason that may lead to them being transferred by a mayor.

1.4.3 Interviews with politicians, bureaucrats and experts

I complement the survey data with in-depth interviews with local politicians and bureaucrats, as well as experts on local governance (see Appendix for the complete list of interviewees). In the preliminary stages of the project, I conducted these interviews in Accra with relevant people involved in the operation of local governments. This included personnel for donor organizations and government ministries.

I conducted interviews with local bureaucrats (N=47) between August 2015 and March 2016. I interviewed civil servants working in all six of the regions in the sample. On average, interviews lasted approximately 30-40 minutes. Some interviews lasted over two hours. I made the decision not to record the interviews

to enhance the likelihood that bureaucrats would answer my questions honestly and openly. I also conducted interviews with top regional bureaucrats in the six sample, whose positions I do not disclose to protect their anonymity. Information that I gathered from interviews allowed me to contextualize my quantitative results, and to tell a more detailed and accurate account of the pressures that bureaucrats face, and methods that politicians and bureaucrats use to enact, and to hide, corruption and political interference in local development.

1.4.4 Dataset of local government bureaucrats

An important component of my argument is that politicians can exert pressure on bureaucrats even when they are hired on the basis of merit. To document evidence of meritocracy in the recruitment of bureaucrats, I use novel data from a dataset that contains the (near) universe of local government employees in Ghana (N=40,000). The dataset contains information on the hiring date of each civil servant, their job title, home region and professional qualifications. If the ruling party use public jobs as a source of patronage, it should be the case that a change in government is associated with a change in patterns of public recruitment. Using these data, I demonstrate that the change in the ruling party in 2008 did not generate a substantial shift in the types of bureaucrats hired to take professional positions. I discuss these data more in Chapter 4.[15] The findings in this chapter help to rule out the alternative hypothesis that bureaucrats in Ghana engage in corruption procurement because they are patronage appointees.

[15]This dataset was constructed by consultants working for Ghana's Local Government Secretariat with funds from the European Union. The version that I use is from 2015.

1.5 Plan of the dissertation

This dissertation is organized as follows. In Chapter 2, I discuss in detail the steps that bureaucrats and mayors must take to implement local development projects. I focus on two important aspects of the development process – the selection of communities that receive projects, and the selection of contractors who receive contracts. To substantiate my claim of heavy levels of politicization in development processes, I present results from two survey experiments. My results, which I complement with data from interviews, suggest that local governments select communities on partisan criteria (the vote share of the ruling party) as opposed to need. Furthermore, local governments routinely award contracts to firms without construction experience when these firms are affiliated with the ruling party. In both cases, bureaucrats report pressure from local politicians. The fact that partisan firms that do not have experience in construction can win public procurement contracts is puzzling because procurement legislation includes numerous safeguards to promote competitive tendering. Why are bureaucrats, the agents who administer procurement processes, willing to grant contracts to inexperienced contractors?

In Chapter 3, I analyze when and why bureaucrats are willing to corrupt procurement transactions. My theory calls into question the traditional view in the literature of bureaucratic delegation that giving politicians greater control over bureaucrats improves policy outcomes. I argue that while granting politicians oversight tools – control over bureaucratic transfers, salaries, or promotions – may align bureaucratic incentives with politicians' goals, it can weaken overall government accountability to the citizenry by allowing politicians to inveigle bureaucrats into corrupt activities. I contend that bureaucrats are more likely to facilitate corrupt procurement when politicians have the ability to disrupt their careers by transferring them to undesirable locations.

Transfers are a powerful tool of control in low-income countries because of significant subnational variation in levels of development and hence, quality of life. Controlling for other factors that might influence corruption, my results show that bureaucrats' propensity to engage in corruption varies according to the extent to which politicians have control over their careers. My results show that when politicians have high levels of control over transfers, there is a 52 percent chance that a bureaucrat reports that there is corruption in public procurement in their local government. This figure drops by 24 percentage points when politicians have low levels of control.

In Chapter 4, I discuss an alternative hypothesis to why bureaucrats engage in corruption, which is that politicians hire co-partisan loyalists to build a patronage bureaucrats. Patronage hiring is difficult to measure. I overcome this challenge by using an alternation in the ruling party as a natural cut-point. An observable implication of the patronage bureaucracy hypothesis is that a change in the ruling party should result in a dramatic shift in patterns of partisan hiring.

First, in line with prior work, I find evidence of co-partisan hiring. However, as an important corrective to existing work, I show that co-partisan hiring is confined to menial positions. This shows that governments are unwilling to trade competence for loyalty for important bureaucratic jobs and helps to discredit the hypothesis that politicians facilitate corruption by hiring loyal bureaucrats. Second, in the case of top jobs, I show that politicians prefer to manipulate where bureaucrats work, rather than which bureaucrats get hired. I show that co-partisan bureaucrats are more likely to work in new electoral districts. New districts present opportunities for the ruling party to extend its support base. The creation of a new district involves dividing a larger district into two. This process effectively doubles government revenues to towns and villages in the new districts. Incumbent politicians post loyal bureaucrats to these districts so they can control the distribution of the new financial resources.

In Chapter 5, I discuss the implications of my research for future studies on corruption and public sector development. I also discuss the limitations of my arguments.

1.6 Appendix

1.6.1 List of interview participants

I complement the survey data with in-depth interviews with local bureaucrats. I conducted these interviews in two phases (1) before the surveys were conducted during the pilot phase and (2) after all the surveys had been conducted. These interviews took place between August 2015 and March 2016 in six of Ghana's ten regions – Greater Accra and Eastern (during the pilot phase), Central, Ashanti, Brong Ahafo, and Volta (after the surveys had been completed). On average, interviews lasted approximately 30-40 minutes. Some interviews lasted over two hours. I made the decision not to record the interviews because their main purpose was to document the extent to which bureaucrats are involved in corrupt practices. I felt that recording the interviews would diminish the likelihood that bureaucrats would answer my questions honestly and openly. This was an especially relevant concern in Ghana where the most well known investigative journalist, Anas Aremeyaw Anas, uses secretly recorded interviews to document political corruption.[16] Indeed, some interviewees asked me to confirm at the beginning of the interview that I was not working for Anas.

In total, I interviewed 47 local bureaucrats. I also conducted interviews with the head bureaucrat (the Regional Coordinating Director) in each of the five regions where I conducted surveys. To ensure confidentiality, and protect the interview participants from any negative repercussions, I do not display the names of the districts, the names of the individuals or provide an exact date on when the interviews took place. Table 1.1 displays the number of districts I visited and the variety of personnel that I interviewed.

[16] See *Ghana's top undercover journalist masters disguise to expose corruption* (24th September 2015) `http://www.theguardian.com/world/2015/sep/24/anas-aremeya-anas-ghana-corruption`, for example. Last accessed: 17th April 2016.

In addition to these interviews, during multiple trips to Ghana between July 2014 and March 2016, I conducted interviews with experts on local governance at various offices, including: the Ministry of Local Government and Rural Development, the World Bank, the Institute of Local Government Studies, the Ghana Center for Democratic Development, the Public Service Commission, the Fair Wages and Salaries Commission, the Local Government Service Secretariat, the Public Procurement Authority, the Danish international development agency (DANIDA), the Canadian international development agency (CIDA), the German Development Bank (KFW), the Agence Française de Développement, the Office of the Head of Civil Service, and the University of Ghana-Legon. Knowledge that I gained from these interviews helped me to contextualize the survey results that I report in this paper.

Table 1.1: List of local government bureaucrat interviews conducted

August 2015		
District A	District B	
District Coordinating Director	District Chief Director	
Human Resource Officer	Planning Officer	
Procurement Officer	Human Resource Officer	
Budget Officer	Heads of Works	
Planning Officer	Quantity Surveyor	
Deputy Coordinating Director		
February 2016		
District C	District D	District E
District Coordinating Director	District Coordinating Director	Assistant Director (x2)
Assistant Director	Budget Officer	Internal Auditor
Budget Officer	Procurement Officer	Finance Officer
Assistant Budget Officer	Planning Officer	Heads of Works (Engineer)
Planning Officer		Budget Officer
Internal Auditor		
District F	District G	District H
District Coordinating Director	Planning Officer	District Coordinating Director
Planning Officer	Internal Auditor	Finance Officer
Internal Auditor		Internal Auditor
Human Resource Officer		Planning Officer
		Budget Officer
		Head of Works (Engineer)
		Quantity Surveyor
March 2016		
District I	District J	
District Coordinating Director	Budget Officer	
Budget Officer	Internal Auditor	
Internal Auditor	Planning Officer	
Planning Officer		

CHAPTER 2

Decentralization and the Politicization of Local Development

> *While local governments may have better local information and accountability pressure, they may be more vulnerable to capture by local elites.*
>
> - Bardhan (2002), *p.192*

Decentralization is meant to enhance the ability of citizens to gain information on government action and input into decision making. By encouraging local participation, and shortening the chain of accountability between those who produce public services and those who use them, local institutions can incentivize public officials to be more responsive to the needs of their constituents (World Bank, 2004; Faguet, 2014). Evidence suggests that decentralization can be successful in making governments more responsive to local needs, and can result in a more equitable distribution of state resources across districts (Faguet, 2004). However, the merits of localized decision making are also met with corresponding challenges. In particular, there is a concern that governing processes and resource allocations will be captured by local elites (Bardhan, 2002; Bardhan and Mookherjee, 2006).

In this chapter, I discuss local governments in Ghana, focusing on the behavior of the politicians and bureaucrats who work within these institutions. Ghana's 1992 Constitution decentralizes a significant portion of economic spending to district-level units. There are currently 216 local governments in the country,

each mandated to lead the developmental process in its respective district. Central to local development is the planning and implementation of new local public goods projects, such as the construction and rehabilitation of roads, classroom blocks, water pumps, and health centers. To construct new infrastructure, local governments must first plan *where* projects should be placed, before deciding to *which firms* they will award construction contracts. In what follows, I discuss both of these processes.

The planning of local development in Ghana is administered by local bureaucrats who form a District Planning Coordinating Unit (DPCU). This unit is chaired by the top bureaucrat in the district (the District Co-ordinating Director), while the District Planning Officer serves as the Secretary. In keeping with the aims of decentralization, the planning unit solicits inputs from local citizens for district plans, which are eventually written up as multi-year planning documents and submitted to the country's centralized development planning body. Bureaucrats also administer the steps through which local governments award contracts to contractors to build projects. Civil servants are responsible for inviting contractors to bid, for evaluating as well as eventually selecting a firm on the basis of cost and quality.

While administrators are meant to design and implement local development projects, these activities can become highly politicized. The key political figurehead in each district is the District Chief Executive, or mayor. Legally, mayors are responsible for "the day-to-day performance of the executive and administrative functions of the Assembly [local government]".[1] As I will demonstrate, mayors abuse their positions to control both the placement of new public goods projects, and to select the firms that win public contracts. The result, I show, is that local governments select beneficiary communities and contractors on the basis of partisanship, rather than community need or contractors' experience.

[1]See Section 20 of Ghana's Local Government Act (1993).

To investigate political interference in project location and contractor selection, I administered two survey experiments on a sample of roughly 860 bureaucrats across 80 local governments in Ghana. In the first experiment, I manipulated characteristics of communities and asked relevant bureaucrats how likely the community was to receive a new project. The results show that bureaucrats perceive that villages that support the ruling party are significantly more likely to receive projects than opposition communities, irrespective of whether or not these villages are among the most deprived in the district. Disaggregating the results between competitive and non-competitive districts, I find that local governments are even more likely to favor co-partisan villages and punish opposition villages in competitive districts.

In the second experiment, which looks at contractor selection, I randomly varied the characteristics of contractors and asked bureaucrats how likely the firm is to win a new contract. The results show that the partisanship of contractors is more important than the experience of the firm in determining selection. Indeed, companies operated by local ruling party leaders with limited experience in construction are more likely to receive contracts than non-partisan and experienced firms. Again, competition appears to exacerbate politicians' propensity to interfere in procurement transactions to push contracts to local party leaders. I propose that pressure for generating additional campaign finance in competitive districts is likely to explain the positive association between electoral competition and partisan contracting.

This chapter makes several contributions to existing literature on distributive politics and public sector development. First, research from African countries suggests that citizens vote for politicians who say they will construct, or who have constructed, new public goods infrastructure in the local community (Wantchekon, 2003; Harding, 2015). Public preferences for local development gives politicians an electoral incentive to control the locations of development projects (Hoffmann

et al., 2016). I build on this literature to show that *within* districts, politicians are strategic when awarding projects to communities. While many scholars document ethnic or partisan favoritism in the distribution of public services in Africa at the national level (Franck and Rainer, 2012; Kramon and Posner, 2016, 2013; Briggs, 2012), much less work has considered the placement of projects within districts.[2] Prior research also rarely discusses why bureaucrats allow politicians to disrupt plans in a politicized and *ad hoc* fashion, even though this undermines the integrity and professionalism of their work. Without a discussion of the incentives that bureaucrats face, policymakers and those wanting to limit political interference in administrative processes, are left without the information necessary to improve the situation. A better understanding of bureaucratic incentives can help civil society activists and central government policymakers generate new policies that may limit interference.

Second, I contribute to the literature on corruption in public procurement to propose how politicians gain from this type of interference. Politicians have an incentive to lobby for local pork projects to develop relationships with business-people who are willing to trade campaign finance for public contracts (Samuels, 2002). I argue that the local politicians interfere in public procurement deals so that they can skim rents from these contracts. A significant share of the money that is captured from public contracts is put into the local account of the ruling party, to be spent on the upkeep of district-level party structures (i.e. paying for the mobilization of party agents), maintaining local party offices, and paying for expensive election campaigns. An implication of this argument is that corrupt contracting is likely to be more prevalent in competitive districts because elections in these environments are more expensive. My results corroborate this expectation.

[2]Important exceptions include Carlitz (2017) and Harris and Posner (2017). Patterns of political bias in the distribution of governments resources at the national level have also been documented in Europe (Dahlberg and Johansson, 2002; Tavits, 2009) and in Latin America (Porto and Sanguinetti, 2001).

These findings are consistent with evidence from India, where large companies that operate in states with competitive electoral races appear to distribute more funds to politicians than those who operate in less competitive districts (Kapur and Vaishnav, 2013).

Third, I expand on the decentralization literature to show how local politicians and local party leaders join forces to subvert local development for electoral purposes. To my knowledge, this is the first study to demonstrate empirically that local governments award contracts to firms operated by local ruling party leaders. As I explain, local party leaders often become contractors overnight, a process that gets them tagged locally as "one-day" contractors. Despite their limited experience in construction these one-day contractors win projects because of their party ties. Money from contracts awarded to local partisans goes towards funding local party campaign activities.

Demonstrating the politicization of administrator-led processes opens up the question that is at the core of this dissertation: why do meritocratically hired bureaucrats allow politicians to manipulate administrative processes even when this violates norms of bureaucratic integrity? I answer this question in subsequent chapters, arguing that bureaucrats allow politicians to interfere because of politicians have high levels of control over their careers. In Chapter 3, I show that when bureaucrats think that the local mayor has high levels of control over transfers to other locales, they are more likely to say there is corruption in public procurement in their district. In Chapter 4, I present evidence that politicians foster bureaucratic loyalty not by distributing public sector jobs to loyal partisans, but through their control of where bureaucrats are sent to work.

This chapter proceeds are follows. In Section 1, I discuss the literature on distributive politics and partisan favoritism. Section 2 explains local governance in Ghana. Section 3 discusses the process through which I sampled local governments and bureaucrats to take part in the survey. In Section 4, I present the design of the

first survey experiment on community selection. Section 5 presents the results of this experiment. Section 6 discusses the literature on campaign finance and public procurement. In Section 7, I present the design of my second survey experiment on contractor selection. Section 8 presents the experimental results.

2.1 Partisan targetting in the distribution of local public goods projects

Two primary motivations may drive politicians' desire to designate new public infrastructure projects– often referred to as "pork-barrel" projects or pork– to particular districts. First, citizens may reward such behavior at the ballot box. Second, new projects can generate campaign funds provided by companies that win new contracts (Samuels, 2002). In this section, I focus on the former motivation, considering the electoral expediency of pork. Across a range of settings, the empirical literature presents mixed results on whether the construction of non-excludable local public goods is electorally beneficial.[3] It is worth noting upfront that my results, which show that local politicians care about the location of projects, suggest that politicians in Ghana do think that local public goods can lead to votes.

Relevant to my research are studies in West Africa that found that voters prefer politicians who can deliver local development. Harding (2015) uses micro-level data to show that a one standard deviation increase in average road conditions boosts the vote share of the incumbent party in Ghana by approximately 1.4 percent.[4] Additionally, in Benin, voters have been shown to be more responsive to

[3]The link between private excludable benefits and party vote shares is better established in the literature. Scholars have found positive associations between vote share and the distribution of public jobs in Argentina (Calvo and Murillo, 2004), and cash transfer programs in Mexico (De La and Ana, 2013) and Brazil (Zucco, 2013).

[4]Note that a recent article analyzing voters' response to the construction of new infrastructure in four southern African countries has shown a negative relationship between water provision,

campaign messages that emphasize local development and the distribution of private goods as opposed to messages that focus on national policies (Wantchekon, 2003). Experimental research also demonstrates that citizens in Ghana *expect* private goods and local pork projects from politicians (Nathan, 2016). Additionally, those voters who hold strong expectations are more likely to vote for their corresponding co-ethnic party, which again suggests that voters base their electoral decisions on the distribution of local public goods projects (Nathan, 2016). Finally, Members of Parliament in Ghana unanimously report that private benefits and community development are what citizens in their constituencies hold them most accountable for (Lindberg, 2010). Indeed, the importance of new local public goods projects are likely to be especially relevant in low-income countries where it is difficult for voters to differentiate between parties on the basis of ideology because parties rely on valence messages in their campaigns (Bleck and van de Walle, 2013).

Given voters' demand for local infrastructure, politicians have an incentive to control and target local public goods projects. Accordingly, a large literature on distributive politics highlights parties' strategic consideration of which municipalities receive inter-governmental transfers and where new infrastructure is constructed (see Golden and Min, 2013, for review). Scholars have also directly tested and corroborated politicians' preference to control where new development projects are placed (Hoffmann et al., 2016). Indirect evidence of political control of allocations is shown by studies that demonstrate ethnic and partisan bias in the distribution of transport, health, education and water services across a range of African countries (Franck and Rainer, 2012; Kramon and Posner, 2016; Burgess et al., 2015; Jablonski, 2014; Briggs, 2012). Without politicians' ability to control allocations, such biases would not exist.

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access to flush toilets, and regular refuse collection and votes for the incumbent (De Kadt and Lieberman, Forthcoming).

If politicians have an incentive to target local infrastructure, the next question is which segment of voters or communities they will choose to target. Seminal models predict that parties will choose to either target their core support base to shore up votes on election day (Cox and McCubbins, 1986; Nichter, 2008), or, alternatively, target swing voters whose votes are relatively cheaper to buy than strong partisans (Dixit and Londregan, 1996; Lindbeck and Weibull, 1987; Stokes, 2005). Research has shown evidence of both strategies in action.[5] Few studies have analyzed the distribution of discretionary goods or spending *within* districts. Those that do, find that local politicians (MPs or local councillors) are more likely to favor communities that voted for them (Carlitz, 2017; Hoffmann et al., 2016), especially when these supporters live in segregated and homogeneous communities (Harris and Posner, 2017).

However, demonstrating that politicians target either core or swing districts or favor co-ethnic or co-partisan voters in itself does not demonstrate that an allocation is politically driven. Indeed, such an allocation could maximize the welfare of citizens, and it may be need that drives the patterns found. Golden and Min (2013) make this important point, noting that "if allocations are welfare maximizing, then the political conflicts that lie behind them are spurious, incidental, or irrelevant" [p.75]. Therefore, they urge scholars to consider what a distortion-free distribution would look like and compare this to the reported politically driven allocation.

In the following sections, I consider the extent to which local politicians consider welfare versus partisanship in deciding which communities to award new projects to. I assume that it is socially optimal to distribute a greater number of new projects to deprived communities. As I discuss below, local governments

[5]Evidence that parties support swing districts is reported in Dahlberg and Johansson (2002) and Ward and John (1999). Evidence that parties support core districts is reported in Calvo and Murillo (2004), Tavits (2009), Costa-i Font, Rodriguez-Oreggia and Lunapla (2003), Golden and Picci (2008) and Levitt and Snyder (1995) among others.

in Ghana have a budget of approximately $1 million dollars per year to spend on new infrastructure. I adopt an experimental approach to isolate the causal effects of both partisanship and deprivation on distributive outcomes. Results show that that the partisanship of a community plays a greater role in determining where projects are placed than whether the community is among the most needy in the district. Specifically, deprived villages that voted against the incumbent are 20 percent less likely to get a new project than communities that are not deprived but voted for the ruling party.

2.2 Local governments in Ghana

Ghana is a democracy in West Africa, with a population of approximately 27 million people. The December 2016 general election was the seventh following the country's return to democratic rule. Ghana is currently divided into 275 political constituencies, each represented by a Member of Parliament, and 216 administrative districts.[6] Each district has a local government, known locally as Metropolitan, Municipal or District Assemblies.[7] Throughout, I refer to these assemblies as local governments. In accordance with Ghana's Local Government Act (1993), local governments are responsible for the overall development of districts, including the provision of basic infrastructure and municipal works and services. Each local government is led by a non-elected District Chief Executive (DCE or mayor), who is appointed by the president. In addition, in each local government there is an assembly of mostly elected local councilors, and a team of bureaucrats.[8] Mayors are responsible for the day-to-day performance of the exec-

[6]Constituencies are contained within the borders of districts. Accordingly, most districts correspond to a single constituency, while some contain two.

[7]When the population of a district is over 95,000 the Assembly becomes a Municipal Assembly. District populations over 250,000 are represented by Metropolitan Assemblies.

[8]DCEs are appointed by the president with the prior approval of not less than a two-thirds majority of district councilors. Seventy percent of councilors are elected in district-level elections,

utive and administrative functions of the local government. The mayor is also the chair of the local government's two most important committees: the Executive Committee and the District Tender Committee. As I will demonstrate, through their seats on these committees, mayors can politicize administrative and developmental processes. Bureaucrats perform the administrative duties of each local government. These bureaucrats are hired by the central local government secretariat in the capital, Accra. Applicants complete a common applications form. Those seeking professional positions complete interviews and some take written exams. On average, each local government employs about 100 staff. Many of these workers occupy menial positions, such as night watchmen, janitors, receptionists, and day care assistants. Core administrative duties are coordinated by approximately fifteen to twenty bureaucrats, who are lead by the top bureaucrat – the District Coordinating Director (DCD). Permanent employees are paid from central government coffers.

2.2.1 How are local infrastructure projects funded?

The Government of Ghana, with support from international donors, spends millions of dollars each year funding new local infrastructure projects. In this section, I explain how local governments fund their activities, the process through which new infrastructure projects are planned, and discuss avenues for the politicization of local development.

The bulk of funds spent by local governments to construct new infrastructure come from three sources.[9] First, the District Assembly Common Fund (DACF) is a constitutionally mandated fund that allocates 7.5 percent of national revenues

which are held every four years. One councillor is elected from each electoral area. Councilors cannot run on party labels for local office. 30 percent of councillors are appointed by the president. In pratical terms, it is the mayor who controls the selection of the nominated appointees.

[9]A small minority of more urban municipal and metropolitan assemblies are able to fund infrastructure projects through internally generated funds from local revenue sources.

to local governments annually.[10] In 2015, the DACF secretariat (based in Accra) disbursed a total of approximately 450 million Ghana cedis ($100 million USD) to local governments.[11]

The second source of funding is the District Development Facility (DDF). This fund is co-sponsored by the Government of Ghana (the largest individual sponsor), and five bilateral international donors (Table 2.1). The DDF came into existence in 2009. Unlike the DACF, which disburses money to local governments regardless of their compliance with administrative rules, DDF funds are pegged to sound administrative performance. Therefore, the implementation of this fund requires an annual assessment of each assembly. The assessment, known as the Functional and Organization Assessment Tool (FOAT), gauges the extent of local governments' compliance with the formal rules and administrative procedures contained in relevant legislation (Asunka, 2016). Teams of independent consultants conduct the assessment each year on behalf of Ghana's Ministry of Local Government and Rural Development. The first assessment was implemented in 2008, based on 2006 activities. Scores range from 0 to 100, consisting of a set of minimum conditions, as well as performance measures. If local governments fail any of the eight minimum requirements they are not eligible to receive DDF funds for infrastructure projects.[12] While in the initial round many local governments failed the assessment, pass rates, as well as overall scores, have been rising with

[10]See Article 252 of the 1992 Constitution of the Republic of Ghana.

[11]I calcuate this figure based on the DACF Quarterly Press Releases from 2015 posted on the DACF's website: `http://www.commonfund.gov.gh/index.php?option=com_content&view=article&id=301&Itemid=398`. To convert the currency, I calculate the equivalent amount in US dollars on June 30, 2015 using oanda.com.

[12]Local governments that fail the assessment are still eligible to receive funding for capacity building activities. The criteria of the eight minimum conditions includes holding the requisite number of meetings (for example, the General Assembly must meet at least three times in a year) and filing the required plans (Annual Action Plans, Progress Reports) and submitting annual and monthly accounts to the appropriate bodies (Ministry of Local Government and Rural Development, 2010).

each successive round (Table 2.2). In the 2013 assessment (FOAT VII), all local governments satisfied the requirements.[13]

Table 2.1: Funding agencies supporting Ghana's District Development Facility (Phase 1)

Financing Partner	Funding Allocation (US dollars, millions)				
	2009	2010	2011	2012	Total
AFD (France)	3.10	6.25	6.25	3.15	18.75
CIDA (Canada)	6.50	13.0	15.0	17.5	52.00
DANIDA (Denmark)	5.30	7.9	11.4	13.2	37.8
KfW (Germany)	9.30	9.3	9.1	9.2	36.9
Govt. of Ghana	10.0	16.0	20.0	20.0	66.0
Total	34.2	52.45	61.75	63.05	211.45

Notes: Table 2.1 displays the total amounts contributed by each agency, reported in millions of US dollars. These figures refer to the first installment of the DDF. Corresponding figures for the second phase of DDF funding (2013-onwards) are not publicly available.

[13]Asunka (2016) shows that FOAT I scores were significantly higher in districts where voters hold weak attachments to political parties. He argues that this is because unattached or weakly attached voters are more responsive to local governance conditions.

Table 2.2: Functional and Organizational Assessment Tool (FOAT) scores over the first seven rounds

FOAT #	Assessment Yr.	Implementation Yr.	# of MMDAs	# Assessed	# Fulfilled MCs	PM National Average
1	2006	2008	138	138	50	47.4
2	2008	2009	170	169	134	61.9
3	2009	2010	170	169	159	73.7
4	2010	2011	170	169	164	83.6
5	2011	2012	170	170	164	82.4
6	2012	2013	216	216	205	86.4
7	2013	2014	216	216	216	92.2

Notes: Table 2.2 displays aggregate pass rates and average FOAT scores over the first seven rounds of the assessment. Disbursement of the DDF is contingent on local governments satisfying the FOAT's Minimum Conditions (MCs). Adapted by the author from the *Consolidation Report of the FOAT Assessment of MMDAs*, 2013, Ministry of Local Government and Rural Development.

Third is the World Bank's Urban Development Grant (UDG).[14] Project documentation states that total UDG spending will amount to $140 million, which is available to 46 eligible local governments between 2012-2017 (World Bank, 2011). Local governments with a population of over 95,000 can receive money under the UDG program (the Municipal and Metropolitan Assemblies (MMAs)).[15]

Summing up the funding available to local governments from these three external sources, shows that the approximate total sum of money available per year is $183 million USD.[16] This is equivalent to approximately $850,000 per local government. To put this in terms of number of development projects, estimates from 2014 show that the construction of a new six-unit classroom block was approximately $66,000, thus annually each local government has the potential to construct about twelve new schools.

2.2.2 Planning new infrastruture projects and political interference

The first part of the infrastructure construction process is acquiring the requisite funds. Next, local governments must plan which projects they want to spend their funds on. In each local government, a group of bureaucrats form a District Planning Coordinating Unit (DPCU),[17] that is responsible for the preparation, implementation, monitoring and evaluation of district development plans. The DPCU is headed by the district's top bureaucrat, the District Coordinating Di-

[14]The UDG is a component of the World Bank's Local Government Capacity Support Project.

[15]To qualify for the UDG, each MMA must meet the FOAT Minimum Conditions and score at least the national average DDF Performance Measures score for the assessment year. The actual UDG allocation is determined based on a formula that takes into account the MMA's score on UDG performance indicators (Ministry of Local Government and Rural Development, 2013).

[16]I calculate this figure based on roughly $100 million USD per year from the DACF, $23 million USD from the UDG, and $60 million annually from the DDF.

[17]The formulation of this unit is one of the minimum conditions of the FOAT.

rector, while the District Planning Officer serves as the Secretary (Friedrich Ebert Stiftung, 2010).

To plan projects, DPCU members conduct stakeholder meetings with local communities. During these meetings, bureaucrats take notes on the needs and preferences of each community. In drawing up plans, bureaucrats are also often lobbied by local councillors. The outcome of each district's planning phase is a Medium Term Development Plan (MTDP) that usually covers a period of four years. Each district is required to submit this plan to Ghana's National Development Planning Commission.[18] To my knowledge, the National Development Planning Commission never rejects or amends plans. The main practical function of the Commission is to file and store submitted plans.

Contained within the MTDP are yearly plans, known as Annual Action Plans (AAP). Figure 2.1 displays an extract from an AAP. In this example, the proposed public works projects involve the construction and rehabilitation of school classroom blocks. Each row describes a project or training activity. The details for each project also include the location, time schedule, budget and agency responsible for the project. After the MTDP has been filed, local governments amend AAPs two to four times per year. The amended plans take into account which projects have been completed, which projects will be rolled over to the following year, and which projects will be added.

Observers of local politics in Ghana have lamented that the actions local governments take are rarely guided by the MTDPs (Mensah, 2005). Mensah (2005) cites numerous reasons why local governments fail to follow their MTDP, including: low levels of local participation in the designing of the plans, land and chieftaincy disputes, the inadequate monitoring of plan implementation by regional

[18]This commission is established by Article 87 of the 1992 Constitution of the Republic of Ghana. Ghana's first district-level MTDPs covered the period 1996-2000. The most recent MTDP covered the years 2014-2017.

and national bodies, and the politicization of the plans. In regard to low levels of participation, while in theory the MTDP is the result of consultations with communities, planning units usually do not have adequate funds to visit more than a few communities. Even those communities that are consulted are unlikely to be aware of whether the projects they proposed make it into the plans. With little community awareness of proposed projects, there is little stakeholder investment in the long-term development plan. Limited public involvement and commitment gives local governments flexibility in what they eventually implement. Chieftaincy disputes are relevant because local governments cannot implement projects unless the local chief is willing to provide land for the project. Finally, the politicization of plans– the issue that I focus on– involves politicians rewarding some communities and punishing others depending on the community's vote choices in the last election.

Figure 2.1: Extract from an Annual Action Plan (Atwima Kwanwoma District)

Human Development, Production and Employment	62. Extension of school feeding programme	Selected Schools	School Feeding programme extended	→	-	4,000.00	GES	DA
	63. Organise sensitization programmes for teachers and pupils on climate change	District Wide	Sensitization programme organised	→		1,200.00	GES	DA
	64. Construction of 1 No. 2 unit classroom block with ancillary facilities for pre school	Nweneso No. III	1 No. 2 unit classroom block constructed	→	-	80,000.00	WORKS	DA, GES
	65. Construction of 1 No. 2 unit classroom block with ancillary facilities for pre school	Chicihibong	1 No. 2 unit classroom block constructed	→	-	80,000.00	WORKS	DA, GES
	66. Construction of 1 No. 6 unit classroom block with ancillary facilities for JHS	Twedie	1 No. 6 unit classroom block constructed	→	-	260,000.00	WORKS	DA, GES
	67. Rehabilitation of D/A JHS	Mpatasie	1No. 3 unit classroom block Rehabilitated	→	-	70,000.00	WORKS	DA, GES
	68. Construction of 1 No. 6 unit classroom block with ancillary facilities for JHS	Nweneso No. II	1 No. 6 unit classroom block constructed	→		260,000.00	WORKS	DA, GES
	69. Construction of 1 No. 3 unit classroom block with ancillary facilities for JHS	Adum Afrancho	1 No. 3 unit classroom block constructed	→		130,000.00	WORKS	DA, GES
	SUB-TOTAL							
	Health							
	70. Education on Guinea Worm Identification and Prevention	District Wide	Education on Guinea Worm organized	→		1,500.00	GHS	DA
	71. Support to disease control and immunization programmes	District Wide	Immunization programmes organized	→	-	1,500.00	GHS	DA
	72. Organise refresher training on	District Wide	Training programme	→		2,500.00	GHS	DA

Atwima Kwanwoma District Medium Term Development Plan Under the Ghana Shared Growth and Development Agenda II (GSGDA II), 2014-2017

To better understand the problem of political interference in the implementation of district development plans, I conducted interviews with roughly 50 local bureaucrats working across a sample of ten local governments in late 2015 and early 2016.[19] First, it is important to discuss whether political interference in deciding which communities receive projects is a significant and widespread problem. In support of this claim, in some interviews, bureaucrats cited political interference in development plans as the biggest challenge that they encounter. In the words of one District Coordinating Director:

> "The biggest challenge we face is adherence to the AAP. Before the beginning of year we draw up the APP, but during the year, the political head [mayor] visits a village and they say "we want this". This puts pressure on you, the bureaucrat, and all along your AAP is thrown off a year with new projects and new costs." (District Coordinating Director)

An exasperated Internal Auditor made a similar comment:

> "Everyday there is pressure [on bureaucrats] because of the politician. You have to amend the plan, you wasted your time, energy, you bounded it, when the chief [mayor] makes utterances they [the mayor] will take away the project. At the end of the day, it's politics. The politician will divert it to a different community." (Internal Auditor)

If mayors interfere in local development projects, what types of communities do they favor? The theoretical and empirical literature that I discuss above suggests

[19] I conducted these interviews across 10 of the 80 local governments in the sample I discuss below. These local governments were scattered across the five regions in the sample. I supplemented these interviews with interviews with top bureaucrats (including Regional Coordinating Directors) working in Regional Coordinating Councils (RCCs) in the same regions. It is the role of RCCs to monitor the work of local governments. Almost all of the bureaucrats working in RCCs have worked in a number of different local governments.

that, in general, politicians may be inclined to target either swing or core districts. The evidence that I obtained during my interviews suggests that mayors in Ghana tend to favor core voters of the ruling party, placing new infrastructure projects in communities that voted for the incumbent president.

> "The political head [mayor] has an allegiance to a political party and some communities are known as predominantly for this party, and so certainly political inclination will come in. The government wants to satisfy those who helped it come to power." (Regional Coordinating Director)

Similarly, one Planning Officer remarked:

> "With the politicians they always think about how to get their votes, and not necessarily how they will develop. They want things that will be visible for people to see. Even when you decide, they will select their own communities. Those where they lose, they don't send anything there and if they do, the ratio is 1 to 5." (District Planning Officer)

When the mayor asserts that the location of a project must change, bureaucrats have to propose a defensible justification to FOAT assessors for this change. This is important as assessors may ask for documents to justify the change in the plans. In the words of one Planning Officer:

> "First, we decide on Community A, and he [the DCE] can take it to Community B. FOAT doesn't have a problem with that. We review the plan every quarter and we will provide some documentary evidence of why we had to change locations. We put it in the minutes and definitely we wouldn't say it was the Chief Executive [DCE]. We give

> [a] justification. The motivation for changing location is political. In the last elections these people didn't vote for us." (District Planning Officer)

A Planning Officer from a different region made a similar comment:

> "When the political head wants something to be done, and it's not in the plan, by all means it will be done. We just have to make sure when we do a review of the plan that we include it. It's not fine. Once we have drawn a plan we should be able to follow through the plan." (District Planning Officer)

2.3 Selection of local governments for two survey experiments

While the qualitative data from the interviews I conducted paint a stark picture of political interference in local development, one can always doubt whether these statements are representative of what happens in the majority of local governments. In this section, I discuss a survey experiment I administered to provide more systematic evidence of political interference in the implementation of local infrastructure projects. I designed a similar experiment to investigate partisan bias in the selection of contractors. In this section, I discuss how I selected the sample of local governments.

I implemented the two survey experiments with roughly 860 local bureaucrats working within five different regions in Ghana (Central, Eastern, Brong Ahafo, Ashanti, and Volta).[20] A local government presides over each district. I selected the five regions as they contain districts that offer variation in levels of electoral

[20]Ghana has ten adminstrative regions.

competition and the party affiliation of their Members of Parliament. I stratified on both of these variables to select a sample of districts.[21] 126 districts are contained within the five regions. I categorize each district into one of four blocks depending on the party affiliation of the Member of Parliament (whether the MP is from the NDC (the ruling party) or NPP (the opposition party)) and the closeness of his or her most recent election victory. Table 2.3 displays the four blocks and the number of districts in each block. I code a district as being competitive using a threshold of the average margin of victory in constituencies that switched from one party to the other between the 2008 and 2012 parliamentary elections.[22] There are only 20 districts in Block 1 and Block 2. Accordingly, I select all of these forty districts. I then randomly sampled 20 districts from Block 3 and Block 4. The final sample contains 80 districts, which corresponds to 80 local governments.

Table 2.3: Pre-sampling stratification of districts

Affiliation of MP	High Comp. (¡11% margin)	Low Comp. (¿11% margin)
NDC (Incumbent)	Block 1 (20)	Block 3 (42)
NPP (Challenger)	Block 2 (20)	Block 4 (44)

Notes: Table 2.3 displays the four sampling blocks. The number of districts in each block is displayed in parentheses. I sample 20 districts from each block.

Figure 1.2 displays the sample of 80 local government within the five sampled regions. Table 2.4 shows that the sampled districts are representative of these regions in terms of levels of urbanization, education, employment, and poverty indicators such as access to advanced cooking fuel (gas or electric). The districts in the sample appear slightly richer than the country as a whole, as measured

[21] About 57 percent of Ghana's population resides in these regions (approximately 14 million people).

[22] This margin of victory is 11.1 percent. Although this margin of victory would not swing to the opposition in congressional races in other countries such as the U.S., it frequently changes in Ghana.

by the share of houses with cement walls and access to electricity. Indeed, while 43 percent Ghanaians live in concrete structures, 50 percent of individuals in the sampled districts do.

Table 2.4: Characteristics of sampled districts compared to the population (i) in the five regions (sample population) (ii) and across the country (nationwide)

Variable	Nationwide (%)	Sample population (%)	Sample (%)
Rural population	64	62	63
Access to electricity	49	53	54
Access to advanced cooking fuel	8	7	8
Cement wall for housing	43	50	50
Involved in agriculture	56	53	53
Highest education primary	92	92	92
Employed	53	51	51

Source: Ghana 2010 Housing and Population Census.

2.4 Design of the survey experiment on project locations

As I discuss above, even if all projects are allocated to co-partisan communities, it is not necessarily correct to conclude that the distribution is politically motivated. Indeed, it may be the case that these communities are also the most in need and that such a distribution is welfare-maximizing. I designed the experiment to manipulate two characteristics of local communities. The experiment followed a two-by-two design in which I randomly varied, first, whether the community was pro-incumbent (NDC) or pro-opposition (NPP), and second, whether the community was among the most deprived in the district or not.[23]

[23]I note here that I did not include a treatment for communities that contain swing voters. I did not include this category because while piloting the survey it became apparent that local politicians and bureaucrats tend to categorize communities as either pro-ruling party or pro-opposition. While a community may vote 50 percent for one party, and 50 percent for the other party, we can not deduce from this that the village contains swing voters that the incumbent may wish to court as opposed to two stable voting blocks. Without in reality being able to

2.4.1 Treatment wording and randomization process

Bureaucrats were randomly assigned to receive one of four treatments. The treatment entailed respondents listening to a conversation between two (hypothetical) colleagues discussing *where* to locate a new local public goods project. The project was constant across all treatment conditions, namely, a three-unit classroom block for a primary school.[24] The exact wording of the treatment sentences were as follows:

Treatment 1: The village is one of the most deprived and voted strongly in favor of the NDC in the last election.

Treatment 2: The village is not too deprived but voted strongly in favor of the NDC in the last election.

Treatment 3: The village is one of the most deprived and voted strongly in favor of the NPP in the last election.

Treatment 4: The village is not too deprived but voted strongly in favor of the NPP in the last election.

I present the full script in Section 2.10.1 of the Appendix. Survey respondents listened to the conversation on a cell phone using headphones. The question asked after the conversation was:

- How likely is the community that is being discussed to receive the project?

identify villages with potential "swing" voters, I proceeded with two types of communities. The difficulty for parties of wooing swing votes have been demonstrated in novel work by Schneider (2014) who shows that party brokers in India are only able to guess the party identities of core supporters.

[24]The construction or rehabilitation of classroom blocks is the most common project that local governments in Ghana administer.

Answers were on a seven-point scale. Allowing bureaucrats to listen to the conversation using headphones and self-input their responses on a cell phone enhanced privacy. Privacy was important to motivate respondents to reply honestly to the somewhat sensitive question that was being asked.

2.5 Results: evidence of partisan bias in the placement of projects

The findings from the survey experiment show that the villages most likely to receive new projects are those that voted for the ruling party. Figure 2.2 shows the distribution of the dependent variable disaggregated by the four treatment arms. Figure 2.2 shows a larger share of positive responses for communities that are pro-ruling party. Nearly half of respondents assigned to the Pro-incumbent/Deprived community treatment said it was *extremely likely* (7) that such a community would receive a new projects. That can be compared to only 18 percent of respondents who say it is *extremely likely* (7) that a community that is Pro-opposition/Deprived would receive a new project.

Figure 2.2: Share of bureaucrats in each response category (community selection)

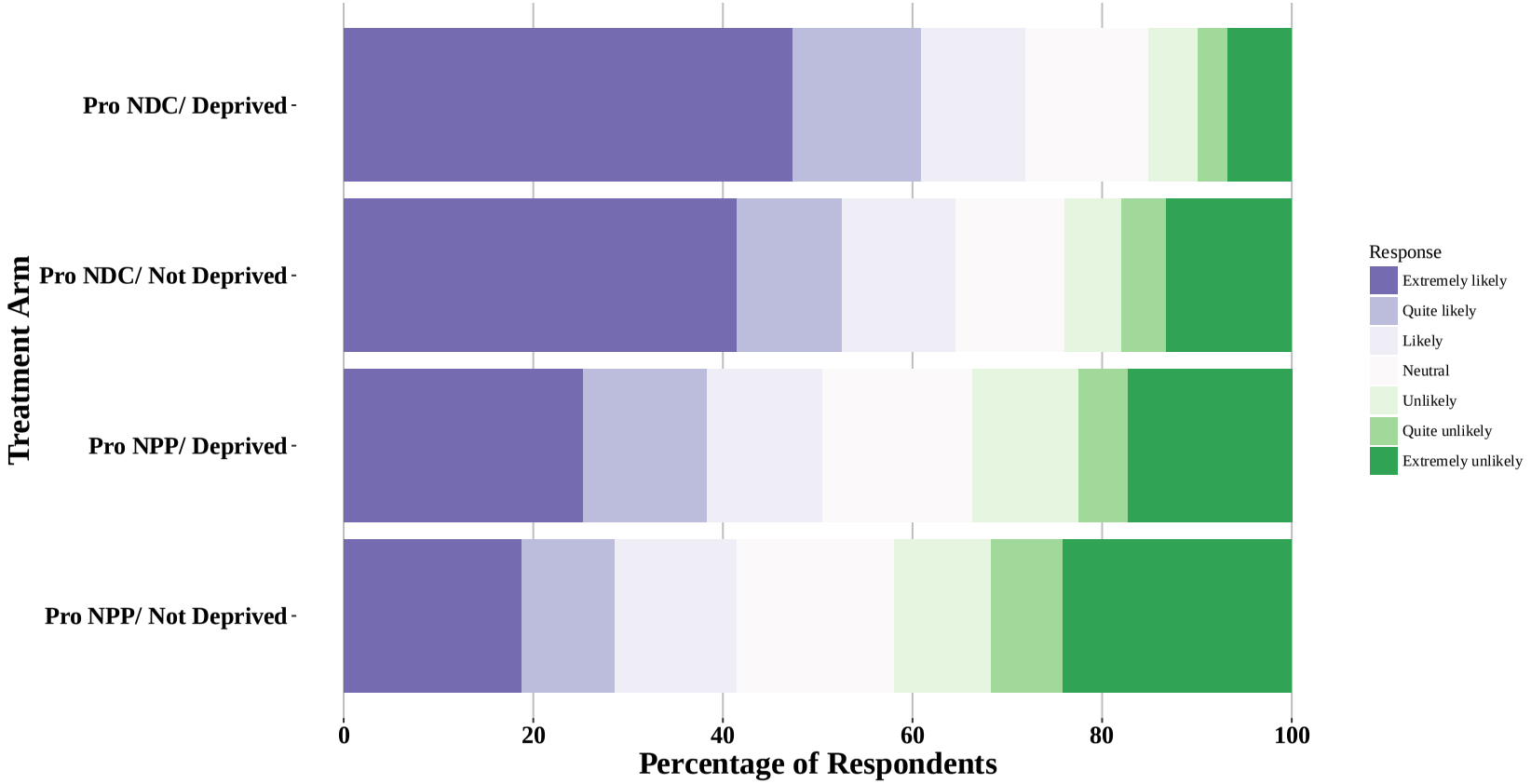


Table 2.5 displays the results regressing the dependent variable on the treatment arms. Column (1) compares the mean likelihood of pro-incumbent (NDC) versus pro-opposition (NPP) communities receiving projects.[25] The mean for NDC villages is the constant term in the column, and is equal to 5.24 on a 7-point scale (higher values mean more likely). The likelihood of a village receiving a new classroom unit drops to 4.15 for NPP villages. This is equivalent to a 21 percent reduction. This decrease is statistically significant at the 1 percent level. Because of the randomization process, it is possible to assert that this reduction is caused by the change in partisanship of the hypothetical communities.

In Column (2), I disaggregate all four treatment conditions. The omitted category is villages that voted for the ruling party and have high levels of deprivation. This condition serves as the baseline. The mean likelihood of such villages receiving the new project is 5.48 on a 7-point scale. The mean for NDC villages that are not deprived is 5.03, which is equivalent to an 8 percent decrease (p¡0.05). This result is important as it suggests that, holding partisanship constant, local governments do prioritize need. The mean for NPP villages that are among the most derived in the district is 4.41, which is equivalent to a 20 percent decrease from the baseline (p¡0.01). Importantly, this decrease is much larger than for NDC villages that are not deprived. In other words, communities that voted for the ruling party but are deprived, are more likely to receive projects than needy communities that voted for the opposition. In a two-sample t-test, the difference between these two means (5.48 versus 4.41) is significant at below the 0.01 level. These results demonstrate that local bureaucrats believe that partisanship usually trumps poverty in determining where new projects get placed. Finally, the mean for villages that voted for the opposition and are not deprived is 3.91, which is equivalent to a 29 percent reduction in the likelihood from the baseline condition (p¡0.01).

[25]In this column, I collapse treatments 1 and 2 and treatments 3 and 4.

Table 2.5: Results from survey experiment on determinants of project placement

	Dependent variable:			
	Likelihood of community receiving project			
	(1)	(2)	(3)	(4)
Opposition	-1.084^{***}		-0.787^{***}	
	(0.144)		(0.203)	
Ruling party & Not deprived		-0.450^{**}		-0.407
		(0.205)		(0.288)
Opposition & Deprived		-1.078^{***}		-0.669^{**}
		(0.210)		(0.296)
Opposition & Not deprived		-1.574^{***}		-1.364^{***}
		(0.207)		(0.296)
Comp.			0.439^{**}	0.459
			(0.205)	(0.304)
Opposition*Comp.			-0.603^{**}	
			(0.288)	
Ruling party & Not deprived*Comp.				-0.061
				(0.410)
Opposition & Deprived*Comp.				-0.816^{*}
				(0.419)
Opposition & Not deprived*Comp.				-0.417
				(0.414)
Constant	5.237^{***}	5.484^{***}	5.023^{***}	5.253^{***}
	(0.103)	(0.152)	(0.143)	(0.216)
Observations	864	864	864	864
R^2	0.062	0.073	0.067	0.080
Adjusted R^2	0.060	0.070	0.064	0.072

Notes: The dependent variable is on a seven-point scale. Higher values indicate that the community is *more* likely to receive a project. In Column (1), Ruling party treatments are the baseline category. In Column (2) and (3), Ruling party & Deprived is the baseline treatment category. Comp. is an abbreviation of Competitive, and indicates districts in the sample that have low margins of victory. *p<0.1; **p<0.05; ***p<0.01.

Overall, the results suggest that both need and partisanship affect where projects get placed. The villages that are most likely to receive projects are those that are in need and voted for the incumbent. Wealthier villages that did not vote for the incumbent are the least likely to receive new projects. The important difference is between the two middle categories. The results show that local bureaucrats believe that villages that are not among the most deprived but voted for the incumbent are more likely to get projects than communities that are needy but did not vote for the ruling party. In short, political incentives appear more important than need-based criteria.

Next, I consider whether local governments favor ruling-party voters in competitive districts or instead focus on trying to attract support from political opponents. In Column (3), I introduce a variable that indicates competitive districts. I include as competitive all districts in Blocks 1 and 2 of Table 2.3. Accordingly, competitive districts are those where the vote margin in the last election was less than 11 percent.[26] The results show that opposition communities in competitive districts are even less likely to receive projects than opposition villages in non-competitive districts. This is shown by the negative coefficient on the interaction term *Opposition*Competitive district* (-0.603). In Column (4), I include all four treatment conditions and the competition variable. Communities that are deprived but voted for the opposition are even less likely to receive projects in competitive districts as they are in non-competitive districts (p¡0.1). Overall, these results suggest that in the face of electoral competition, local governments engage in higher levels of core-voter targeting compared to in non-competitive district.

[26]See above for justification of this threshold. I use my original blocking variable to measure competition to protect against allegations of fishing.

2.6 Campaign finance and partisan bias in the awarding of public sector contracts

Above I have provided evidence that bureaucrats perceive partisan bias in the placement of local public goods projects, which implies that mayors are more likely to seek to place projects in communities that voted for the ruling party than communities that did not. This is true even when opposition villages are among the most deprived in a district. In the rest of this chapter, I discuss the contractors to which local governments award local construction contracts. I begin by discussing the literature on partisan bias in the awarding of contracts to firms. Governments in low-income countries spend an average of 50 percent of GDP on procurement (World Bank, 2016). The results above suggest that local politicians in Ghana think that they can benefit electorally from delivering local public goods projects to voters. Indeed, it is presumably this that drives them to interfere in the placement of projects. However, even if pork does not directly lead to votes, politicians are incentivized to lobby for new projects because such behavior can generate funds to spend on election campaigns (Samuels, 2002). In Brazil, the large number of politicians elected in each district (i.e. high district magnitude) makes if difficult for politicians to effectively claim credit for new pork projects. However, incumbents still engage in pork barreling because of the indirect benefits that infrastructure projects bring to politicians by facilitating relationships with local businesspeople who help finance campaigns (Samuels, 2002). As money is more fungible than projects, politicians can use these funds to attract supporters.

The strategic awarding of public contracts to co-partisan firms has been documented by scholars across a range of developed and low-income settings. Research from Brazil shows that companies that contribute to the campaigns of politicians are more likely to receive contracts (Boas, Hidalgo and Richardson, 2014). Additionally, companies with political connections to ruling parties have been found to

be more likely to receive new contracts (Brogaard, Denes and Duchin, 2015; Goldman, Rocholl and So, 2013). By analyzing the revenue of firms in combination with changes in the government in Italy, Cingano and Pinotti (2013) show that being politically connected can increase the revenue of firms by up to 22 percent.

A *quid pro quo* between companies and politicians has also been shown in Russia where companies that receive government contracts "tunnel" funds to pop-up companies in the months before an election to fund campaigns (Mironov and Zhuravskaya, 2016). Related research in India finds a contraction in the demand for cement in the month before elections, especially in competitive states. The cyclical nature of cement demand is explained by businesses exchanging campaign finance for post-election favors from politicians, including access to land permits. Businesses' need to fund election campaigns leads to a short-term crunch in available liquidity, depressing cement demand (Kapur and Vaishnav, 2013).

Existing research presents the dynamic relationship between construction companies and politicians across multiple settings. Such as relationship exists because firms need contracts and other help that politicians can provide, and politicians demand campaign finance that contractors can provide. The link between public procurement and campaign finance in developing countries has been highlighted in recent work that argues that politicians engage in grand corruption to benefit political parties as opposed to benefiting themselves (see Mistree, 2015, for review). In India, Bussell (2013) argues that politicians engage in grand corruption, including capturing kickbacks from contracts, to finance their campaigns. In Latin America, bureaucrats with political ambitions steal on behalf of political parties to help parties finance expensive campaigns (Gingerich, 2013*b*). Indirect evidence of the relationship between campaign finance and public contracts comes from a study that shows a reduction in the likelihood that contributing firms win a contract after a reform to ban campaign contributions from corporations in Lithuania (Baltrunaite, 2016).

There is little empirical evidence on the relationship between party financing and public procurement in the African context. What we know more about is the nature of election campaigns, which can be described as logistically challenging and, as a consequence, expensive. The logistical challenges of campaigns come from the fact that politicians often have to go after voters in their homes. The personalized nature of campaigns ensures that political parties continue to have mass structures, recruiting armies of paid party agents in the run-up to elections. Both of the major parties in Ghana have grassroots structures that extend from the polling station (or ward) level, up to constituencies, regions and then the national board. Parties activists canvass voters, mobilize citizens to attend rallies and distribute private gifts.[27] Motivating large numbers of party agents is costly. Party activists often work for political parties in return for private benefits (Bob-Milliar, 2012; Driscoll, 2017). Lindberg (2003) argues that increased electoral competitiveness in Ghana has led to an explosion in campaign spending. He estimates that parliamentary candidates spent around $40,000 on their campaigns in 2004, on average, which increased to $75,000 in 2008 (Lindberg, 2010). To put these figures in perspective, the annual salary of an MP was approximately $24,000 (post-tax and deductions) in 2010 (Lindberg, 2010).

Politicians have to get funds to pay for the time of party activists, print posters and t-shirts, and to hold rallies. As in other countries, one place they can look to for funds is kickbacks from public procurement contracts. Contractors will agree to pre-finance parties in return for promises of contracts in the future. Alternatively, local party leaders can themselves become contractors so that the party effectively pays itself when awarding contracts. An ethnographic study of local

[27]In a study I co-author with Eric Kramon, we find that during Ghana's 2012 elections nearly 60 percent of Ghanaians attending a rally during the campaign and nearly 40 percent of citizens report being visited by at least one of the two major parties at home. Similar statistics are reported in other African countries. In Uganda and Kenya, 60 and 40 percent of the population, respectively, report being visited by party agents in their homes (Conroy-Krutz, 2016; Horowitz, 2016).

governance and procurement in Ghana, states that "Parties and candidates in Ghana are financed through the corrupted allocation of development project contracts at the local level" (Luna, 2015, p.29). In interviews that I conducted with local bureaucrats in late 2015 and early 2016, many discussed the issue of partisan manipulation of the procurement process. These interviews made it clear that the motivation behind this type of manipulation was primarily to fund election campaigns. While bureaucrats also indicated that mayors and other bureaucrats could benefit personally from non-competitive arrangements, through side payments and kickbacks, in most cases the real driver of manipulation is to fund the local party machinery.

Bureaucrats informed me that local governments usually award contracts to constituency-level party leaders (and sometimes region-level executives). In terms of timing, in some cases local party financiers are awarded contracts to compensate them for money they have already spent on party activities. Alternatively, they are awarded projects and then expected to use profits on future party activities. Sometimes party executives have their own companies, but otherwise they partner with existing contractors. A regional bureaucrat explained:

> "The executives of political parties have to be rewarded and the easy way to reward them is to give them projects. First, they can take on the projects themselves. If they have the resources they register a company and turn into contractors overnight. Second, they take the project and give it to a qualified contractor, a brother or a friend." (Regional bureaucrat)

Through the process of awarding contracts to party financiers, contracts are often distributed to contractors who do not have the requisite equipment or experience to construct the new infrastructure. As one internal auditor discussed:

> "Sometimes the contractor may not have tools. He may be a financier of the party. Meanwhile the person has no experience or no tools. He will be given the contract. Constituency executives win contracts because they assisted the party to come to power." (District Internal Auditor)

Furthermore, it often falls upon the shoulders of bureaucrats to make sure that the process appears to be competitive and in compliance with the Public Procurement Act. Accordingly, bureaucrats have to assist the chosen contractor to get their paperwork in order. In the words of one District Coordinating Director:

> "When you [the contractor] are not with the party in power you are not considered for projects...Some contractors are 'one-day' contractors. Then it becomes up to the bureaucrat to lead that guy to try to help them acquire all the documents. To be seen to be doing good work you get the documents." (District Coordinating Director)

The distribution of contracts to local party executives can have devastating consequences for local development. Most commonly, it leads to projects being built to low technical standards and needing to be refurbished soon after project completion. Another consequence is for the projects to become overly expensive. Although the initial bid may not start out as overpriced, the approval of amended budgets can cause costs to escalate. Bureaucrats lamented that it is difficult to hold partisan contractors to account. As one Planning Officer noted:

> "Once the person has political linkages, when he is doing something substandard it becomes very difficult to bring him to book, as then you become a political opponent and you are kicked out the district. If you are a party in power, most contractors come from your party." (District Planning Officer)

2.6.1 Ghana's Public Procurement Act, 2003

Before presenting the results of the survey experiment I conducted on contractor selection, it is first necessary to briefly introduce the main details of the legislation that guides procurement. Such a discussion is important because it demonstrates that it is not because of vague or non-existent legislation that procurement gets politicized. Indeed, Ghana's Public Procurement Act (2003, Act 663) is rigorous and detailed. To enhance competition and transparency, procurement entities are required to publish the invitation to tender in at least two newspapers of wide national circulation. Contractors must be given four weeks to respond to the advertisement. A tender must be in writing, signed, and submitted in a sealed envelope. The procurement entity must provide the tenderer with a receipt showing the date and time when its tender was received. A supplier or contractor who has submitted a tender, or a representative of that supplier or contractor, is permitted to be present at the opening of tenders. Method of selection should be based on quality and cost. Finally, the District Tender Review Boards (the procurement entities that operate in each local government) can approve contracts up to 200,000 Ghana cedi for public works projects, (equivalent at the current exchange rate to about $50,000 USD.) In Chapter 3, I discuss in detail the ways in which local governments subvert this law to control which contractors are selected.

2.7 Design of the survey experiment on public procurement

To investigate how widespread political interference in public procurement is, I administered a survey experiment with local bureaucrats. The purpose of the experiment was to investigate the extent to which local governments are willing to trade the experience of contractors for partisanship. In this experiment, I varied the characteristics of contractors (as opposed to local communities). Similar to the

prior experiment, I used a two-by-two design. First, I randomly varied the level of experience of the firm. Second, I varied whether the contractor was affiliated with the ruling party or not.

I administered the survey experiment on the same sample of bureaucrats as the previous experiment. The treatment was randomized at the level of individual bureaucrats.[28] The treatment sentences were embedded in a roughly 50 second conversation between hypothetical colleagues that respondents listened to using headphones. During the conversation the two bureaucrats discuss that three contractors are bidding to build a new school classroom block. They note that each company has submitted the required certificates and that their budgets are of similar amounts. I present the full script in Section 2.10.1 of the Appendix. In an attempt to solicit more honest responses, respondents provided their answers in private on a cell phone. The exact wording of the treatment sentences conditions were as follows:

Treatment 1: The contractor has a lot of experience in construction...From what I know the contractor is a party executive of the ruling party.

Treatment 2: The contractor has a lot of experience in construction...From what I know the contractor is independent.

Treatment 3: The contractor does not have a lot of experience in construction...From what I know the contractor is a party executive of the ruling party.

Treatment 4: The contractor does not have a lot of experience in construction. From what I know the contractor is independent.

The question asked after the conversation was:

[28]In all cases, bureaucrats first listened to the experiment on contractor selection, followed by the experiment on community selection.

- How likely is the contractor that is being discussed to receive the project?

Answers were on a seven-point scale.

2.8 Results: evidence of partisan bias in local procurement

The findings from the experiment show that bureaucrats believe that local governments are significantly more likely to award contracts to partisan contractors, irrespective of whether they have experience in construction or not. Furthermore, electoral competition exacerbates the tendency to select partisan contractors. Figure 2.3 displays the distributions of bureaucrats' responses to the survey experiment on contractor selection. The results show that about 44 percent of bureaucrats assess it as *extremely likely* that a partisan contractor with experience will be awarded the new contract. This drops by only about four percent when bureaucrats are told the contractor has limited experience in construction. As regards non-partisan contractors with a lot of experience, just over 30 percent of respondents say they are *extremely likely* to win the next contract. This drops to just over 10 percent when the contractor is non-partisan with no experience. Overall, Figure 2.3 shows that while there is a large penalty for non-partisan contractors who do not have experience, partisan contractors do not face a similar penalty.

Figure 2.3: Share of bureaucrats in each response category (contractor selection)

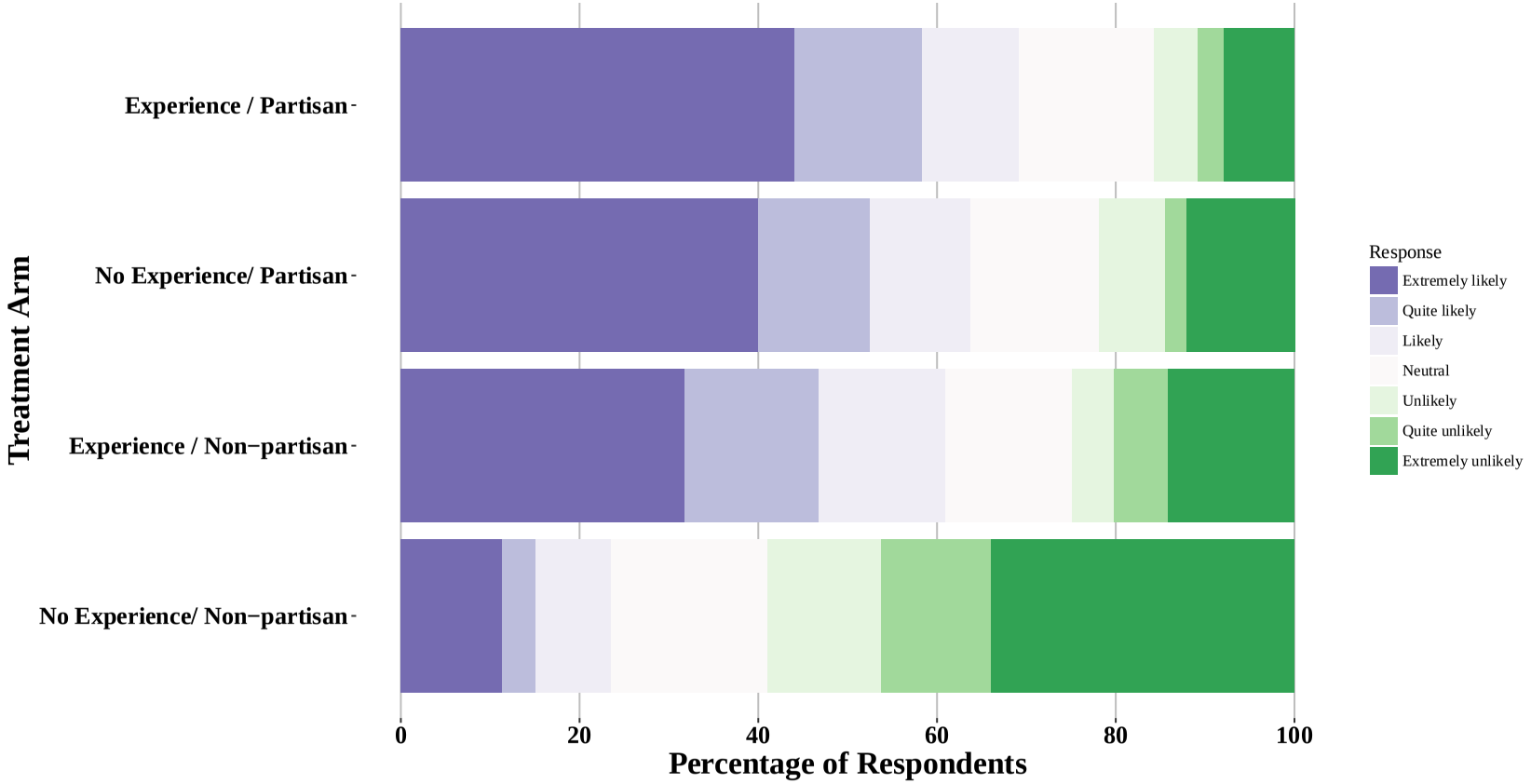


Table 2.6 displays the results of regressing the outcome variable on the treatment conditions. In Column (1), I collapse the two partisan (Treatments 1 and 3) and non-partisan treatment conditions (Treatments 2 and 4). The results show that co-partisan firms have a 5.22 likelihood (on a 7 point scale) of receiving the new school project. This drops to 4.00 for non-partisan firms, which is equivalent to a 23 percent decrease (p¡0.001). Column (2) displays the results disaggregated by each treatment condition. The omitted treatment is partisan contractors who have a lot of experience in construction. The likelihood of this type of firm receiving the contract is 5.37. This mean likelihood for partisan firms without experience is 5.08, which is equivalent to a 5 percent decrease. However, this decrease is not statistically significant. This provides strong evidence that conditional on being a co-partisan firm, experience in construction is not a necessary requirement to be awarded a contract.

Next, I consider non-partisan, but experienced firms. The likelihood of this type of firm being awarded the contract is 4.80, which is equivalent to a 12 percent decrease from the baseline category (p¡0.01). Finally, non-partisan firms with limited experience receive a very large decrease to 3.11 on a 7-point scale, which is equivalent to a 43 percent reduction from the baseline. This last result is logical, and shows that contractors who have neither partisan connections nor significant experience are very unlikely to receive public contracts from local governments.

Next, I consider the effect of electoral competition on the tendency of local governments to award contracts to co-partisan contractors. In Columns (3) and (4), I include a variable that indicates competitive districts, and interact this with the treatment conditions. In Column (3), the partisan and non-partisan treatments are collapsed. As before, there is a statistically significant reduction of non-partisan firms winning contracts. The first coefficient displays this reduction in non-competitive districts (-0.915). In addition, I find a negative and statistically significant coefficient on the interaction between competitive districts and non-

partisan contractors (-0.625). The negative coefficient on the interaction term demonstrates that non-partisan firms are even less likely to be awarded contracts in competitive than they are in non-competitive districts. In driving up campaign expenditure, electoral competition places pressure on mayors to secure campaign finance. The result is an increased likelihood of the distribution of contracts to partisan contractors. This puts extra pressure on mayors to ensure that contracts are awarded to co-partisan contractors. In Column (4), I again disaggregate each of the treatment conditions. The interaction terms for non-partisan contractors in competitive districts are both negative, -0.693 for experienced firms and -0.713 for firms without experience. Again, this suggests that it is even more difficult for non-partisan firms to win contracts in competitive districts. Both of these interaction coefficients are statistically significant at the 90 percent level.

Table 2.6: Survey experiment on determinents of contractor selection

	Dependent variable:			
	Likelihood of contractor receiving project			
	(1)	(2)	(3)	(4)
Non-partisan	-1.226^{***}		-0.915^{***}	
	(0.145)		(0.204)	
Comp. district			0.113	0.194
			(0.208)	(0.286)
Non-partisan*Comp.			-0.625^{**}	
			(0.290)	
Partisan & No Experience		-0.293		-0.201
		(0.200)		(0.282)
Non-partisan & Experienced		-0.570^{***}		-0.221
		(0.196)		(0.279)
Non-partisan & No Experience		-2.264^{***}		-1.905^{***}
		(0.201)		(0.285)
Partisan & No Experience*Comp.				-0.178
				(0.399)
Non-partisan & Experience*Comp.				-0.693^{*}
				(0.392)
Non-partisan & No Experience*Comp.				-0.713^{*}
				(0.400)
Constant	5.222^{***}	5.373^{***}	5.166^{***}	5.273^{***}
	(0.104)	(0.143)	(0.146)	(0.205)
Observations	864	864	864	864
R^2	0.076	0.153	0.084	0.161
Adjusted R^2	0.075	0.151	0.080	0.154

Note: The dependent variable is on a seven-point scale. Higher values indicate that the contractor is more likely to receive a project. In Columns (1) and (3) the baseline category is Partisan contractors. In Columns (2) and (4) the baseline category is Partisan/Experienced contractors. *p<0.1; **p<0.05; ***p<0.01

2.9 Conclusion

This chapter began by explaining the system of local government in Ghana. In each local government, politicians and bureaucrats have to work together to deliver local public goods project to citizens. While decentralization advocates contend that decentralizing power can aid political representation and responsiveness, I explore potential ways in which political elites can undermine local development through their control over administrative processes. Specifically, I consider two tasks that most local governments perform in their efforts to implement development: selecting communities to receive new public goods projects, and awarding the corresponding construction contracts to companies. Local bureaucrats in Ghana express frustration that mayors politicize both of these activities.

My results show that bureaucrats perceive that villages where citizens voted for the national ruling party are more likely than non-co-partisan communities to receive new projects. This is true even when when co-partisan villages are not the most deserving in the district. Second, I find that bureaucrats believe that local governments award contracts to companies that are operated by local party leaders. Again, this is true even when these firms do not have the requisite experience in construction. The combination of evidence from interviews and two survey experiments across 80 local governments, and nearly 900 bureaucrats in Ghana demonstrates that these types of politicization are widespread.

It is possible to argue that Ghana's legislation permits mayors to engage in heavy-handed interference in community and contractor selection. Indeed, mayors have executive authority and are responsible for the administrative functioning of local governments. Also mayors are not directly elected, and their re-appointment is contingent on the re-election of the incumbent ruling party, and at the discretion of the president. These factors are likely to explain the incentives of mayors to engage in activities that will benefit the ruling party.

A key question that arises from this chapter is why meritocratically hired bureaucrats are unable to push back against mayors to ensure competitive procurement processes and a pro-poor approach to development. In the next chapter, I consider this question, and argue that in environments where it is difficult for citizens to hold local politicians to account, empowering politicians can encourage corruption. Again, I focus on the issue of corruption in public procurement. I find that when mayors have a greater ability to control the careers of individual bureaucrats, bureaucrats are more likely to report corruption in procurement.

2.10 Appendix

2.10.1 Scripts for survey experiments

I recorded the treatments for the survey experiments in Accra in November 2015. The scripts were read in English, by three Ghanaians (Samuel Kweku Yamoah, George Kwaku Ofosu and Mohammed Awal). The pairs of voices on each script was kept constant. The recordings for the first survey experiment on project location are roughly 36 seconds in length. The recordings for the second survey experiment on public procurement are roughly 46 seconds in length. All eight recordings are available from the author upon request.

2.10.1.1 Experiment 1: Project locations

Person 1: The Assembly is discussing where to place a new development project. The assembly is considering three different rural communities to place the project.

Person 2: I see. Do you know any more about any of the communities?

Person 1: Yes, I know a little about one of the villages.

a) The village is one of the most deprived and voted strongly in favor of the NDC in the last election.

b) The village is one of the most deprived and voted strongly in favor of the NPP in the last election.

c) The village is not too deprived but voted strongly in favor of the NDC in the last election.

d) The village is not too deprived but voted strongly in favor of the NPP in the last election.

Person 2: What is the project?

Person 1: The construction of a new three-unit classroom for a primary school.

Person 2: Okay, I would be interested in knowing what the Assembly decides.

2.10.1.2 Experiment 2: Public procurement

Person 1: The tender opening will take place on Friday. I understand three contractors have applied. All three contractors have submitted the required certificates. I expect they will each offer similar amounts for the construction.

Person 2: I see. Do you know about any of the contractors?

Person 1: Yes, I know a little about one of them.

A. The contractor has a lot of experience in construction.

B. The contractor does not have a lot of experience in construction.

Person 2: Is the contractor affiliated with any of the parties?

Person 1:

C. No, from what I know the contractor is independent.

D. Yes, from what I know the contractor is a party executive of the ruling party.

Person 2: What is the tender for?

Person 1: A 3-unit classroom. The school is to be built in a rural location to replace a school-under-tree.

Person 2: Okay, I will see you at the committee meeting on Friday.

CHAPTER 3

Corruption in Public Procurement

The State shall take steps to eradicate corruption practices and the abuse of power.

- 1992 Constitution of the Republic of Ghana (Article 35 (8)),

Honesty and integrity became grounds for transfer of officers of honour and integrity. The Looter Government club could not tolerate citizens with any degree or modicum of honour and integrity.

- Martin Amidu, Ghana's Former Deputy Attorney-General, *in a Speech to Parliament on January 10, 2017*

Worldwide, trillions of dollars of public money is lost in corrupt deals each year (Transparency International, 2014). Corruption is a symptom of weak institutions and is especially prevalent in poorer countries (Svensson, 2005). Corruption impairs development by increasing the cost of public goods and services (Di Tella and Schargrodsky, 2003; Bandiera, Prat and Valletti, 2009) and decreasing their quality (Olken, 2007). While existing explanations of corruption focus on institutional (Gingerich, 2013*b*) and cultural (Treisman, 2000) factors, more recent scholarship analyzes the incentives that individual agents have to misappropriate public funds. Focusing on agents, micro-theories of corruption bring to the forefront the relationship between politicians and bureaucrats (Banerjee, Hanna and Mullainathan, 2013). This agenda helps explain variation in corruption *within*

countries in ways that country-level covariates cannot, and encourages the design of policies to reduce graft. This chapter presents a micro-theory of corruption that considers the incentives of elected politicians and civil servants to steal from the state. I argue that corruption is more prevalent in environments where politicians can use tools of discretionary oversight to disrupt the careers of civil servants.

In Chapter 2, I presented evidence that local development in Ghana is often subject to heavy levels of politicization. Specifically, I combined data from survey experiments and information from semi-structured interviews to show that communities that vote for the national ruling party are more likely to receive new local public goods projects than committees that vote for the opposition. Perhaps more worryingly, I demonstrated that local bureaucrats believe that it is not uncommon for public procurement contracts to be awarded to contractors who have limited experience in construction when they are affiliated with the ruling party. I proposed that local governments award contracts to these "one-day" contractors, as a way for the ruling party to extract money from public contracts. In short, procurement deals provide an avenue for political parties to finance themselves. In this chapter, I delve into the issue of corruption in public procurement in more detail, seeking to answer the question: why do bureaucrats help politicians engage in corruption?

Agency theory recognizes that bureaucrats and politicians often have different goals. Under this premise, the primary concern of public administration scholars has been to show that politicians have tools to control the behavior of bureaucrats (McCubbins, Noll and Weingast, 1987). Through a range of *ex ante* and *ex post* mechanisms, scholars show that politicians are able to limit bureaucratic shirking and the distortion of policy away from the intent of the politicians who delegated its implementation (McCubbins and Schwartz, 1984). These models assume that bureaucrats are the source of agency loss. Applied to corruption, this suggests that politicians want to stop administrative corruption, while bureaucrats want

to engage in it. In developing democracies, however, problems of delegation are exacerbated by the fact that politicians themselves often have incentives to distort the public will. In this case, I argue that politicians can potentially abuse the tools of control that they wield to contain bureaucratic malfeasance to exacerbate, rather than undermine, corruption.

When electoral democracy is working as it should, electoral pressures align the preferences of politicians with those of voters. However, weak accountability between voters and elected officials means that politicians' preferences are often not closely aligned with citizens' in many developing democracies. A large literature shows that in young democracies, it is difficult for voters to hold politicians to account, and that politicians regularly engage in activities that go against the public will.[1] Politicians get away with this behavior because of low levels of monitoring, weak rule of law and voters' limited access to reliable information.[2] In environments, like Ghana, where there is a weak link in the chain of accountability between citizens and politicians, I argue that granting politicians powerful oversight tools over civil servants can diminish the quality of the public sector and increase corruption.

Preferences of citizens and politicians are often misaligned because of the need politicians have to obtain campaign finance in developing democracies. Pressures to self-fund their campaigns gives incumbent politicians an incentive to steal from the state. Data show that incumbents often depend on illicit income for campaigns and display evidence of an electoral cycle of grand corruption (Bussell, 2013; Kapur and Vaishnav, 2013; Mironov and Zhuravskaya, 2015). Interference in public procurement offers an attractive source of funds to politicians. However,

[1]For example, politicians rig elections, buy votes, and intimidate opponents. When in office, politicians use their discretion to reward party supporters, which perverts traditional accountability relationships (Stokes, 2005).

[2]Empirical work suggests that voters are willing to punish corrupt politicians, but are only able to do so when they have information on corrupt practices (Ferraz and Finan, 2008).

bureaucrats present a problem to politicians who want to capture rents from the state because the manipulation of procurement processes usually requires the co-operation of bureaucrats. Tools politicians have to control bureaucrats then enable politicians to co-opt bureaucrats and force them to engage in illicit practices. While bureaucrats can engage in corruption for themselves, this is difficult in work environments where bureaucrats are closely monitored by political higher-ups. In such environments, I argue that bureaucrats often engage in corruption on behalf of their political principals.

In this chapter, I analyze subnational variation in corruption, and demonstrate a positive relationship between the discretionary control of politicians over bureaucrats and corruption in local governments in Ghana. Scholars often contrast grand corruption with petty corruption. I investigate grand corruption, specifically corruption in public procurement. Focusing on grand corruption puts the spotlight on politicians for whom manipulating public procurement processes is attractive because of the large sums of money involved.[3]

I focus on grand corruption for two main reasons. First, corruption in public procurement is particularly damaging to the delivery of public services and is therefore extremely detrimental to economic and human development. Second, corruption in public procurement is extremely common in many countries, which suggests the need for better policies to counteract it.[4] Procurement malpractices offer politicians access to significant financial capital because of the sheer volume of public money that is dedicated to this activity– worldwide, procurement spending averages between 13 per cent and 20 percent of GDP (Transparency

[3]In contrast, petty corruption usually involves clients paying bureaucrats bribes in return for public services. A focus on petty corruption usually places an emphasis on bureaucrats (Shleifer and Vishny, 1993).

[4]Illegal procurement practices are the most common form of corruption in local governments in Brazil where Ferraz and Finan (2011) find 58 percent of local governments engaged in at least one illegal procurement transaction. While I focus on corruption in public procurement in a developing country, public sector corruption is also common in developed countries (Charron, Dijkstra and Lapuente, 2015).

International, 2014). In developing countries, these figures can rise to 30 percent (CUTS International, 2012). Analyzing corruption in local governments is especially relevant, because local bureaucracies typically handle more than half of a countries total number of procurement transactions (OECD, 2015). The local governments that I study operate with an annual budget of roughly 1 to 2 million USD. Local governments dedicate approximately half of their budgets to the construction of local public works, which private firms construct following the completion of a procurement process.

To analyze corruption, I conduct an original survey of bureaucrats (N=864) across 80 local governments in Ghana. While existing work uses detailed audits to analyze corruption among local governments (Ferraz and Finan, 2008, 2011), such data are only reliable when these audits are conducted by bureaucrats who are themselves independent and not susceptible to bribes. These conditions do not hold in the context of Ghana, and many other countries, where it is an open secret that local politicians, as well as individual bureaucrats, bribe auditors so they do not report financial misconduct. The result is that the local governments that look the most corrupt on paper, may be the least corrupt in practice, and vice versa.

To measure corruption, I use a randomized-response (RR) survey method.[5] This technique aims to solicit honest answers about sensitive behavior through inducing random noise into the responses of individuals (Blair, Imai and Zhou, 2015). Importantly, recent research shows that RR-techniques can recover unbiased estimates of sensitive outcomes that researchers are trying to measure (Rosenfeld, Imai and Shapiro, 2015). I operationalize discretionary oversight as the ability of politicians to transfer bureaucrats to undesirable posts. I focus on transfers because Ghanaian politicians do not have the ability to fire bureaucrats who resist their demands. Variation in politicians' ability to transfer bureaucrats

[5]I discuss this method and my implementation of it in detail in Section 4.3.

results from both politicians and bureaucrats having differential access to administrative higher-ups who have the final say on transfers. Transfers are a powerful tool of control in low-income countries because of significant subnational variation in levels of development and hence, quality of life.

Controlling for other factors that might influence corruption, my results show that bureaucrats' propensity to engage in corruption varies according to the extent to which politicians have control over their careers. My results show that when politicians have high levels of control over transfers, there is a 52 percent chance that a bureaucrat reports that there is corruption in public procurement in their local government. This figure drops by 24 percentage points when politicians have low levels of control. One implication of my theory is that bureaucrats working in more economically advanced districts will be especially sensitive to political control. This is because bureaucrats in these districts have more to lose from being transferred compared to their counterparts in less developed districts. The results support this hypothesis – the effect of political discretion is higher in more economically developed districts compared to less economically advanced districts. Finally, I test the mechanism I propose – that politicians use transfers to punish bureaucrats who resist corruption – using a list experiment. Results from the list experiment demonstrate that bureaucrats think exposing corruption is a likely reason for transfers.

This chapter makes at least three important contributions to the literature. First, it brings to the forefront the idea that the real problem in bureaucratic delegation in developing countries has less to do with the ability of politicians to control bureaucrats, and more to do with the problems voters have to ensure that politicians themselves are accountable. Indeed, the premise that politicians make good principals may be very inappropriate in developing settings. Accordingly, policy makers who seek to improve public service delivery must consider the need to protect bureaucrats from political pressure.

Second, I show how survey techniques that are designed to measure sensitive behavior can be used to estimate levels of corruption. The advantage of surveying bureaucrats is that the data come from the actors involved in political corruption themselves, rather than from second-hand reports from country experts, private firms or civil society activists. Building upon the work of Gingerich (2013*b*), who uses a RR-method to measure corruption in South America, this chapter demonstrates the applicability of this method in a low-income setting. The chapter also complements a growing body of research that measures levels of corruption using violations in procurement practices (Charron, Dijkstra and Lapuente, 2015; Di Tella and Schargrodsky, 2003; Lewis-Faupel et al., 2016; Bobonis, Fuertes and Schwabe, 2016).

Third, scholars often focus on the need to professionalize the bureaucracy to stop bureaucrats from engaging in corruption. In work that addresses the professionalization of the public sector, scholars focus on the adoption of meritocratic hiring processes (Geddes, 1994; Grindle, 2012; O'Dwyer, 2006). Meritocratic hiring replaces recruitment on the basis of the party affiliations of bureaucrats. Scholars have paid less attention to the tools of control that politicians wield over bureaucrats after they have been hired. My research suggests that, even when bureaucrats are highly qualified and professional, they may still have incentives to engage in activities that violate the public will because of pressure from politicians to capture rents on their behalf.

This chapter is structured as follows. In section 4.2, I present the theoretical framework arguing that politicians' discretionary control over bureaucrats increases corruption. In section 3.2, I discuss the setting. I introduce the system of local governance, the relationship between politicians and local bureaucrats, and describe the pathways through which procurement corruption is enacted in Ghana. In section 4.3, I discuss the sample of bureaucrats and the RR-method as a tool to measure corruption. In section 4.4, I present the main results. In

section 3.5, I demonstrate evidence to support the mechanism presenting results from a list experiment. Finally, I conclude in section 4.5 and discuss the policy implications of this research.

3.1 Politicians, bureaucrats and corrupt Procurement

3.1.1 Theory: the incentives of political and bureaucrats to be corrupt

Modern accounts of delegation discuss the advantage of granting politicians tools to control bureaucrats to limit the ability of civil servants to shirk, steal or distort policies. Scholars justify granting politicians the upper hand over bureaucrats in three ways. First, politicians are elected by the people; they therefore have a democratic mandate to determine policies. Second, electoral institutions punish politicians who divert from the policy preferences of voters. Electoral institutions are supported by a range of horizontal institutions, such as independent judiciaries, that punish, and thereby deter, wrongdoing.[6] Third, politicians have policy ideal points that are close to the median voters' preferences. Conversely, bureaucrats are not elected, citizens can not hold them to account should they implement unpopular policies, and may have policy preferences that are far from the median voters' (Prendergast, 2008).

While scholars argue politicians should control the policy agenda, the literature on delegation simultaneously recognizes that politicians can gain by delegating policy implementation to bureaucrats. These gains result from the fact the bureaucrats are relatively better informed about how practically to achieve specific policy outcomes. Much of the existing literature on delegation theorizes this trade-off between delegation and risk of bureaucratic non-compliance. A central

[6]Research shows that in developed democracies elected politicians continued to engage in political corruption until corruption tribunals were handed over to independent courts (Eggers and Spirling, 2014).

focus of this literature is explaining the conditions under which politicians grant more or less discretion to bureaucrats.[7]

I build on the literature on bureaucrat-politician relationships, considering this relationship in the context of developing democracies. I argue that in young democracies assumptions that justify high levels of political control over bureaucrats often do not hold. While it remains true that politicians are elected and, therefore, hold a democratic mandate, levels of accountability between voters and politicians are low. Weak judicial systems and legislatures means that political wrongdoing, including financial misappropriation, goes undetected and unpunished. Without the threat of punishment, politicians are not deterred from engaging in corruption.

Lack of deterrence is not a problem if politicians do not have an incentive to be corrupt. However, in low- and middle-income countries, politicians often have a strong incentive to be extract state resources to bolster their election campaigns. Research suggests that the need to finance election campaigns drives corruption in many developing democracies (Gingerich, 2013*b*). Politicians have to rely on their own sources of funding because political parties do not have the financial means to support their candidates (Lindberg, 2003). Politicians therefore piece together money from a combination of personal and private funds. In India, levels of grand corruption are directly linked to politicians' dependence on the state for illicit rents to fund their election campaigns (Bussell, 2013). Local politicians may be especially likely to fund their campaigns with public funds because of their limited access to alternative sources of funding (Wade, 1982).

[7]Theoretical models suggest that politicians grant politicians more discretion when they are ideologically aligned (Epstein and O'halloran, 1994), when the policy area is more complex (Bawn, 1995), when they are more uncertain about what policy will yield the best outcome, and when politicians have more opportunities for *ex post* monitoring and sanctioning. Considering the last point, the literature on delegation identifies multiple ways in which elected officials can contain agency losses through a combination of *ex ante* and *ex post* activities, such as screening and selection mechanisms and monitoring and reporting requirements (Kiewiet and McCubbins, 1991; McCubbins and Schwartz, 1984).

While politicians have an incentive to capture rents to fund their campaigns, bureaucrats have an incentive to use their positions in the public sector to advance their careers. The predictability of career advancement is a key indicator of meritocracy (Weber, 1978; Evans and Rauch, 1999). Research shows that promotions in the public sector are often politicized. In Europe, civil servants lament that promotions are often based on luck and connections rather than hard work (Charron, Dahlström and Lapuente, 2015). In India, bureaucrats' propensity to obtain prestigious posts depends on both their ability, as well as their loyalty to elected officials (Iyer and Mani, 2012).[8] Bureaucrats who want to advance in their careers may have to satisfy the demands of politicians, including by helping politicians steal from the state. Prior qualitative research documents the coercive use of transfers by politicians. Discussing bureaucrats working in the irrigation sector in India, Wade (1982, p.309-312) writes, "the pressures on any one individual to behave in a "corrupt" manner, whether in response to demands from superiors in the irrigation hierarchy or to satisfy the expectations of politicians and farmers, are very strong...punishment for not being corrupt or for being too corrupt is transfer out of department and to the worst possible location." In short, the degree to which politicians can interfere in the career advancement of bureaucrats is likely to influence civil servants' propensity to direct public funds to politicians.

An additional preference of bureaucrats in developing countries is to live and work in locations with relatively high levels of economic development. A recruitment experiment in Mexico, where public agencies randomized advertised wages for the same job, shows that candidates are attracted to positions in poorer communities only when they are compensated with high wages (Dal Bó, Finan and Rossi, 2013). The desire of bureaucrats to work in more developed towns and cities in part derives from the lower quality of public services in rural locations. For civil

[8]Iyer and Mani (2012) find that sharing a caste group with the chief minister's party supporters increases an officer's probability of working in a presitigious post by roughly 7 percentage points.

servants with children, concerns of school quality can factor in their evaluations of different locations. The fact that bureaucrats prefer to work in more economically advantaged locations gives politicians leverage. While politicians cannot hire and fire bureaucrats or alter their wages (Evans, 1995), in many cases politicians still have discretionary control over the locations that bureaucrats work (Wade, 1982, 1985).

In addition to advancing their careers and working in more economically developed locations, bureaucrats may also seek to use their positions to capture illicit rents for themselves. The literature on petty corruption indicates that bureaucrats are often willing to forgo public welfare, such as road safety, for personal gains (Bertrand et al., 2007). The propensity of a bureaucrat to engage in corruption depends on both *motive* and *opportunity*. When bureaucrats are not closely monitored and work independently they have more opportunities to engage in corruption compared to bureaucrats who work in teams or are monitored by higher ups. Front-line service workers, such as doctors, work independently and are not usually closely monitored. Under such conditions, bureaucrats have opportunities to extract bribes from clients. In the context of local governments, bureaucrats usually work in teams and do not directly sell outputs or products, such as licenses or medicines, to citizens. In such settings, corruption requires coordination. Requiring coordination between actors limits bureaucrats' opportunities to capture rents. In addition, in local governments, politicians closely oversee the work of civil servants. Relevant to my study is the fact that mayors in Ghana, rather than bureaucrats, serve as the chairs of district procurement committees, which grant procurement contracts to firms. Thus, while I do not argue that bureaucrats have no motive to be corrupt, I argue that their opportunities to do so are much lower than for local politicians.[9]

[9]This discussion also makes clear the need for scholars to disaggregate between different types of bureaucrats when considering bureaucrats' propensity to engage in corruption. A scholarly focus on petty corruption, and on bureaucrats who work independently to provide

Given the incentives of bureaucrats that I outline above, the ability of politicians to transfer personnel is an extremely powerful tool of discretionary oversight. Transfers impose costs on bureaucrats on both of the dimensions discussed above – career progression and quality of life. Not only can politicians manipulate the transfer process to move bureaucrats to undesirable locations, but bureaucrats who are frequently moved are likely to be tagged as "bad" officers, which may damage their opportunities for career advancement. Politicians, therefore, can use transfers to micro-manage bureaucrats, and worse, force them to capture illicit rents on their behalf.

I test the hypothesis that higher levels of political discretion leads to higher levels of corruption (*Hypothesis 1*). I measure political discretion as the ability of politicians to transfer bureaucrats. An implication of the above theory is that politicians' ability to transfer bureaucrats will be an especially potent tool of control when civil servants already work in desirable locations. Bureaucrats working in economically developed districts will be more averse to transfers as there is a greater likelihood that transfers will result in them working in poorer districts. I therefore hypothesize that political control will have a greater effect on levels of corruption for politicians in more economically developed districts (*Hypothesis 2*).

3.2 Local Governments and corrupt procurement in Ghana

Political power in Ghana is decentralized to 216 local governments. These institutions, one per district, are known locally as District Assemblies.[10] Local governments are responsible for the development of districts, including the provision

private services to citizens (driving licenses, drugs, electricity connections etc.) likely exaggerates the capacity of bureaucrats in developing countries to engage in corruption.

[10]When the population of a district is over 95,000 the assembly becomes a Municipal Assembly. Districts with a population over 250,000 are represented by a Metropolitan Assembly.

of basic infrastructure and public works and services. A District Chief Executive (DCE) heads each local government. These figures, who are akin to mayors, are appointed by the president in consultation with the local branch of the ruling party. Consequently, all mayors are members of the ruling party whatever the partisanship of the district or its assembly. In this chapter, when I discuss local politicians, I am referring to mayors. Each local government consists of both a political and a bureaucratic arm. The head civil servant is the District Coordinating Director (DCD), who is a career bureaucrat. The mayor's office is in the same building as the bureaucrats' offices. This close proximity gives the mayor the ability to closely oversee the work of bureaucrats.

Each local government operates with a budget of between 1 and 2 million USD and constructs local public goods projects with funds from three main sources, which I discuss in detail in Chapter 2. To construct public works, district assemblies award contracts to private firms following a public procurement process. Ghana's Public Procurement Act (2003) guides this process, which involves a number of steps. First, the assembly places an advertisement in a national newspaper which provides the details of the project and instructions on how firms can apply.[11] Interested companies then purchase the tender documents from the local government and submit their proposals.[12] At the close of the tender period, the assembly opens the secret bids in public. An evaluation committee, usually composed of three or four local bureaucrats,[13] then evaluate and rank the bids. Once the committee completes their evaluation they report to the District Tender Committee whose members have an opportunity to ask questions and provide

[11]The assembly must post the advertisement at least 28 days before the specified closing date.

[12]The typical cost of the tender application documents is around $50-60 US dollars (equivalent to 200-250 Ghana cedi).

[13]Typically, the district engineer, and the planning, budget and procurement officers serve on the evaluation committee.

feedback. Finally, the local government sends an award letter to the winning contractor. The mayor is the chairperson of the District Tender Committee.

3.2.1 How politicians manipulate public procurement processes

In this section, I describe the strategies politicians and bureaucrats use to manipulate public procurement processes. Information that I provide is informed by my conversations with bureaucrats and politicians working in local governments, and bureaucrats working at various public institutions in Ghana during multiple fieldwork trips between 2014 and 2016. In total, I conducted interviews with over 50 local bureaucrats and politicians, as well as more than 30 interviews with experts on local governance. I found that most civil servants were willing to speak frankly and openly with me about corruption in public procurement. I believe that this was for three reasons: first, I protected the identities of respondents; I did not ask for their names and only recorded their positions. Second, I signaled early in the interviews that I already knew some of ways in which politicians were engaging in corruption. This appeared to set respondents as ease, perhaps because it made it obvious that they would not be alone in reporting corruption. Last, and perhaps most important, I believe that many bureaucrats were honest because they were frustrated by currents levels of corruption in administrative processes and believed that this research could potentially improve the situation.[14]

Two methods allow bureaucrats and politicians to rig the procurement process, which I call *restricting sales* and *secret information*. The first method involves mayors controlling which firms are able to purchase tender application documents. To restrict sales, bureaucrats print only three copies of the application documents

[14]Many interviewees urged me to publish my research with the local civil society organization who hosted me during my fieldwork – the Ghana Center for Democratic Development. In addition, many interviewees provided me with their personal email address (unprompted) and asked me to send them a copy of the final report.

and sell them to a single contractor (the contractor that the mayor favors).[15] When other contractors try to purchase applications documents, bureaucrats inform them that the documents are not available. The favored contractor then submits all three bids either in the name of three companies that he owns or companies that his friends or colleagues own. In the latter case, the contractor would ask his colleague to submit an incomplete application or to inflate the project budget to ensure that they would not win the bid.[16]

The secret information method involves an unrestricted tendering process, but politicians tip the field in favor of their preferred contractor by ensuring that they submit the lowest bid. Mayors achieve this by giving the favored contractor secret information. Usually, the favored contractor gets access to internally-produced cost estimates for the project. This allows the favored contractor to submit a low-cost budget that replicates the estimate produced by the engineering department of the local government. Contractors who do not have access to official estimates present higher bids as they are unsure of the exact specifications that the local government requires; erring on the side of caution they increase their budgets.[17] If contracts are awarded to the lowest bidder, one may think that this method results in value for money and limits the size of the kickback that politicians receive. However, in practice this is usually not the case. While the contracted sum is low, once the favored firm has won the contract, the contractor informs the local government that prices for raw materials have increased and asks for additional funds. Projects can end up costing more than three times the contracted sum.

[15]By law, districts must evaluate the bids of three or more companies before they award a contract.

[16]The favored contractor normally has to pay his colleagues a fee to complete and submit the application.

[17]One interviewee likened this method to taking an exam and one person being given the questions in advance. As he noted "It's like you are going to write exams and the one [favoured firm] knows the questions coming. You will learn the answers and pass well."

The types of companies that mayors favor are firms that are owned by constituency executives of the ruling political party. Party executives win contracts because of their past contributions to the election campaign of the governing party or because of their promises for future finances. Importantly, when mayors award contracts to party executives, these contractors are often not qualified to do the work. As one District Co-ordinating Director noted:

> "They [the DCE] tell you "give it to this contractor." They [the DCE] don't think about development, they think about how to win elections and they need funds. The contractor needs to recoup what he has spent on the party. The contractors are all party financiers."

Another bureaucrat, an internal auditor, also explained to me that contributions to the party did not only take the form of cash:

> "If you are a women's organizer [for a political party] you are a financier... You can support the party through money or resources, like vehicles...or you can cook for those [party activists] who are going around to campaign. So when the party comes to power you will be given projects...Contracts are not given to that person because he is qualified, they [the DCE] don't award based on merit. If you say this person doesn't qualify you will be kicked out."

These interviewees made it clear that the priority of mayors was not to select the most qualified contractor, but instead to favor firms who offered political benefits. These insights from interviews with bureaucrats complement the experimental results that I presented in Chapter 2. The consequences of selecting unqualified contractors can be severe: respondents frequently reported being concerned about the quality of construction work for local development projects. As one top bureaucrat noted:

> In less than 6 months the project crumbles. We buy furniture and weevils are in the furniture showing that it wasn't properly treated. The door locks and windows, everything is [comes] off. You would be saving up to 60 percent of resources if there was competitive procurement. After building it should be 5 years before something goes wrong, but sometimes it [the building] doesn't last 6 months. At certain times the cost of repair is more then the first one – it costs much more to rehabilitate than to start a fresh project.

To engage in *restricting sales* or *secret information* strategies, mayors must rely upon the co-operation of bureaucrats. Considering the first method, it is the job of procurement officers to print and sell tender applications to contractors. The procurement officer must therefore agree to restrict the sale of application documents. Budget and finance officers who work for the local governments have an incentive to increase sales of applications as these sales generate revenue for the local government. Therefore, the budget and finance officers usually know when the procurement officer limits sales. Similarly, given their intimate involvement in the implementation of district plans, the planning officer and district engineer are likely to know when the mayor places a restriction on the sale of tender applications. The politician has to be able to control each of these bureaucrats for this method to work.

As regards secret information, while the district engineer may not give a copy of his estimates to the preferred contractor directly, the engineer will know whether the mayor does this, as it is obvious when one of the contractors submits a proposal that matches the internal documents. Again, the planning officer and other members of the evaluation panel are likely to be aware when this happens as they also have access to the internal documents.

3.2.2 How politicians control bureaucrats through transfers

Bureaucrats who work in Ghana's local government are hired by the Local Government Service (LGS) whose offices are in the capital city, Accra. The recruitment process involves candidates passing a set of written exams or interviews. Individual jobs are not advertised by LGS and instead applicants can submit an application at any time. On the whole, while there is evidence of some political favoritism in the recruitment of bureaucrats, most bureaucrats are hired meritocratically in the sense that they are adequately qualified to take the positions that they receive.[18]

Once recruited, bureaucrats have limited control over where the LGS posts them to work. Bureaucrats can specify which region/s they prefer, but final posting depends on vacancies at the time of hiring. Over the course of their careers, bureaucrats typically work at a number of local governments. My survey shows that 70 percent of bureaucrats have been transferred at least once. On average, bureaucrats spend about 4 years working at a particular local government, although a significant minority (16 percent) spend less than two years at a district. In terms of the predictability of transfers, the vast majority of bureaucrats (79 percent) agree that *transfers of bureaucrats can come at any time* and do not follow a schedule.

Two different institutions control the transfer process – first, LGS are the final authority on transfers that occur across regions. Second, transfers that occur within regions are authorized by the regional minister who works at the Regional Co-ordinating Council (RCC). Each of Ghana's ten regions has a regional minister who is a government appointee. Accordingly, there are ten RCCs. Transfers within regions are more common because local politicians usually find it easier to

[18]Jobs in the public sector are classified into classes. Within each class are specific job positions. For each class of jobs, the Local Government Service Secretariat has written a manual that overviews the qualifications required for each position.

communicate with the regional minister compared to the head of LGS. Considering the politicization of transfers, a significant majority of bureaucrats that I survey (61 percent) agree that transfers are more likely in years that follow an election than in other years. This suggests that bureaucratic postings are not free of political interference.

Transfers present a threat to bureaucrats because of the significant costs that come with being transferred. Bureaucrats highlight two main costs of transfers. First, there are financial costs associated with being posted to an undesirable, usually rural, district. These costs result from civil servants having to live apart from their families, and include additional accommodation, communication and travel expenses. In rural towns, spouses who work outside of the public sector struggle to get permanent employment. Also, educational services for children are often of low quality, with high teacher absenteeism rates in rural schools.[19] For these reasons, civil servants who work in remote districts often have to live alone during the week and see their families only on weekends.

Second, bureaucrats discussed the psychological costs of being tagged by a politician as a noncompliant (or "stubborn") officer. These costs include not being given work to do and being treated as an outsider. Bureaucrats also referred to the tight networks that mayors operate in, especially within regions. Via these networks, mayors relay information to one another about bureaucrats, especially bureaucrats who refuse to assist them in their corrupt deals. One bureaucrat noted the costs of being tagged as a noncompliant officer:

> "They [the DCE] will go to the regional minister and transfer you. Next district they will say you aren't a team player. It's very difficult to apply the rules. This is how they put fear in you. You crawl back

[19]One bureaucrat noted: "When they transfer you, you have to adjust easily and get accommodation for your family, this can double your bills. Family stability and children's education is compromised." Another bureaucrat noted, "It [transfers] disrupts the entire family system and children's education."

into your shell. If they see you as someone who moves around a lot you are tagged as a bad officer. Meanwhile, you are trying to inject some sanity into the whole system. You are branded."

Bureaucrats also report being transferred to a new local government and the mayor of the new district not accepting them to work there. In such cases, bureaucrats can be without work for weeks or months until an agreement is made between LGS and a mayor who is willing to accept the civil servant who has been tagged as "difficult" to work with. One bureaucrat relayed such an experience, saying:

"I went to [District Name], they did not even accept me to work, so I also asked to move. I insisted to be paid – I want to work, they don't want me to work. Before I got there the man [the DCE] said he wouldn't accept me as I was too fastidious, too finickity [finicky]."

Another bureaucrat discussed his fear of being transferred and not being given work should the mayor tag him as an uncooperative officer:

"If the DCE here doesn't like you, he will call the other DCE. He will call them and that DCE will say he cannot work with you. At the end of the day all the DCEs will say they can not work with you. You might sit in head office and there will be no work for you. They will render you useless, they will frustrate you."

While the qualitative data that I present are useful in outlining the costs that transfers impose on bureaucrats, and suggest that politicians use transfers to induce compliance among bureaucrats, the reader may argue that these accounts are not representative of all bureaucrats working in local governments in Ghana. Also, while the qualitative data may imply that corruption will be higher in districts where politicians are able to influence the transfer process, these data do not

allow me to test this hypothesis directly. To test the hypothesis that higher levels of political discretion results in higher levels of corruption, I next turn to quantitative data that I collect from a survey of 864 bureaucrats in 80 local governments in Ghana.

3.3 Data and measurement

3.3.1 Sampling of districts and respondents

I measure corruption at the level of individual bureaucrats using a survey. In Chapter 1, I discussed the process through which I first, selected districts, and, second, selected bureaucrats. Figure 1.2 displays that geographic locations of the 80 local governments in the sample. The bureaucrats that I survey are those that hold top professional positions. These positions are consistent across districts and are: District Co-ordinating Director, Assistant Director, Budget Officer, Finance Officer, Auditor, Planning Officer, Procurement Officer, District Engineer, Head of Education, Head of Health, Head of Works, and Head of Social Development.[20] Enumerators conducted interviews with 10 to 12 of these bureaucrats in each district.[21] This procedure generated a sample of 864 bureaucrats. The typical survey respondent was 43 years old and had spent 13 years working in the public sector. The vast majority of respondents are males. The majority of respondents hold a Bachelors degree, and a significant minority hold a Masters degree. Figure 3.3.1 displays demographic characteristics for the bureaucrats in the sample.

[20]In many districts the District Engineer and the Head of Works are the same person, however, as this was not always the case, and given the importance of these positions, I kept these as two district categories.

[21]If after three visits to the local government the enumerator did not meet ten of these bureaucrats enumerators replaced with a bureaucrat who held a different position, usually the assistant of the original position. Enumerators conducted the surveys between Friday 11th December 2015 and Wednesday 13th January 2016.

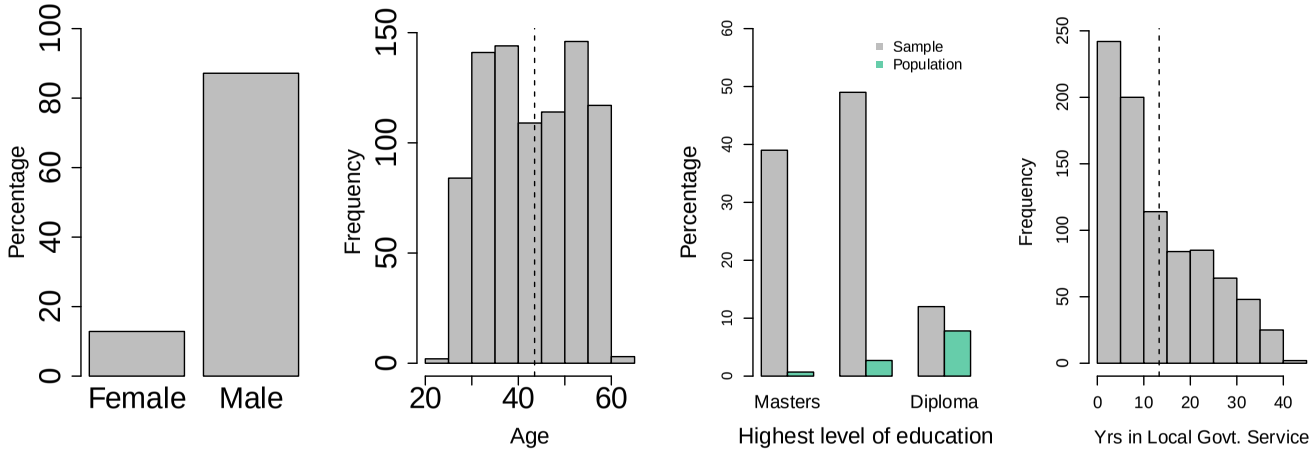


Figure 3.3.1: Demographic characteristics of bureaucrats in the sample.

Notes: The dashed lines on the second and fourth plot display the mean age and mean years of service in the public sector, respectively.

3.3.2 Dependent variable

I collect data on corruption by surveying bureaucrats. As an illegal act, corruption is difficult to measure. Every data collection method has advantages and disadvantages in terms of reliability. The advantage of getting data from civil servants directly is that these actors have unparalleled knowledge of corruption in the public sector. Bureaucrats' level of knowledge is likely to be higher than that of entrepreneurs or experts, who are the actors that many research organizations rely upon for data on corruption.[22] In countries with reliable audit data, scholars can use these data to measure sub-national variation in corruption. However, in the case of Ghana, reliable audit data does not exist. Instead, it is an open secret that mayors and bureaucrats bribe auditors not to report corruption. The disadvantage of surveying local bureaucrats is that they may have an incentive to underreport illegal behavior. Fear of admitting to corruption could stem from a concern that the government will punish them if they reveal financial misappropriation. Alternatively, it could result from their desire not to admit to socially undesirable acts in public.

To mitigate these concerns, I used a randomized-response (RR) technique to uncover unbiased estimates of corrupt practices (Blair, Imai and Zhou, 2015). This method is one of several indirect survey techniques. Researchers have shown that the estimates derived using the RR-method are much closer to observed actual rates of sensitive behavior compared to direct survey techniques (Rosenfeld, Imai and Shapiro, 2015). The RR-method attempts to solicit honest answers to sensitive behavior by providing respondents with plausible deniability. To employ this method, researchers give respondents a randomization device, such as a die or a coin, which they use to determine whether they should give an honest or predetermined ("forced") response. When using a die, the enumerator does not

[22]For example, Transparency International's *Corruption Perceptions Index* (CPI) and the World Bank's *World Business Environment Survey* (WBES).

observe what number the respondent rolls. By introducing random noise to responses, individuals are protected because enumerators are unable to know if a positive response is because of the roll or because it is the respondent's honest answer.

I specifically choose to survey bureaucrats who are involved in the everyday implementation of public procurement processes: selling tender documents, evaluating bids, planning and designing local public goods projects, issuing contracts to firms, and monitoring and paying contractors. Roughly 74 percent of respondents in the sample are members or observers of their district's public procurement committee.[23]

I use a die to randomize responses. Each respondent rolled the die and followed a simple set of instructions. If they rolled a "1" they answered "Yes" no matter whether this was their truthful answer or not. If they rolled a "6", they answered "No". If they rolled any other number, they were instructed to answer honestly.[24] Critics of this method suggest that it is not an appropriate technique to use on respondents with low education. Given that almost all of the bureaucrats in the survey have a Bachelors degree (see Figure 3.3.1), this is not a significant concern in this study.

The dependent variable is a binary ("Yes" or "No") response to the following question: *In this district, are contracts granted to contractors who are likely to give part of the money to the election campaign of the incumbent party?* I code positive answers as one and negative answers as zero. As the discussion above suggests, bureaucrats are very involved in the procurement process and have intimate knowledge of how and when politicians attempt to circumvent competitive procedures. In this question, I refrain from asking respondents directly whether

[23]These committees are called District Tender Committees.

[24]In addition to the verbal instructions, I provided respondents with a card that displayed the instructions.

they personally engage in corruption, but ask in the more general sense of whether corruption occurs in their district. I choose this approach for two reasons. First, framing the question more generally I anticipated would solicit more honest responses. Second, it is somewhat misleading to ask bureaucrats if they engage in corruption individually. As the strategies that I discuss in section 3.2.1 highlight, there are usually many steps that ultimately results in a non-competitive transaction. No single individual is to blame and therefore many individuals may not think that they are individual perpetrators of corrupt acts.

Once I collected the data, I used the following equations to recover the actual proportion of respondents who report corruption. Let Z_i represent the latent binary response to the sensitive question for each respondent, i. The observed response represents the dependent variable, Y_i, (1 for "yes" and 0 for "no"). Next, let R_i represent a latent random variable that can take one of the three possible values; $R_i = 1$ ($R_i = -1$) indicating that respondent i is forced to answer "yes" ("no"), and $R_i = 0$ indicating that the respondent is providing a truthful answer Z_i. Then, the forced design implies the following equality,

$$Pr(Y_i = 1) = p_1 + Pr(Z_i = 1)(1 - p_1 - p_0) \tag{3.1}$$

where p_0 is the probability of a forced "no" response ($p_0 = Pr(R_i = -1)$), and p_1 is the probability of a forced "yes" response ($p_1 = Pr(R_i = 1)$). Rearranging equation 3.1 allows us to derive the probability that a respondent truthfully answers 'yes' to the sensitive question,

$$Pr(Z_i = 1) = \frac{Pr(Y_i = 1) - p_1}{(1 - p_1 - p_0)}. \tag{3.2}$$

Applying equation 3.2 to the data shows that just less than half of bureaucrats, 46.0 percent, engage in corruption with a 95% confidence interval of 40.9 and 50.8 percent.[25]

3.3.3 Explanatory variables

I argue that when politicians have discretionary control over the careers of bureaucrats, civil servants are more likely to engage in corruption. To test this hypothesis, I ask bureaucrats how much influence the mayor has over the transfer of bureaucrats in their districts. I asked this question at the start of the survey to guard against potential bias. Respondents answered on a four-point scale, where one indicates that the mayor has *No influence* and four indicates that the mayor has *A lot of influence*. Variation in this variable, which I label *Political discretion*, stems from the standing of the local politician in the ruling party. Mayors who are better connected to regional and national party elites find it easier to transfer bureaucrats, because political higher-ups must authorize transfers. Figure 3.3.2 displays variation in this variable. While the majority of respondents report that the mayor has a lot of influence in determining transfers in their districts, a small minority report that they have no influence. On average respondents agree that mayors have a lot of control over the transfer process – the mean is 3.4 on a four-point scale.

[25]I calculate the confidence interval applying a bootstramping technique, in which I resample the original sample 1,000 times with replacement. The sample size for each bootstraped sample is equal to the original sample, N=864.

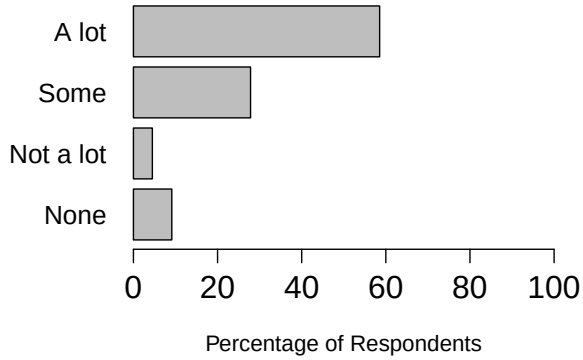


Figure 3.3.2: Level of political discretion of mayors.

Notes: This figure shows that the majority of respondents (58 percent) think their mayor has *a lot* of influence in determining transfers in their district. Just less than 10 percent of respondents think the mayor has *no influence* on transfers. The exact wording of the question read: *In reality, how much influence does the DCE (mayor) have on the transfer of bureaucrats in your district?*

3.4 Main results

3.4.1 Full sample

In this section, I examine when bureaucrats are most likely to engage in corruption. Specifically, I test my hypothesis that corruption is positively associated with the degree of discretion that local politicians have over the careers of bureaucrats. I conduct a multi-variate logistic regression analysis that takes into account that the outcome variable is derived using a randomized-response technique.[26] I first analyze the bivariate relationship between corruption and political discretion. I find that this relationship is positive, and statistically significant at below the 2 percent level (Column 1). I next introduce a series of demographic controls – gender, years in the public sector, and highest level of education (Column 2).[27] I next add region dummies (Column 3), and finally district level controls (Column 4). I control for the total population of the district (logged) and the level of poverty, which I measure as the share of houses that are made of natural materials. The regression results show that the relationship between political discretion and corruption remains positive and statistically significant at below the 5 percent level.[28] I present the coefficients and standard errors in Table 3.7.1 in the Appendix. As individual responses may be correlated within districts, I also run the same analysis using a block bootstrap approach. The bootstrapped results are consistent with the main results. I present these results in Table 3.7.2 in the Appendix.

[26]For futher details of the exact model specification see (Blair, Imai and Zhou, 2015).

[27]I do not include age in this regression as it is highly correlated (.723) with years in the public sector.

[28]A potential concern in using the randomized-response technique is that respondents will not follow the rules. Instead, they may provide their honest response or simply deny engaging in the activity through fear. While some respondents may not have followed the rules, the main result will hold as long as respondents' propensity to not follow the instructions is not correlated with their perceptions of the power of the mayor/DCE.

To demonstrate the substantive significance of the positive association that I find between political discretion and corruption, and to provide a more intuitive interpretation of the results, I calculate the predicted probability of a "yes" response varying the mayors ability to transfer bureaucrats. Figure 3.4.1 displays these probabilities. The estimate on the far left is the predicted probability for bureaucrats who report that their mayors have "No influence" on transfers. The righthand estimate displays the same estimate for bureaucrats who say that their mayor has "A lot" of influence. The results show that more than half of bureaucrats (52 percent) report corruption when politicians have a lot of discretionary control compared to just over a quarter (28 percent) when politicians have limited influence. This is equivalent to a 46 percent decrease in the probability of corruption. The larger confidence interval around the far lefthand point estimate results from the fact that the distribution of the explanatory variable is right-skewed– fewer bureaucrats report that politicians have no influence than those who say they have a lot of influence. Overall, these results support my first hypothesis that higher levels of corruption are associated with higher levels of political discretion.[29]

[29]This analysis assumes a linear relationship between increasing values of the independent variable and levels of corruption. I verify this assumption by conducting the analysis with each category entering the regression as a dummy variable. As an additional robustness check, I also conduct the analysis on the sub-sample of respondents who I can be sure understood the RR-method. In the survey, I included a question to assess whether respondents understood the logic of the randomized-response design. 78 percent of respondents provided the correct answer to this question. I instructed survey enumerators to keep explaining the method when respondents got the answer wrong. I conduct my analysis on the sample of 670 respondents who got the answer correct the first time. My results remain the same – the main explanatory variable (political discretion) is positive and significant.

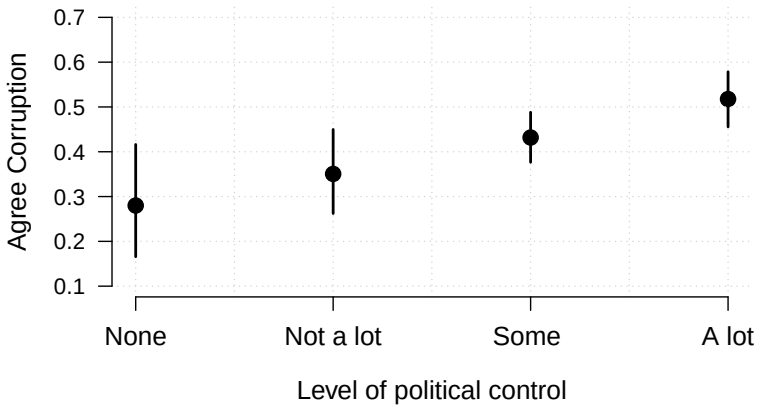


Figure 3.4.1: Predicted probabilities from randomized-response logistic regression.

Notes: This figure displays the predicted probability of a "yes" response to the randomized-response question on corruption. I estimate these probabilities from the model that controls for demographic characteristics of bureaucrats and includes district control and region dummies (column 4 of Table 3.7.1).

3.4.2 Sub-sample: Differences between bureaucrats in rural and urban districts

The second hypothesis predicts that the effect of political discretion will be larger among bureaucrats working in more economically developed versus less economically developed districts. This is because transfers impose high costs on bureaucrats who already work and live in district capitals with better public amenities. Transfers can result in bureaucrats being moved to district capitals with lower levels of development. Greater potential losses ensure bureaucrats have lower incentives to resist pressures from politicians who want to capture rents.

I operationalize more economically developed districts according to the type of local government. In Ghana, there are three types of local governments called *District*, *Municipal* and *Metropolitan* Assemblies. I sample only district and municipal governments. A district assembly becomes a municipal assembly when the district population is over 95,000 people. Local government offices are situated in the district capital. Bureaucrats who work in municipal assemblies are almost certain to be working in larger towns, with more public services, than bureaucrats who work in district assemblies.[30] To further confirm that municipal districts are more economically developed than district assemblies, I measure economic development using nightlight data and calculate the luminosity of the area surrounding the local governments. I find that municipal assembly locations have a mean luminosity (20.92) that is more that twice as large as district assembly locations (8.64).

I reanalyze the data, splitting bureaucrats into the two groups; bureaucrats working in municipal (N=253) and district (N=611) assemblies. The regression results support the second hypothesis that political discretion plays a greater

[30]In section 3.7.3, I present photos of municipal and district governments and note the size of the population in the district capital. These examples show that on average, municipal governments are situated in towns with much larger populations.

role in determining levels of corruption in more economically developed districts. Controlling for bureaucratic demographics and including region fixed effects, I find that the coefficient on political discretion is 0.55 (significant at the 89 percent level) for bureaucrats working in municipal governments and 0.34 (significant at the 96 percent level) for bureaucrats working in district governments. I present these coefficients and standard errors in Table 3.7.3 in the Appendix. While the difference in the magnitude of these coefficients is substantively significant, I note that the difference between them is not statistically significant at conventional levels. This is likely due to the large standard errors on these coefficients which results from the relatively small sample sizes. Overall, reported levels of corruption are lower in municipal assemblies compared to district assemblies – 43 percent versus 47 percent, respectively. These results support a conclusion in the general literature on corruption that corruption is lower in more economically advanced countries and regions.

3.4.3 Alternative Explanations

An alternative explanation of the positive association between political discretion and corruption is that more perceptive bureaucrats are likely to know that mayors can control bureaucrats and that mayors award contracts to contractors who offer finance to the ruling party. The perceptiveness of bureaucrats is then a potential confounding variable. I attempt to quell this concern by controlling for characteristics of bureaucrats that may serve as a proxy for their perceptiveness or knowledgeability of the operation of local governments. My results already control for levels of education, which may be a proxy for perceptiveness. In addition, I add a control for whether the bureaucrat is a member of the district procurement committee. One can hypothesize that bureaucrats who serve on this committee are more aware about the informal controls and desires of politicians

to capture illegal rents. Controlling for bureaucratic perceptiveness, I continue to find a positive association between political discretion and corruption.

Another rival hypothesis is that there are characteristics of local politicians that may drive both their ability to transfer bureaucrats and their propensity to engage in corruption. This would also lead to a positive association between these two variables, but political discretion in this case would not be the cause of corruption. In my theory, I suggest that politicians' need to obtain election campaign funds drives their propensity to be corrupt. This would suggest that politicians who are actively seeking higher-level political offices are more likely to engage in corruption. These politicians, who are aggressively seeking to advance their political careers, may also have more influence on bureaucratic transfers, perhaps because they have been involved in politics longer than those who are not seeking a higher office. I attempt to rule out this concern by collecting data on which of the 80 mayors in my sample ran as contestants in the NDC's parliamentary primaries in 2015. I then control for this indicator of political ambition in my regression analyses. Again, after controlling for political ambition, I continue to find a positive association between political discretion and corruption.[31] I present these results in Table 3.7.4 of the Appendix.

3.5 Mechanism: Politicians using transfers to punish bureaucrats who fight corruption

In sections 4.2 and 3.2, I provided qualitative evidence that politicians use transfers to punish bureaucrats who resist corruption. In this section, I present empirical results from a list experiment which also support this mechanism. The results show that just less than 60 percent of bureaucrats agree that attempting to expose misconduct is a likely reason for a bureaucrat to be transferred. The

[31] I present these regression results in Table 3.7.4 of the Appendix.

results from the list experiment support my argument that a successful strategy of politicians who want to co-opt bureaucrats is to control where they work.

3.5.1 List experiment

I designed the list experiment to substantiate the claim that in practice politicians use transfers to punish bureaucrats who resist corruption. The experiment involved asking bureaucrats to identify behavior that is likely to precipitate them being moved to a different local government. I exposed half of the respondents at random to the treatment list and half to the control list. On the treatment list, I included "Attempt to expose misconduct" as the sensitive item. Table 3.5.1 displays the items on both lists. In section 3.7.2 of the Appendix, I discuss how I implemented the list experiment in more detail.

To guard against floor and ceiling effects, on both lists I include items that are highly likely and unlikely reasons for transfers. Floor and ceiling effects can occur when an individuals response is zero (the floor) or equals the maximum number of items on the list (the ceiling). If respondents in the treatment group answer zero it could be because this is their honest answer or it could be that they think most of the control items are unlikely, and that responding "1" is effectively admitting to the sensitive item. Similarly, if a respondent is part of the treatment group and responds with the total number of items on the list, they are effectively confirming that they agree with the sensitive item. These two types of responses are at odds with the intention of the method, which, like the randomized-response method, is to provide respondents with plausible deniability. The most common reason why bureaucrats are transferred is because their skills are needed at another local government, hence I include this item to protect against floor effects. Bureaucrats do not usually consider that their satisfaction with the local area is a valid reason for being transferred. I therefore include this item on both lists to guard against ceiling effects. My data provide evidence that I successfully protected against

floor effects, but suggest that some respondents may have been affected by ceiling effects.[32]

Table 3.5.1: Item lists for control and treatment groups

Control	Treatment
(1) Skills needed in another district	(1) Skills needed in another district
(2) Bad relationship with mayor	(2) Bad relationship with mayor
(3) Dislike the local area	**(3) Attempt to expose misconduct**
	(4) Dislike the local area

Notes: This table displays the items in the control and treatment lists. The sensitive item is in bold font (this was not the case in the actual experiment). The question read: *Please tell me how many of these are likely reasons for a bureaucrat to be transferred to work in another district? Don't tell me which ones, just indicate how many of them are likely reasons.*

Critics of list experiments suggest that when an item is truly sensitive respondents figure out what is going on and do not comply with the treatment.[33] To avoid making the treatment item overly sensitive, I use the word "misconduct" instead of "corruption."[34] To further induce compliance to the treatment, respondents inputted their answers to this question on a cell phone in private. Enumerators reassured respondents that their responses would be sent to an electronic database and combined with responses from over 800 other civil servants.[35] Concerns over the sensitivity of the item are also somewhat obviated by the fact that in this case the respondent is not the one engaging in the sensitive behavior. Instead, the respondent is reporting sensitive behavior on the part of politicians.

[32]In Table 3.7.6 of the Appendix I display the frequency of respondants in each response cell.

[33]See, for example, an informative blog post by Andrew Gelman (2014) `http://andrewgelman.com/2014/04/23/thinking-list-experiment-heres-list-reasons-think/`.

[34]During the pilot of the survey, which I conducted with bureaucrats in four local governments, bureaucrats confirmed that they understood misconduct as synonymous with corruption. All surveys were conducted in English, the national language in Ghana.

[35]To further protect the anonymity of respondents, enumerators did not ask for the names of respondents. In addition, they were reassured that the we would not use the names of their local governments (i.e. the name of the district) in any of the reports or papers that result from the project.

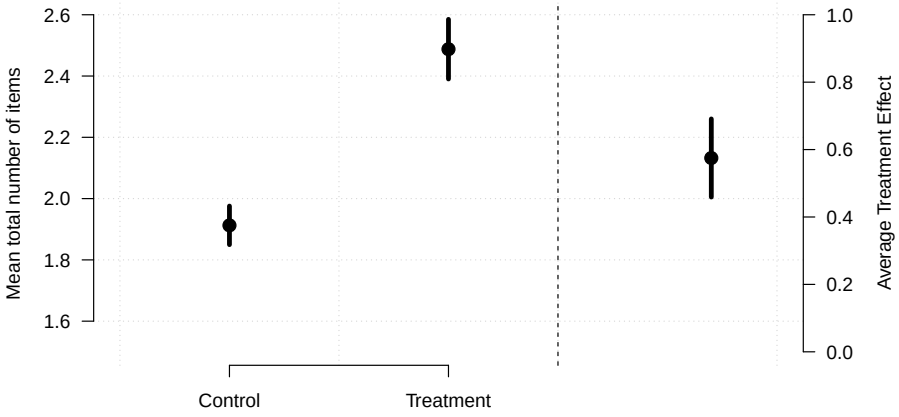


Figure 3.5.1: Mean responses and Average Treatment Effect (ATE) for sensitive item.

Notes: This plot displays the mean number of items for the control and treatment lists. N= 864.

Figure 3.5.1 displays the results of the experiment. The estimate on the left shows the mean number of items respondents agree are reasons for transfers in the control list. The mean is 1.91. In comparison, the mean for respondents who receive the treatment list is 2.49.[36] These results show that 58 percent of bureaucrats agree that speaking up about corruption can precipitate being transferred. These results give strong support to the mechanism that I propose on the relationship between corruption and bureaucratic transfers. They complement the qualitative data that I present above in which bureaucrats note that politicians force them to keep quiet about financial malpractices and threaten them with transfers should they resist their pressures. Importantly, these data show that such sentiments are widespread and not confined to a small minority of bureaucrats.[37]

[36]The confidence intervals around these estimates are 1.85 and 1.98, and 2.39 and 2.59, respectively.

[37]In section 3.7.2 of the Appendix I present evidence that this list experiment does not suffer from a design effect, which is another important assumption for the validity of difference-of-

3.6 Conclusion

The abuse of public resources by elected politicians through rent seeking and corruption is a problem that plagues developing democracies. To engage in corruption, politicians often have no choice but to co-opt bureaucrats who are intimately involved in the administrative processes that politicians manipulate to capture state resources. In this chapter, I examine the conditions under which bureaucrats are likely to engage in corruption. Using data from an original survey of local bureaucrats across 80 local governments in Ghana, I document a positive association between political control and bureaucrats' propensity to engage in corruption. This relationship is robust to a variety of specifications. As my theory about the costs of transfers implies, the results are also stronger among bureaucrats working in districts with higher levels of human development. In these districts bureaucrats face higher costs of being transferred. The results suggests that politicians use transfers to control bureaucrats, punishing those who resist corruption. I test this mechanism using a list experiment. The results from the list experiment confirm that local bureaucrats claim that politicians transfer bureaucrats who stand up against corruption. Finally, I use qualitative data from interviews with bureaucrats to illustrate the real costs of transfers on the lives and livelihoods of civil servants.

Overall the results suggest that greater levels of political discretion can increase corruption and that tools of oversight are subject to abuse by politicians. This raises the critical question of how to make local politicians and bureaucrats more accountable. This study is not the first to discuss the negative effects of political control over transfers. In India, local politicians also use transfers to punish

means estimates in list experiments (Blair and Imai, 2012). A design effect occurs when an individual's response to the control items changes depending upon the respondent's treatment status. Table 3.7.6 in the Appendix shows calculations of respondant types. Importantly, all of the proportions for respondent types are positive, which suggests that there is no design effect.

bureaucrats who do not capture sufficient rents on behalf of politicians (Wade, 1982). The abuse of transfers by politicians is also not confined to bureaucrats working in administrative offices – police officers in India, also face frequent transfers which leaves them with low morale and disincentives them to develop ties with the communities that they servce (Banerjee et al., 2012).

There are two possible policy responses both of which seek to protect bureaucrats from threats of discretionary oversight. The first option is to place strict rules on the movement of civil servants. Bureaucrats, for example, could be contracted to work at a local government for a fixed period of time. As a human institution, this imposes some logistical difficulties as positions are bound to open as workers go on leave or retire. However, so long as each individual bureaucrat is operating on their own fixed calendar, it should always be the case that an appropriately trained individual is available to fill a vacant position. The second option, is to use transfers as a way to incentivize public servants to work hard. Using transfers as rewards was found to increase the performance of police officers in Rajasthan, India(Banerjee et al., 2012). In this field experiment, police officers were promised to be transferred to "field" positions instead of "headquarter" positions conditional on good performance. Common to both of these policy options is the addition of greater structure and uniformity to movement either across positions or between locations. Until there is greater predictability in bureaucrats' future careers they are likely to be remain susceptible to satisfying the short-term, often selfish, ambitions of their political principals.

3.7 Appendix

3.7.1 Regression results

All of the regression results that I present in this section are multi-variate logistic regressions that consider that the dependent variable is a randomized response variable. To run these regressions I use the *RR* package in R. The version of R I use to run these regression models is version 3.1.2.

3.7.1.1 Main regression results: Full Sample

Variable	1	2	3	4
Intercept	-1.14	-1.12	-1.52	-5.61
	(0.44)	(0.65)	(0.71)	(3.59)
Political Discretion	0.30**	0.36***	0.35**	0.38***
	(0.13)	(0.13)	(0.14)	(0.14)
Male		-0.38	-0.31	-0.38
		(0.35)	(0.36)	(0.37)
Years in service		0.03**	0.03**	0.03**
		(0.01)	(0.01)	(0.01)
Level of Education		-0.16	-0.19	-0.18
		(0.17)	(0.17)	(0.17)
Region dummies	No	No	Yes	Yes
District controls	No	No	No	Yes

Table 3.7.1: Main regression results

Notes: N=864 bureaucrats. *** p < 0.01, ** p < 0.05, * p < 0.1; dependent variable is a "Yes" (1) or "No (0) response to the following question: *In this district, are contracts granted to contractors who are likely to give part of the money to the election campaign of the incumbent party?* I report standard errors in parentheses.

3.7.1.2 Replication of main results using a block bootstrap

There is a concern that individual responses are correlated within districts. I check that my results are robust to analyses that consider the clustered nature of my sampling procedure using a block bootstrap approach, with districts defining the blocks. To create the bootstrapped samples, I sample with replacement the 80 districts. When a district is selected, all of the individuals in this district join the new sample. Individual respondents will appear in the bootstrapped samples the same number of times as the district is selected. I create 650 random samples. I then re-run the regressions in Columns (1)-(3) of Table 3.7.1. I present the bootstrapped results in Table 3.7.2. The table displays the mean size of the coefficients and associated standard errors across the 650 samples.

Variable	1	2	3
Intercept	-1.14	-1.15	-1.57
	(0.45)	(0.67)	(0.74)
Political Discretion	0.29**	0.36***	0.36***
	(0.13)	(0.14)	(0.14)
Male		-0.38	-0.32
		(0.36)	(0.38)
Years in service		0.03**	0.03**
		(0.01)	(0.01)
Level of Education		-0.15	-0.19
		(0.17)	(0.18)
Region dummies	No	No	Yes

Table 3.7.2: Main regression results using block bootstrap

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$; dependent variable is a "Yes" (1) or "No (0) response to the following question: *In this district, are contracts granted to contractors who are likely to give part of the money to the election campaign of the incumbent party?* This table replicates Columns (1) - Column (3) in Table 3.7.1. I report standard errors in parentheses.

3.7.1.3 Sub-sample analysis: Comparing the results in municipal (high economic development) versus district (low economic development) assemblies

Variable	Municipal	District
Intercept	-3.01	-1.02
	(1.65)	(0.81)
Political discretion	0.55	0.34**
	(0.34)	(0.16)
Male	0.56	-0.62
	(0.75)	(0.44)
Years in service	0.01	0.04**
	(0.02)	(0.01)
Level of Education	-0.38	-0.16
	(0.37)	(0.21)
Region dummies	Yes	Yes
N	253	611

Table 3.7.3: Sub-sample regression results

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$; dependent variable is a "Yes" (1) or "No (0) response to the following question: *In this district, are contracts granted to contractors who are likely to give part of the money to the election campaign of the incumbent party?* I report standard errors in parentheses. I do not control for district demographics in the sub-sample analyses as the regression models are not able to run. This is because of the smaller sample size after the data is divided between the two types of local governments.

3.7.1.4 Alternative Explanations: Adding Control Variables

Variable	1	2
Intercept	-5.04	-5.48
	(3.62)	(3.64)
Political discretion	0.38***	0.39***
	(0.14)	(0.14)
Male	-0.39	-0.39
	(0.37)	(0.37)
Years in service	0.04***	0.04***
	(0.01)	(0.01)
Level of Education	-0.25	-0.25
	(0.18)	(0.18)
Member of tender committee	-0.57**	-0.59**
	(0.26)	(0.26)
Political ambition		-0.18
		(0.25)
Region dummies	Yes	Yes
District demographics	Yes	Yes

Table 3.7.4: Regression results: Additional controls

Notes: N=864 bureaucrats. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$; dependent variable is a "Yes" (1) or "No (0) response to the following question: *In this district, are contracts granted to contractors who are likely to give part of the money to the election campaign of the incumbent party?* I report standard errors in parentheses.

3.7.2 Methodology for list experiment

Survey list experiments (originally called the "item count technique") aim to elicit truthful responses to sensitive behavior. Political scientists have used the method to study the prevalence of a variety of sensitive behavior and attitudes such as the prevalence of vote-buying in Nicaragua (Gonzalez-Ocantos et al., 2012); public support for international military forces in Afghanistan (Blair, Imai and Lyall, 2014); and citizens' attitudes towards affirmative action in the United States (Gilens, Sniderman and Kuklinski, 1998). More applicable to this study, a recent paper by Malesky, Gueorguiev and Jensen (2015) implements a series of list experiments on business owners in an analysis of bribe-taking by public officials in Vietnam.

A list experiment uses a control and treatment list. Each respondent sees one of these lists. The only difference between the two lists is the addition of a sensitive item on the treated list. Respondents are asked to report how many items (not which items) on the list are true; this shields the respondent from having to directly admit to engaging in the sensitive activity. In my case, the control group received a list of three non-sensitive items. The treatment group received a list of four items; the control list plus the sensitive item.

My list experiment is slightly different from other examples because I use it to test the viability of a mechanism as opposed to testing whether the respondent themselves engage in the sensitive behavior. I felt that if I asked bureaucrats directly whether politicians would transfer them for resisting corruption they may be inclined to say "no" in order to protect their political bosses. The list experiment allows me to report the proportion of bureaucrats who agree that resistance to corruption is a likely reason for transfer.

I implemented the list experiment using cell phones. I programmed a survey that was compatible with the free Android-based survey application *Open*

Data Kit (ODK). To assign bureaucrats to control and treatment groups, I use a random number function. This function generates a random number between 0 and 1. I then program the survey to display a list with three items (control list) for respondents who received exactly 0.5 or less, and to display the four-item list (treatment list) to respondents who received move than 0.5. In total, this procedure assigned 458 bureaucrats to the control list and 406 to the treatment list.

The wording of the question was as follows: *Please look at the list. [Which enumerators presented to respondents on a cell phone.] Please tell me how many of these are likely reasons for a bureaucrat to be transferred to work in another district? Don't tell me which ones, just indicate how many of them are likely reasons using the phone.* Table 3.5.1 displays the exact wording of the treatment and control list.

Because I assign respondents to treatment and control groups at random, in expectation the group means of the treatment and control groups with respect to the non-sensitive items are the same. As a result, the difference in means between the number reported by the treatment and control groups provides an estimate of the population proportion for which the sensitive item is true. Table 3.7.5 demonstrates that the randomization procedure was successful; on average, participants are almost identical across a range of individual and district-level characteristics.

The results (Figure 3.5.1) show that the mean in the treatment group is 1.91. In comparison, the mean for respondents who receive the treatment list is 2.49. These findings show that 58 percent of bureaucrats agree that politicians transfer bureaucrats who attempt to stand up to corruption.

Table 3.7.5: Balance table repoting mean values in control and treatment groups

	Control	Treatment	Difference	P-Value
Individual level covariates				
Age	43.23	43.82	0.59	0.37
Gender	0.87	0.88	0.01	0.66
Masters	0.38	0.40	0.02	0.48
Years in Service	3.42	3.30	-0.12	0.57
NDC Supporter	0.25	0.24	-0.01	0.69
District-level covariates				
Cement Walls	0.47	0.47	-0.01	0.64
Electricity	0.52	0.52	0.004	0.68
Rural Population	0.62	0.63	0.01	0.60

Notes: Table 3.7.5 displays the mean values of covariates for respondents in both the treatment and control groups. The unit of analysis is individual bureaucrats. 458 bureaucrats were randomly assigned the control list and 406 the treatment list ($N = 864$).

Table 3.7.6 displays estimates of respondent types. To calculate respondents' type, I use the following equations,[38]

$$\pi_{y0} = Pr(Y_i \leq Y | T_i = 1) - Pr(Y_i \leq Y - 1 | T_i = 0)$$

$$\pi_{y1} = Pr(Y_i \leq Y | T_i = 0) - Pr(Y_i \leq Y - 1 | T_i = 1)$$

.

Where Y_i is individual i's response, y is the total number of affirmative control items, 0 is a negative response to the sensitive item, and 1 is a positive response to the sensitive item. T_i indicates the treatment status of each respondent, where 1 indicates being in the treatment group, and 0 in the control group.

[38]These equations can be found on page 52 of Blair and Imai (2012).

Table 3.7.6: Estimated respondant types for list experiment

y value	Control (Freq.)	Treatment (Freq.)	π_{y0} (%)	π_{y1} (%)
1	130	74	18.23	10.16
2	238	138	23.83	28.13
3	90	116	0.43	19.21
Total (%)			42.49	57.50
N	458	406		

Notes: Table 3.7.6 displays the frequency of responses for individuals in both the treatment and control groups. In the table, y is the total number of affirmative answers to the control items. 1 indicates an affirmative response to the sensitive item, and 0 indicates a negative response to the sensitive item. N includes those in the treatment group whose response, Y_i, was 4 (N=78).

3.7.3 Photos of municipal and district assemblies



Figure 3.7.1: Municipal Assembly A. Population of district capital: 20,747.



Figure 3.7.2: Municipal Assembly B. Population of district capital: 56,414.



Figure 3.7.3: District Assembly A. Population of district capital: 2,118.



Figure 3.7.4: District Assembly B. Population of district capital: 9,189.

I take population data from Ghana's 2010 Housing and Population Census.

CHAPTER 4

Meritocracy in the Recruitment of Professional Bureaucrats

> *The implementation of these plans requires that crucial agents of the state be mobilized and motivated to participate. These problems are universally solved by creating a patronage bureaucracy.*
>
> - Knott and Miller (2006), *p.233*

Governments in developing democracies spend about one-third of national revenues paying the salaries of civil servants (Clements, 2010). Despite high levels of spending on wages, we know relatively little about the composition and operation of public workforces in young democracies, especially in sub-Saharan Africa. Indeed, there are very few empirical studies that assess levels of meritocracy on the continent. This chapter begins to fill this gap while advancing a novel theory about when politicians will support the meritocratic recruitment of civil servants. I argue that politicians limit interference in hiring when national elections are competitive, but subsequently seek to control the geographic locations that co-partisans are posted to work. This strategy of *delayed interference* involves politicians reassigning bureaucrats across different geographic locations, and posting co-partisans to work in electorally advantageous districts. Politicians can use co-partisan bureaucrats to distort the distribution of public services in a district to advantage the ruling party. In accepting meritocracy and manipulating bureaucrats subsequently, politicians can benefit from expertise *as well as* loyalty.

This chapter complements the discussions in Chapters 2 and 3 by demonstrating that bureaucrats who hold professional positions in Ghana are recruited on the basis of merit. Furthermore, in this chapter I discuss how politicians strategically use their control over bureaucratic postings to transfer co-partisan bureaucrats to newly created districts. The creation of a new district, which typically divides an existing district, essentially doubles the amount of government revenue going into an area, and thus presents an opportunity for the incumbent. The ruling party can take advantage of this positive shock in revenue flows by directing funds and development projects to their supporters or to swing voters in these districts. My results suggest that politicians use transfers not only to punish bureaucrats who are unwilling to go along with political inference in the placement of public goods and the selection of contractors, but that they also use transfers to reward partisan loyalists.

Politicians benefit from merit-based hiring because it leads to the employment of competent bureaucrats. This, in turn, supports effective governing, including the delivery of private handouts and public goods to voters. Politicians consider the costs associated with non-merit hiring because a poorly functioning bureaucracy can hurt the ruling party's chances of re-election. Research has shown that politicians are more likely to support meritocratic practices when faced with high levels of electoral competition, as in Ghana (Geddes, 1994; Ting et al., 2013). However, politicians also gain from loyalty. Bureaucratic loyalty allows politicians to maximize *ad hoc* discretion over the use of state funds. Politicians can use this discretion to target distributive goods to electorally important communities or districts. Indeed, a large literature demonstrates that there is political interference in the allocation of local public goods and aid projects in developing democracies (Jablonski, 2014; Kramon and Posner, 2016; Briggs, 2012).

In this chapter, I propose a theory of delayed interference in bureaucratic assignments. Specifically, I argue that one important tool that politicians use

to manipulate the public sector is interference in the geographic placement of bureaucrats *after* they have been hired. In developing countries, a significant share of votes lie outside the capital city. Such a distribution of voters ensures that politicians are likely to care a great deal about *where* bureaucrats work. Co-partisan bureaucrats can help local politicians target local public goods and award construction contracts to co-partisan communities and contractors, respectively.[1]

I analyze two observable implications of my argument. First, the argument that politicians will prioritize competence when faced with high levels of electoral competition should result in less partisan bias for bureaucrats recruited to professional compared to menial positions. This is because of the relatively higher cost to governance of prioritizing loyalty for professional posts. Second, if politicians do reassign professional bureaucrats, we should see a high concentration of co-partisan bureaucrats in geographic areas that are electorally advantageous to the ruling party. In this chapter, I present evidence to support both of these implications.

To test my argument, I use a novel dataset of bureaucrats working across local governments in Ghana. Importantly, this dataset includes information on the hiring date of each employee. To measure levels of meritocracy, I exploit a change in the ruling party that occurred after Ghana's December 2008 elections. I use the first term (2005-2008) as a baseline by which to compare patterns of hiring in the second term under a new ruling party (2009-2012). If the patronage bureaucracy hypothesis is correct, we would expect to find that a change in the ruling party leads to significant changes in hiring patterns. Specifically, the new ruling party would be expected to favors its co-partisans, at the expense of opponents. I disaggregate the data between professional and menial positions. First, I analyze levels of partisan hiring across both types of positions. The results show no

[1]Partisan bias in both of these areas are issues that I explore in Chapter Two of this dissertation.

evidence of partisan hiring for professional positions. Conversely, the change in ruling party is associated with a seven percent increase in the share of co-partisans the government hires to take menial posts.

Second, I analyze the geographic placement of top bureaucrats across the country. Specifically, I compare the types of bureaucrats the ruling party assigns to head old districts and new districts that were created in 2012.[2] I propose that co-partisan bureaucrats can help parties distort the distribution of goods and services. Alternatively, if politicians do not care about which bureaucrats head new districts, we would expect to find equal shares of co-partisan and non-copartisan bureaucrats working across new and old districts.

Constructing an additional original dataset of the top bureaucrats working in over 180 of Ghana's 216 local governments, I find evidence of partisan bias in the placement of co-partisan bureaucrats to newly created districts. Indeed, the share of pro-ruling party bureaucrats appointed to head new districts is 130 percent larger than the share of pro-opposition bureaucrats appointed to head new districts. This result is robust to the inclusion of other personal characteristics of bureaucrats, such as their qualifications, age, and years of experience.

This chapter is structured as follows. In section 4.1, I discuss previous literature on public sector hiring and meritocracy in African countries in the post-independence and contemporary democratic periods. Next, in section 4.2, I present my theory of delayed interference. In section 4.3, I discuss the database of civil servants working across local governments in Ghana that I use to test the theory. In section 4.4, I display the results. Finally, I conclude and discuss the implications of my findings in section 4.5.

[2]The creation of these districts took the total number of local governments (and corresponding districts) from 170 to 216.

4.1 The public sector in Africa

Literature on the African state suggests that politicians have used public resources for different political purposes during alternating periods of democratic and authoritarian rule. During the immediate post-independence period, governments used state resources primarily to facilitate and sustain inter-ethnic alliances (Bayart, 1993). As authoritarian rule set in, in the form of single-party and military governments, prebendalism – defined as the distribution of a public office to an individual for her to gain personal access to state resources – was the predominant form of clientelism (Van de Walle, 2007). This period saw the proliferation of expensive offices within the state, such as ministerial positions (Van de Walle, 2001). The establishment of state enterprises provided governments with additional spoils to build alliances, and retain power (Tangri, 1999). While the distribution of public offices to build elite coalitions was the dominant strategy of clientelism under one-party rule, Van de Walle (2007) argues that the return to democracy in the early 1990s has been associated with an increased use of patronage. Public sector jobs are one important source of patronage.

Nearly twenty years ago, Chabal and Daloz (1999) argued that no African government had secured a civil service that was isolated from political control. Instead, "the ruler allocates political office to his clients on the basis of patronage, rather than according to the criteria of professionalism and competence which characterize the civil service...State bureaucratic institutions are thus rarely more than empty shells" (Chabal and Daloz, 1999, p.6-7). Other Africanist scholars have supported this view (Médard, 1982; Bayart, 1993).

Despite popular rhetoric of a bloated civil service and patronage in the distribution of jobs (Crook, 1989; Diamond, 1987), most African countries did not have especially large civil services after independence. Only 1 percent of the population was engaged in public employment by the mid-1990s (Lienert and Modi,

1997). Although the absolute number of public sector jobs rose significantly during the decade immediately following independence, this was largely because new states, which sought to do more than extract natural resources, could not function effectively with colonial staff levels (Goldsmith, 1999).

The adoption of democratic rule in many African countries in the early 1990s has been associated with further increases in the size of the public sector. The share of the population employed by the *central* government rose to 2 percent, and across the whole public sector was just under 4 percent by the early 2000s (Clements, 2010).[3] African governments today spend a larger share of public revenue on central government personnel than any other region in the world, with approximately 30 percent of state revenue spent on salaries (see Table 4.1.1). Although this may be a function of the relatively smaller size of the revenues that governments receive, the fact that states spend a substantial share of public revenues on civil service wages supports the idea that understanding the extent of patronage hiring versus meritocratic hiring is extremely important.

In addition, these continent-wide averages hide important variation across countries. In Kenya, for example, the public wage bill constitutes just under 50 percent of total government revenues, and around 12 percent of GDP (Kenya Parliamentary Budget Office, 2013). In Ghana, the Minister of Finance recently reported a public sector wage bill that equated to 64 percent of revenues when employment benefits were not included, and over 70 percent with benefits included.[4]

---

[3]It should be noted that these over-time comparisons come from two separate data sources. The first is based on estimates from the International Monetary Fund, the latter data are provided by the International Labor Organization. The latter includes a sample of 12 African countries, between 2000-2008.

[4]Daily Graphic (2013, 10 August). 70% of revenue spent on wage bill in six months. Retrieved from `http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=282078` (last accessed on 6 March 2017).

Table 4.1.1: Government compensation of central government employees (2000-2008 averages)

Regions	N of Countries	% of GDP	% of Govt. Expenditures	% of Govt. Revenues
Africa	41	6.5	30.4	29.5
Asia and Pacific	18	5.1	26.2	23.1
Europe	41	5.7	17.4	17.5
Western Hemisphere	24	8.2	31	29.6
Middle East and Central Asia	19	7.1	28.9	24.8
European Union	27	5.2	15.9	16.3
Low-Income Countries	39	5.2	28.6	27.9
Middle-Income Countries	68	7.3	27.6	26
High-Income Countries	36	6.1	20.4	18.6

Source: Clements (2010).

While scholars assert that patronage is the dominant form of clientelism in new African democracies, there have been few attempts to accurately measure the extent to which civil servants are hired on the basis of their party affiliations versus their qualifications and experience. Therefore, academics and policy makers do not know whether patronage hiring happens in recruitment to both national and local bureaucracies, and across which policy sectors.

Two recent attempts to measure levels of meritocracy in African countries are the Quality of Governance project,[5] and research undertaken by Kopeckỳ (2011). Both of these studies use expert surveys to assess the extent to which civil servants are hired on the basis of merit or partisan criteria. Kopeckỳ (2011) conducts a survey of 45 experts (academics, workers in non-government organizations (NGOs), the media and the civil service) in Ghana and South Africa to assess the pervasiveness of party patronage across different policy areas. His results suggest that parties distribute patronage across a range of policy sectors, and that the two countries have roughly the same levels of patronage. While this study confirms that hiring in the public sector in these two cases is not free from partisan bias, it fails to generate precise estimates of patronage or even relative rates.

In this chapter, I move beyond prior literature by using rich employee-level data to assess levels of merit-based hiring versus patronage-based hiring. By disaggregating job types, I also assess whether any evidence of patronage hiring is confined to menial positions or extends to professional positions.

4.2 Theory and hypotheses

Political competition has been shown to be a key variable in explaining when incumbents adopt meritocracy. Geddes (1991, 1994) argues that when two parties

[5]This project collects data from over 100 countries and is undertaken by scholars at the University of Gothenburg.

receive similar levels of electoral support, they gain equally from patronage. Under these conditions, the incumbent reaps a small electoral benefit from adopting meritocratic reforms. The opposition will support meritocracy because in the long run they are also better off. Similarly, using a formal model, Ting et al. (2013) show that politicization of the bureaucracy persists when incumbents expect to win, and that politicians adopt civil service reforms when they expect to lose. Grzymala-Busse (2007) also argues that robust party competition with plausible government alternatives and an active opposition in parliament constrained the exploitation of the state in countries such as Estonia, Hungary, and Slovenia.[6] In a similar project on Eastern European democracies, O'Dwyer (2004) proposes that when the opposition is unified, the incumbent is less likely to expand the number of civil service jobs because the opposition can use this behavior to rally citizens against the government. Overall, these studies tell us that when national elections are competitive so that parties expect to be out of office in the near future, ruling parties are willing to accept meritocracy in the present period. By accepting meritocracy, parties tie their hands, but also tie those of their opponents, which gives them a better chance at returning to power in the future.

[6]She measures how active the opposition is by counting the number of parliamentary questions the opposition schedules.

Table 4.2.1: Previous research that explains why politicians adopt meritocracy

Author	Key explanatory variable	Mechanism
Geddes (1991, 1994)	Electoral competition	Incumbent gets electoral advantage from adopting merit reform.
Ting et al. (2013)	Electoral competition	Incumbent fears losing which leads to civil service reform.
Grzymala-Busse (2007)	Strength of opposition	Incumbent fears losing which leads to civil service reform.
O'Dwyer (2004)	Number of parties in government and coherent opposition	Fewer parties in government means less patronage is needed.

Applying these arguments to new democracies in Africa, we should find that a high level of electoral competitiveness at the national level is associated with less political interference in public sector hiring. In addition to prior arguments, I propose that in competitive environments, ruling parties may be wary of engaging in patronage hiring through fear of perpetuating incompetence which can lead to failures in the delivery of private and public services to citizens. In environments where a segment of the citizenry bases their electoral decisions on government performance, poor performance can damage the electoral chances of the incumbent. Additionally, once a government decides to introduce competitive examinations to select public employees, which typically results in the "bureaucratization" of the hiring process, it can become difficult for politicians to engage in heavy-handed interference without generating public disapproval. Thus, I propose that politicians in competitive settings will accept meritocracy both to tie the hands of their opponents, but also because parties in competitive settings are under greater pressure to provide public goods to voters.

My argument assumes that each bureaucrat varies on two important dimensions; their loyalty to the ruling party, and their level of competence. From the politicians perspective, an ideal bureaucrat is both loyal and has high levels of

expertise. Previous literature, as reflected in the quote at the beginning of this chapter, has focused on politicians' inclination to prioritize loyalty. However, in competitive electoral environments, politicians may prefer to prioritize competence. Here I note that I do not define competence in terms of a bureaucrat enacting a policy through the application of programmatic rules, but, more simply, as a bureaucrat who has the requisite skills to implement legislation efficiently. In other words, a competent bureaucrat is one who can write annual reports, analyze data, and plan and oversee the implementation of government programs.

Politicians can interfere in bureaucrats' careers in two different time periods. First, politicians decide whether to interfere in the hiring process itself. Interference in hiring has a direct influence on levels of competence. I assume that when politicians interfere in hiring, with the aim to employ their supporters, resulting levels of competence will be lower than if they do not interfere. Indeed, if politicians do not interfere, and instead bureaucrats are selected on the basis of their skills, this should increase levels of competence. Second, politicians must decide whether to interfere with state employees during their careers. I propose that politicians can use delayed interference to take advantage of bureaucrats who are recruited on the basis of merit.

If public employees do not owe their positions to a political godfather it is often assumed that they will be isolated from potential pressures from politicians to distort the distribution of government services in their favor. However, knowing that politicians can interfere in postings – rewarding or punishing bureaucrats with assignments in (un)desirable districts – bureaucrats are likely to feel this pressure to politicize the allocation of public funds even after they are recruited meritocratically.

The central takeaway of my argument is that even when politicians have an incentive to support meritocracy to increase competence, they are likely to reserve the right to interfere with civil servants in later time periods. The tool of delayed

interference that I focus on is political interference in the geographic placement of bureaucrats, but in other settings, it may equally be interference in promotions or other benefits. Politicians have an incentive to interfere in bureaucratic postings because they seek to influence where and how public resources are distributed both across the country and within districts. Indeed, within districts, bureaucrats working in local governments influence both the design and the placement of local development projects.

My argument has two observable implications. If it is the case that politicians prioritize expertise, we should find that patronage hiring is confined to menial positions. This is because patronage hiring to menial positions is less likely to affect the smooth functioning of bureaucracies. The second observable implication is that if politicians interfere in postings, we should find that co-partisan bureaucrats are not distributed at random, but instead are posted to electorally advantageous locations. Accordingly, I assess two hypotheses as follows:

H.1 *Politicians are more likely to hire public employees on the basis of partisan loyalty for menial positions rather than professional positions.*

If politicians interfere with where bureaucrats work we should see co-partisan bureaucrats posted to electorally-advantageous locations. Therefore, I assess whether:

H.2 *Politicians post professional co-partisan bureaucrats to electorally advantageous districts.*

4.3 Data and method

I evaluate my hypotheses using a novel dataset of the near universe of workers in all local governments in Ghana. Ghana is a stable democracy in West Africa

and has two major political parties: the New Patriotic Party (NPP) and the National Democratic Congress (NDC). National elections are extremely competitive, for example, the 2008 election was won by the NDC with a majority of 40,000 out of an electorate of 12.5 million. The dataset includes state employee-level information for civil servants who were in active employment in 2015, when the data were collected.[7] Strictly speaking, all local government employees should be included in this database. However, the process of collecting the information involved bureaucrats having to answer a set of questions on paper which Human Resource personnel at each local government inputted into a computer. Accordingly, employees who failed to complete the questionnaire are not included in the dataset. Top bureaucrats in a district (the District Co-ordinating Directors) are often not included in the dataset.[8]

All candidates for local government positions are recruited through a centralized hiring process.[9] Those candidates applying for positions that I code as professional, for example, planning officers, budget officers, engineers, accountants, economists, are recruited using interviews and exams. In a survey I conducted with roughly 860 local bureaucrats, just over 40 percent said they sat exams, and 80 percent said they had an interview. About 36 percent of the sample had both an interview and an exam. Those candidates recruited to menial positions, for example, gardeners, laborers, security guards and drivers, do not sit formal exams. Anecdotal evidence suggests that these candidates are employed through inter-

[7]These data were compiled by Ghana's Ministry of Local Government and Rural (MLGRD) and the Local Government Service Secretariat (LGSS) in partnership with consultants hired by the European Union.

[8]I am in the process of obtaining an updated database which the Local Government Service Secretariat has been compiling.

[9]While local governments can recruit temporary workers, paying these employees using their own internally generated revenues, they are not mandated to recruit permanent public employees.

views, as well as upon recommendation from local governments to the national secretariat.

To assess evidence of partisan discrimination in public sector hiring, I use a change in Ghana's ruling party. The NPP's presidential candidate – John Kufuor – was initially elected in 2000 and was re-elected in the December 2004 elections. During this term, the NPP had an absolute majority of the seats in the nation's parliament. The NPP led the country until the December 2008 elections, when the NDC's presidential candidate – John Evans Atta-Mills – was elected. Similarly, in this term, the NDC had a majority of seats in the parliament.

Ghana's alternation of presidential power in 2008 can be used as a cut point around which to investigate potential changes in bureaucratic hiring patterns. If the patronage bureaucracy hypothesis is correct, we would expect to see significant changes in the types of bureaucrats hired when a new party comes to power. Specifically, if true, we should expect to find a drop in the share of Pro-NPP bureaucrats hired after 2008, and an increase in the share of Pro-NDC bureaucrats hired. My first hypothesis would predict that the increase in Pro-NDC hires is confined to menial positions.

I use regression analysis to analyze the relationship between the ruling party and the likelihood of different types of bureaucrats being hired. In the regression models, individual employees are the units of analysis. The dependent variable indicates the partisanship of each employee. I create dichotomous dependent variables, coding bureaucrats as either Pro-NDC or not, and Pro-NPP or not.[10] The important independent variables in the regressions include a variable that indicates the change in the ruling party, a dummy variable that indicates whether the position is menial or professional, and the interaction of the two. This interaction is the central test of the first hypothesis. If it is the case that the new ruling party

[10]A probit regression model is appropriate because the dependent variable is dichotomous.

disproportionately hired their co-partisans to take menial positions, we should see a positive coefficient on the interaction term. I also control for the age, education, and gender of each employee.

To assess the second hypothesis, which predicts that politicians reassign co-partisan bureaucrats to electorally-strategic locations, I use another change in the political environment – the creation of 46 new districts in 2012. I conducted an original survey of the top bureaucrat (District Co-ordinating Director) in each district. Of the 216 DCDs in the country, I collected data from 184. I take the share of co-partisan bureaucrats heading existing districts as a baseline level by which to compare the new districts. New districts represent electoral opportunities for the ruling party. The influx of financial capital to these districts provide the incumbent with an opportunity to build their electoral support base. Therefore, I expect to find a larger share of co-partisan bureaucrats heading new districts.

4.3.1 Coding the partisanship of civil servants

To assess my hypotheses, an ideal dataset would include the partisanship of each bureaucrat at the time of hiring. However, such information is unlikely to be available in reality as the very act of collecting it would implicate the government in discriminatory hiring. Instead of relying on a partisanship variable, I code partisanship according to the home region of each bureaucrat hired across the eight-year period I investigate (2005-2012).

I choose to use home region instead of a marker of ethnic identity because support for Ghana's two main political parties tends to follow regional rather than ethnic patterns. Within stronghold regions, parties obtain votes from a wide variety of ethnic groups (Ichino and Nathan, 2013). I identify party strongholds as regions where the majority of citizens voted for the same party across the two elections that I analyze.

Across the two elections that I investigate, the NDC captured the majority of votes (over 50 percent) in the Volta, Northern, Upper West and Upper East regions. In comparison, the NPP received the majority of the votes in the Ashanti and Eastern regions. Table 4.3.1 displays the election results disaggregated by region. Accordingly, I code *Pro-NDC* bureaucrats, as those whose home region is Northern, Volta, Upper West or Upper East. I code *Pro-NPP* bureaucrats as those who hail from either the Ashanti or Eastern regions.[11]

Table 4.3.1: Presidential vote share of Ghana's two major political parties by region

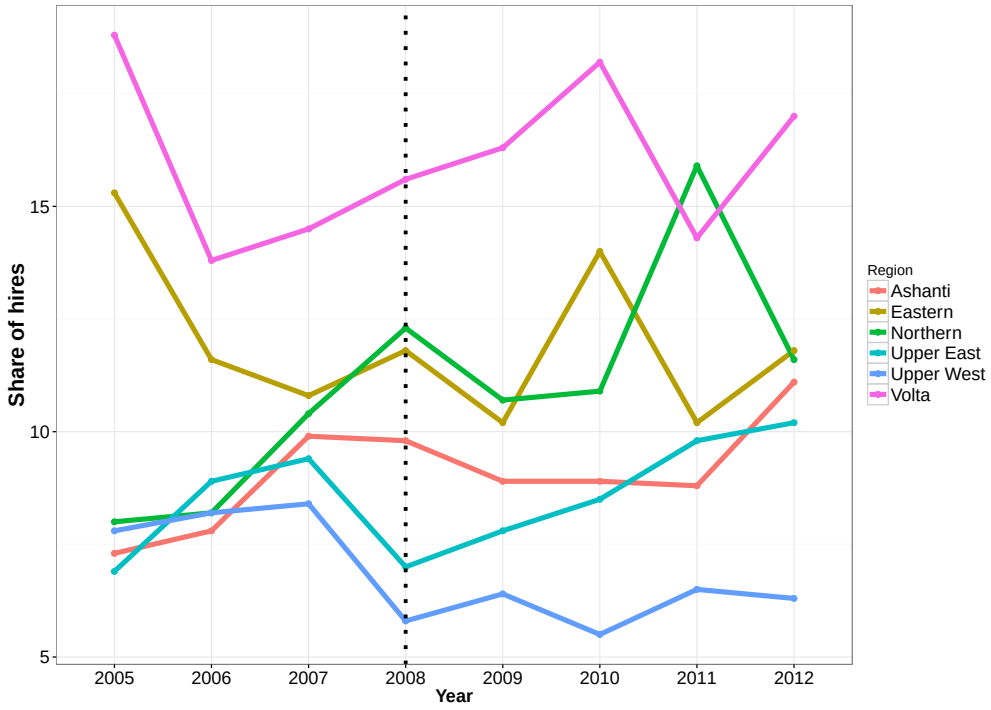
	2004		2008	
	NDC	NPP	NDC	NPP
Stronghold regions				
Ashanti	21.8	**77.0**	25.6	**74.4**
Eastern	38.4	**60.3**	42.5	**57.5**
Northern	**57.8**	34.7	**61.6**	38.4
Upper East	**53.3**	31.7	**65.6**	34.5
Upper West	**56.7**	32.2	**62.3**	37.7
Volta	**84.1**	13.7	**86.1**	13.9
Swing regions				
Brong Ahafo	46.1	52.0	51.3	48.7
Central	38.9	58.8	53.8	46.2
Greater Accra	46.6	51.7	54.5	45.5
Western	40.0	57.7	51.9	48.1

Notes: Table 4.3.1 displays the share of the presidential votes received by each party in each of the country's ten regions. I code a region as a strongholds when the majority of citizens voted for the same party in both the 2004 and 2008 elections. The numbers in bold display these majorities.

[11]Previous scholars have coded pro- and anti- government civil servants on the basis of their ethnicity (Hassan, 2016). This method of coding is not appropriate in Ghana because voters in party strongholds tend to vote across ethnic lines.

Figure 4.3.1 displays the share of hires from each of the stronghold regions across the eight years. Important things to note from Figure 4.3.1 are, first, that in all years, employees from Volta make up the largest share of new employees. Such a trend continues to be true when I extend the analysis beyond the selected years. The fact that Voltarians make up the largest share of new hires across all years may be an artifact of Ghana's history. Lieutenant J. J. Rawlings led a military regime in Ghana for nearly twenty years, from 1981 to 1992. Rawlings was an Ewe from the Volta region. During the dictatorship, it is said that he favored the hiring of Voltarians to the public sector. An interest in working in the public sector is likely to have been passed down from parents to their children, and this process may result in more candidates, and eventual hires, from the Volta region. Figure 4.3.1 also shows an increase in candidates from the Northern region hired in 2011 and a steady increase in candidates from the Upper East region hired after the change in the ruling party.

Figure 4.3.1: Share of employees hired from each of the stronghold regions over time



Notes: Figure 4.3.1 displays the share (%) of new hires from each of the six stronghold regions across the two elections. The dotted line highlights the change in the ruling party (from NPP to NDC) in December 2008.

4.3.2 Additional information on civil servant database

The database of civil servants also contains information on the gender, age, and highest educational level of each bureaucrat. I control for these variables in the regression analyses. To test the first hypothesis, I also code menial and professional positions using information on the job title of each bureaucrat. The complete list of positions and how I coded them I present in Table 4.6.1) of the Appendix.

While the individual bureaucrat-level data that I analyze are unusually rich, one drawback of these data is that they were taken at a single point in time (in June 2015). Therefore, I have no information about bureaucrats who were hired and vacated their positions before the data were collected.[12] One concern is that pro-NPP bureaucrats hired by the NPP government resigned when the NDC came to power in 2008. The effect of this attrition would be to diminish the likelihood that I would find evidence of partisan hiring in the second period. This is because Pro-NPP bureaucrats (some of whom drop out the data) would appear to compose a smaller share of those hired by the NPP. Correspondingly, Pro-NDC bureaucrats would appear to compose a larger share of those hired in the first period.

There are three reasons why this type of attrition might be unlikely. First, civil service jobs are valuable to workers because they offer financial stability in the form of a monthly pay check, benefits, and an assured pension. Civil servants also have access to politicians whom they may ask for help from when they face family emergencies. These reasons make it unlikely that an employee would give up their job just because they did not support the new ruling party. Second, while bureaucrats may be disgruntled with the change in government, they are likely to anticipate that their preferred party will not be out of office for too long. Indeed, Ghana has seen alternations of power between the two major parties every

[12]This is the first complete database of employees Ghana's Local Government Service Secretariat (LGSS) have constructed, which makes it impossible to consult older databases.

eight years since the return to democracy in 1992. Third, if it was the case that bureaucrats resigned on mass following the 2008 elections, I should see a jump in hiring in 2009 (or 2010) to make up for the loss of workers. Figure 4.6.1 (in the Appendix) is a plot of the total number of hires per year between 2005 and 2012. The plot shows that the numbers of hires in 2009 and 2010 were lower than the total number of hires the government made in 2008. These figures suggest that there was not a mass departure from the bureaucracy following the election of the NDC government in 2008.

4.4 Results

4.4.1 Hypothesis 1: Public sector hiring patterns disaggregating between menial and non-menial positions.

The first hypothesis asserts that politicians in competitive electoral environments consider the costs of prioritizing loyalty over competence. Accordingly, if political elites engage in patronage hiring, it will be confined to menial positions where the costs of favoring loyalty are low. I assess this hypothesis in two ways. First, having coded for the partisanship of each employee, I look at the share of co-partisan and non-co-partisan candidates hired by each party. These descriptive statistics disaggregate bureaucrats by job type (menial or professional). Second, I conduct a series of probit regressions to control for potential confounding variables that may influence hiring.

Table 4.4.1 displays the share of Pro-NDC bureaucrats hired by both governments. Columns (1) and (2) display these results for employees in professional positions. Column (3) displays the differences in the percent of partisan hires across the two terms. The results show no increase in the share of Pro-NDC bureaucrats hired by the NDC government. However, I do find an increase in the share of Pro-NPP bureaucrats hired to professional periods. Overall, these

results suggest that the new ruling party did not engage in patronage hiring to professional positions, and if anything appear to have favored their opponents.

This is not the case for menial positions. Column (6) shows the difference in the share of Pro-NDC bureaucrats hired to take menial positions across the two terms. The results show a 7.2 percent increase in the share of Pro-NDC hires for menial positions. As regards Pro-NPP bureaucrats, there is 2.1 percent reduction in the share hired to take menial positions. These results suggest that the NDC did favor pro-incumbent candidates when hiring employees for menial positions.

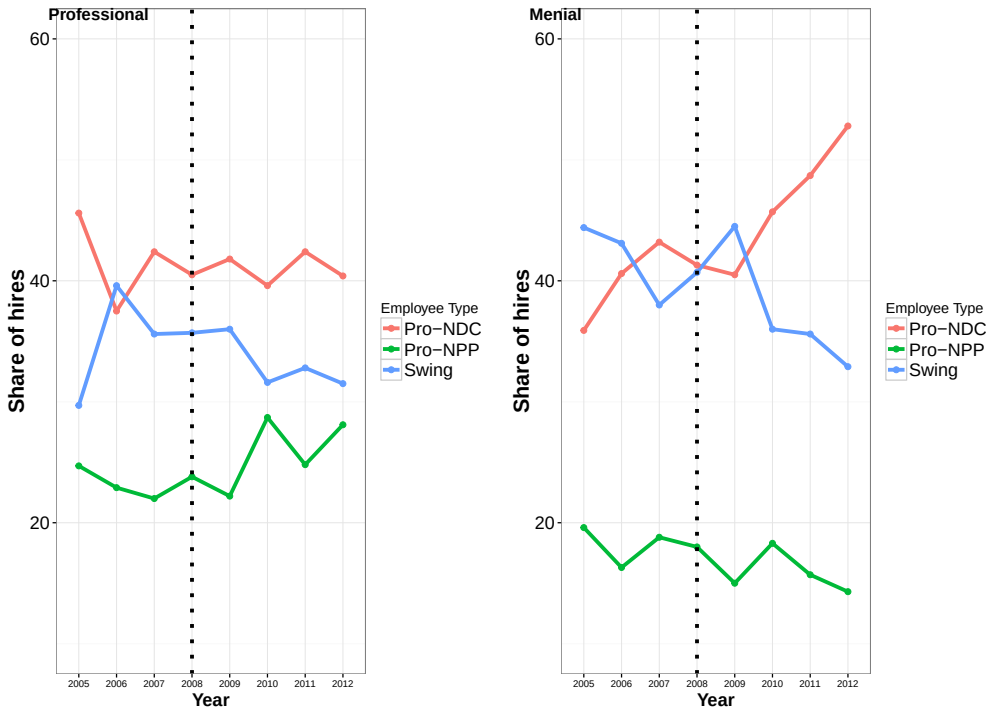
Table 4.4.1: Percent of partisan bureaucrats hired by each government, disaggregated by position type

	Professional			*Menial*		
	NPP govt. (2005-2008) (1)	NDC govt. (2009-2012) (2)	Difference (3)	NPP govt. (2005-2008) (4)	NDC govt. (2009-2012) (5)	Difference (6)
Total hires (N)	3,377	6,302	2,925	2,534	6,256	3,722
Pro-NDC (N)	1,385	2,581	2,925	1,036	3,011	1, 975
Pro-NDC (%)	41.0	41.0	0	40.9	48.1	7.2
Pro-NPP (N)	786	1666	880	453	987	453
Pro-NPP (%)	23.3	26.4	3.1	17.9	15.8	-2.1

Notes: I code the party affiliation of bureaucrats based on their home region. See Section .

In Figure 4.4.1 I split bureaucrats into three categories: Pro-NDC, Pro-NPP, and Swing. The third category indicates bureaucrats who are from one of Ghana's four swing regions. Each plot displays the share of hires in each category between 2005 - 2012. The left plot displays trends for professional positions, while the right plot displays trends for menial positions. The dotted lines indicate the change of the ruling party at the end of 2008. The plot on the left shows that the change in ruling party did not appear to either significantly increase or decrease the share of Pro-NDC bureaucrats hired for professional positions. The change in government is associated with a decline in the share of professional bureaucrats hired from swing regions, and an increase in bureaucrats hired from NPP strongholds. Regarding menial positions, the change in government is associated with a significant increase in Pro-NDC hires. In 2012, over fifty percent of menial hires were candidates who were from one of the NDC's four stronghold regions, an increase of over 10 percent compared to 2008.

Figure 4.4.1: Share of employees hired from each of the stronghold regions over time



Notes: In Figure 4.4.1 employees are categorized as Pro-NDC, Pro-NPP or from Swing regions. Each plot displays the share of new hires from each group. The left plot displays trends for professional positions, and the right plot displays trends for menial positions. The dotted line highlights the election of the NDC in December 2008.

Next, I conduct a series of probit regression analyses to control for other variables that may influence hiring decisions. Table 4.4.2 displays the results of this analysis. In these regressions, the dependent variables are dummy variables that indicate whether the bureaucrat is Pro-NDC (column (1)) or Pro-NPP (column (2)). The two main explanatory variables in the models are a dummy variable that distinguishes between the two hiring periods (i.e. the change in ruling party), and an indicator of whether the job is menial. I interact these two variables to test H1. A positive coefficient on the interaction term would indicate that the new ruling party distributed more menial posts to their co-partisans relative to professional posts. In these models, I hold constant other variables that may predict hiring, such as gender, age, and level of education.

In column (1), the coefficient on the variable that indicates the change in the ruling party is precisely zero. This supports the conclusion that the change in ruling party is not associated with an overall increase in the likelihood of a Pro-NDC bureaucrat being hired. The next coefficient indicates the relationship between menial jobs and being a Pro-NDC bureaucrat. The coefficient is also close to zero. The coefficient on the interaction term is the key quantity of interest. The positive sign on this term shows that the change in government is associated with an increase in the likelihood of a Pro-NDC bureaucrat being hired for a menial position. This coefficient is statistically significant at below the 1 percent level. I discuss the substantive significance and magnitude of the coefficient of the interaction below where I plot the predicted probabilities that result from this model.

Table 4.4.2: Probit regression results regressing bureaucrat type on governing party and position type

	Dependent variable:	
	NDC bureaucrat	NPP bureaucrat
	(1)	(2)
Change in ruling party	0.00005	0.091^{***}
	(0.027)	(0.030)
Menial	0.006	-0.154^{***}
	(0.035)	(0.039)
Change in ruling party * Menial	0.174^{***}	-0.175^{***}
	(0.041)	(0.046)
Constant	-0.417^{***}	-0.641^{***}
	(0.045)	(0.051)
Observations	18,248	18,248
Log Likelihood	−12,401.040	−9,294.593
Akaike Inf. Crit.	24,818.080	18,605.190
Note:		*p<0.1; **p<0.05; ***p<0.01

Notes: In these regressions, I control for gender, age at time of hiring, and level of education. The change in the ruling party follows Ghana's December 2008 election, which saw the election of the National Democratic Congress (NDC). *p<0.1; **p<0.05; ***p<0.01.

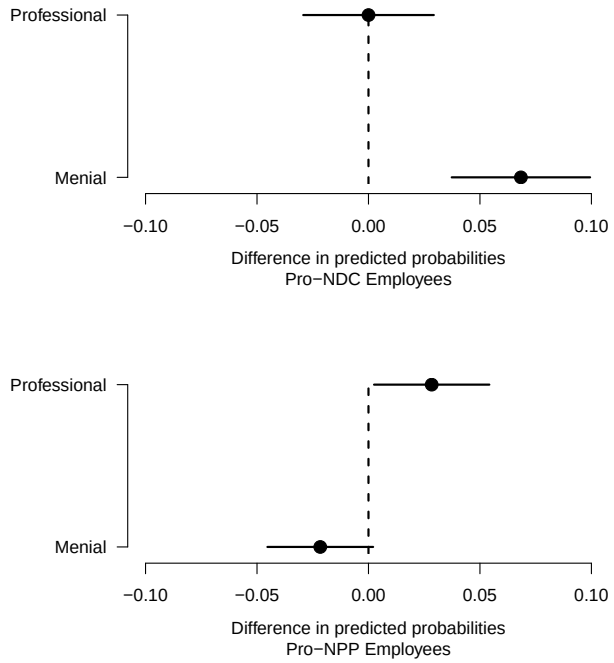
Column (2) displays the results of the same model specification with Pro-NPP bureaucrats as the dependent variable. The positive coefficient on the variable that indicates that the change in ruling party suggests that the NDC hired a larger share of Pro-NPP professionals than the NPP did. However, there is a negative and statistically significant coefficient on the interaction term which suggests that NPP bureaucrats were less likely to be hired to take menial positions under the new ruling party than they previously were.

As I noted above, the interaction between menial positions and the change in the governing party is the central test of the first hypothesis. Table 4.4.2 shows a positive interaction effect between the change in ruling party and Pro-NDC hires to menial positions. Interpreting the substantive significance of this effect is difficult simply by looking at the probit coefficients. To aid the interpretation of the regression results, I calculate predicted probabilities of a Pro-NDC bureaucrat being hired to a) a professional position and b) a menial position under the two opposing parties. I plot the differences in these predicted probabilities along with the associated 95 percent confidence intervals (Figure 4.4.2).

The top plot in Figure 4.4.2 shows that the change in government is not associated with a change in the likelihood of Pro-NDC workers being hired to occupy professional positions. In other words, there is no evidence of discriminatory partisan hiring for professional jobs. In contrast, the new government does appear to be more likely than the previous government to hire employees with Pro-NDC characteristics to take menial positions. The difference in predicted probabilities for menial positions is seven percent. These results support the first hypothesis and suggest that the new ruling party did favor their co-partisans when they recruited bureaucrats to menial posts.

The bottom plot in Figure 4.4.2 suggests that when the NDC were in office, they adopted a divergent strategy when hiring Pro-NPP employees. In fact, Pro-NPP candidates were more likely to be hired to take professional positions

Figure 4.4.2: Change in the predicted probability of a Pro-NDC bureaucrat being hired in each term, disaggregated by job type.



Notes: Figure 4.4.2 displays the difference in the predicted probabilities of a Pro-NDC/Pro-NPP bureaucrat being over the two time periods (2005-2008) and (2009-2012). I disaggregate job types into professional and menial positions. I calculate these predicted probabilities using the coefficients in columns (1) and (2) of Table 4.4.2.

compared to when the NPP were in power. The change in predicted probabilities is about 3 percent. In comparison, Pro-NPP bureaucrats were less likely to be hired to take menial positions, with a reduction of about 2.5 percent.

4.4.2 Hypothesis 2: Strategic placement of top bureaucrats

Hypothesis two predicts that instead of interfering in hiring, politicians may take advantage of partisan loyalty *after* the hiring process is complete. Specifically, I propose that politicians transfer co-partisan bureaucrats to electorally important

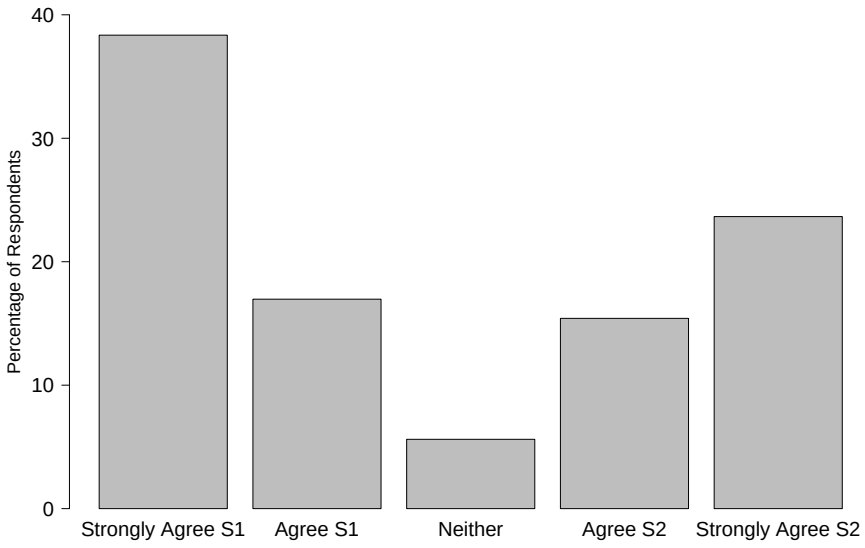
locations, and use them to extend the party's electoral support base. To assess this hypothesis, I first analyze data from a survey I conducted with local bureaucrats that asked whether partisanship can influence where they are assigned to work. Second, I investigate the geographic placement of top bureaucrats across local governments in Ghana, assessing whether the ruling party assigns co-partisans to electorally strategic locations.

In a survey of local bureaucrats (which I discuss in Chapters 2 and 3), I asked civil servants whether they believed that partisanship influences where they are sent to work (N=864). Specifically, I asked civil servants working across a sample of 80 of Ghana's local governments the following question:
Which of the following statements is closest to your view?

- *Statement 1: The party affiliation of local government personnel can influence which district they are sent to work.*
- *Statement 2: The party affiliation of local government personnel can not influence which district they are sent to work.*

The results in Figure 4.4.3 show that close to 55 percent of bureaucrats *strongly agree* or *agree* that the party affiliation of local bureaucrats can influence which district they work in. I also note that a significant share of bureaucrats (close to 39 percent) instead agree with Statement 2, which states that party affiliation cannot influence where bureaucrats work. Overall, these results suggest that partisanship often does play a role in determining where bureaucrats are posted to work. Given the hierarchical nature of bureaucratic institutions in Ghana, one bureaucrat that the ruling party may pay particular attention to is the District Co-ordinating Director, who is the top bureaucrat in each district.

Figure 4.4.3: Percent of respondents who agree with each statement regarding the influence of partisanship on the placement of bureaucrats.



Notes: Figure 4.4.3 displays the share of bureaucrats who agree with the statement that party affiliation influences where bureaucrats work. The question statements were as follows, Statement 1 (S1): *The party affiliation of local government personnel can influence which district they are sent to work.* Statement 2 (S2): *The party affiliation of local government personnel can not influence which district they are sent to work. N=864.*

I next investigate the allocation of top bureaucrats across districts. To do so, I conducted phone surveys with 184 of Ghana's 216 District Co-ordinating Directors (DCDs). I collected these data in 2016. I conducted the survey of DCDs because they are the most important bureaucrat in each district and it became apparent that they were often not included in the local government employee database that I use in the above analysis. The DCD works hand in hand with the District Chief Executive (or mayor) who is the top politician in a district.[13] Mayors are appointed by the president and are always a co-partisan of the ruling party.

Regarding their role, the DCD serves as the secretary to the District Assembly (the political arm of the local government), as well as the district's Executive Committee and the District Tender Committee. The latter committee award contracts to local contractors to construct new public infrastructure. The DCD also heads the District Development Planning Coordinating Unit (DPCU). This unit is responsible for preparing multi-year development plans for a district (Friedrich Ebert Stiftung, 2010). Through these roles, the DCD has a great deal of influence on the geographic placement of local public goods projects. Also, when the DCD is close to the mayor, the DCD can allocate money set aside in the discretionary budget of the mayor's public account. They can use this money to provide private goods to citizens or local associations.

I argue that the ruling party is more likely to post co-partisan DCDs to head new districts because of the high potential electoral returns on investments in these districts. To assess the validity of this hypothesis, I first present a cross-tabulation that displays the partisan characteristics of DCDs who head new and old districts (Table 4.4.3). The data are from 2016 when the NDC were in office. In these analyses, I code the party affiliation of bureaucrats based on their home region, as above.

[13]The mayor is the Chair of the Executive Committee and District Tender Committee.

Table 4.4.3: District type by partisanship of District Co-ordinating Director (DCD) (cross-tabulation)

District type	Pro-NDC (1)	Neutral (2)	Pro-NPP (3)
Old	74.51	80.77	89.19
	(76)	(42)	(33)
New	25.49	19.23	10.81
	(26)	(10)	(4)

Notes: Table 4.4.3 shows the share of partisans across both types of districts. The number (N) of bureaucrats in each cell is in parentheses. I record DCD assignments in 2016.

Column (1) of Table 4.4.3 shows the percentages of pro-NDC DCDs across new and old districts. Columns (2) and (3) report the same results for neutral and Pro-NPP bureaucrats, respectively. The results in the table suggest that partisanship does influence where DCDs are posted to work. Specifically, I find that 26 percent of Pro-NDC bureaucrats head new districts, compared to just 11 percent of Pro-NPP bureaucrats. This is equivalent to an over 136 percent increase in the share of Pro-NDC bureaucrats assigned to new districts compared to Pro-NPP bureaucrats.

While the results in Table 4.4.3 and Figure 4.4.3 paint quite a stark picture of potential partisan bias in the placement of bureaucrats, I conduct further analyses on the relationship between the party affiliations of bureaucrats and their placement in new districts. This is important because the cross-tab results that I display above do not control for other relevant factors that may be driving the placement of bureaucrats to new districts, such as their qualifications or work experience. For example, it may be that Pro-NDC bureaucrats are more qualified, and this is why they are assigned to head new districts. To control for confounding factors, I run a series of probit regression where the dependent variable indicates the type of district (new or old) and the explanatory variables include characteristics of the bureaucrat. I present these results in Table 4.4.4.

Column (1) of Table 4.4.4 displays the bivariate relationship between party identification and district type. In these regression models, Pro-NDC bureaucrats are the baseline category. First, we see that the sign on both of the two partisan variables (neutral bureaucrats and Pro-NPP bureaucrats) is negative. The negative coefficients suggest that both types of partisans are less likely to be posted to head a new district. The coefficient for Pro-NPP bureaucrats is statistically significant at the 10 percent level. The coefficient for non-partisans is noisier and does not indicate a clear bias against bureaucrats who I code as politically neutral (i.e. from swing regions). In column (2), I control for age and years of experience in the local government system. Age does not appear to influence placement, but the level of experience does. I find a negative and significant relationship between years of experience and being posted to a new district, in other words, the government posted bureaucrats with fewer years of experience to head new districts. In column (3), I also control for whether the bureaucrat has a masters degree.[14] Whether the bureaucrat has a masters degree is not significantly correlated with the type of district.

[14]All DCDs in the sample hold a Bachelors degree, so it was not relevant to control for this variable.

Table 4.4.4: Probit regression analyzing the relationship between bureaucrat type and district type

	Dependent variable:		
	New district		
	(1)	(2)	(3)
Neutral bureaucrat	−0.210	−0.091	0.0001
	(0.241)	(0.252)	(0.260)
Pro-NPP bureaucrat	−0.578*	−0.665*	−0.574
	(0.306)	(0.350)	(0.362)
Age		0.004	−0.001
		(0.024)	(0.025)
Years of experience		−0.055***	−0.058***
		(0.018)	(0.020)
Masters degree			−0.404
			(0.306)
Constant	−0.659***	0.035	0.662
	(0.134)	(1.146)	(1.290)
Observations	191	185	174
Log Likelihood	−96.032	−85.835	−80.285
Akaike Inf. Crit.	198.063	181.670	172.569
Note:			*p<0.1; **p<0.05; ***p<0.01

Notes: Table 4.4.4 displays the association between bureaucrats' partisan affiliations and the type of district they work in.

Overall, the data that I present in this section, does support the conclusion that politicians are strategic in where they place bureaucrats to work. First, I find that the majority of bureaucrats agree that partisanship influences assignment. Second, the results show that pro-NDC bureaucrats are more likely to head new districts.

4.5 Conclusion

Conventional wisdom on African leaders' use of the state is that ruling parties use public sector jobs as patronage to reward their party supporters. This argument implies that politicians prioritize partisan loyalty over competence. I propose that when national elections are competitive, ruling politicians must consider the electoral costs of assigning public sector positions to the most loyal bureaucrats at the expense of merit. If politicians aim to increase state capacity, enhance service delivery and promote economic growth, they must be open to the recruitment of qualified technical staff. Beyond the effect of electoral competition, I argue that politicians accept meritocratic hiring because they have tools to control bureaucrats later in their careers.

Analyzing an original dataset on the near universe of bureaucrats working across over 200 local governments in Ghana, I find evidence that politicians do not appear to interfere in hiring to recruit co-partisan bureaucrats. As party affiliation is not a variable in the dataset, I code the likely partisanship of bureaucrats based on the regions they are from. I use a change in government, to compare patterns of hiring under two opposing political parties. The results provide limited evidence to support the patronage hiring hypothesis that is the conventional wisdom in the literature. However, I do find some evidence of patronage hiring for menial positions, with a 7 percent increase in co-partisans hired for menial jobs after the 2008 election. These findings are consistent with my argument that the incumbent

party cares about increasing the functioning of bureaucracies, and thus, limit interference in hiring to professional positions.

Analyzing survey data from bureaucrats, I find that the majority of bureaucrats think that their party affiliation can influence where they work. Furthermore, I find that co-partisan top bureaucrats are more likely to head new districts. These results suggest that politicians use their control over posting to place co-partisans in strategic districts. This study has significant implications for future work on the public sector in developing democracies. First, as new data become available, it would be wise to replicate the results, to assess evidence of meritocratic versus patronage hiring in other countries, and across different bureaucratic offices. My results suggest that politicians may leave hiring for top positions, or the most important ministerial departments, to merit, but may continue to recruit on the basis of party for lower level positions. Future research could test this by analyzing patterns of bureaucratic recruitment across a range of settings. Second, future research could consider other tools of control that politicians may have at their disposal beyond interference in the geographic positioning of bureaucrats. For example, politicians may be able to control bureaucrats by interfering in promotions or dismissals.

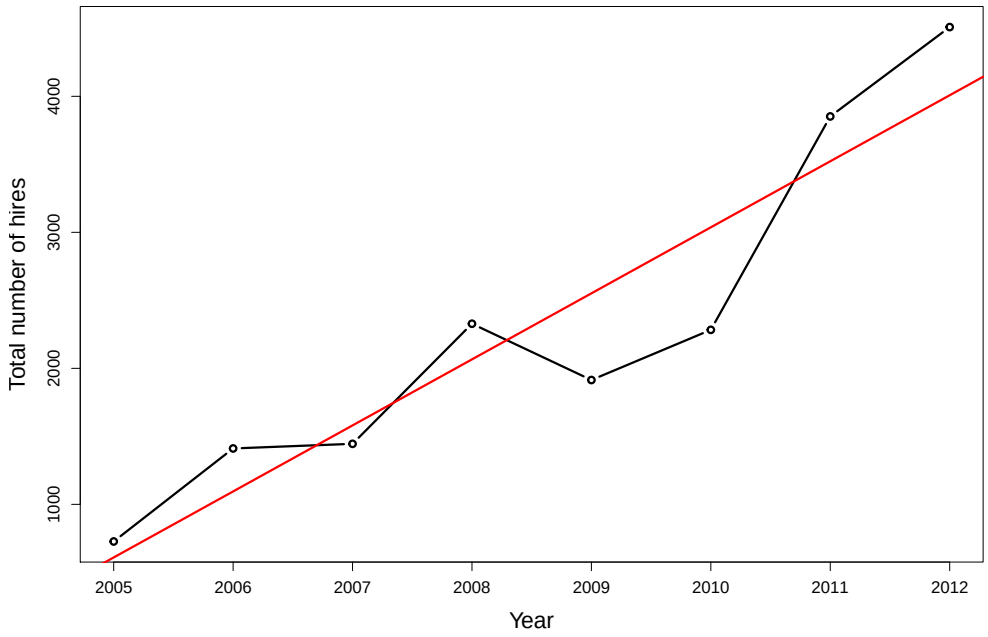
The advantage of using data from a single country is the ability to hold constant country-level factors that may influence levels of meritocracy. However, a significant limitation of this study is the inability to assess the extent to which electoral competition incentivizes politicians to accept meritocracy. I suggest that highly competitive elections prompt politicians in Ghana to support meritocracy. A better test of this theory would be to compare levels of meritocracy across countries, or districts, with different levels of competitiveness. A challenge in pursuing such a research agenda is the difficulty of measuring meritocracy at either of these levels. Because bureaucratic hiring is centralized in Ghana, I am unable to use variation in electoral competitiveness across districts to measure the influence this

has on meritocracy. In countries where recruitment is decentralized at the level of states or districts, it would be fruitful to analyze empirically the role of electoral competition on merit hiring.

Most significantly, this research suggests the need for policy makers, donors, and scholars to look beyond the hiring process when they consider how politicians use state resources to their electoral advantage. I argue that politicians sometimes have an incentive to limit their interference in hiring, but I show this does not mean they give up in their attempts to manipulate bureaucratic decision making. Instead, politicians delay interference to a later period. To truly disentangle the party and the state, not only must hiring be isolated from political interference but so must bureaucratic placements.

4.6 Appendix

Figure 4.6.1: Total number of public sector employees hired per year



Notes: Figure 4.6.1 displays the total numbers of hires per year as recorded in the bureaucrats dataset. The red line is a linear regression of total number of hires on year. The regression line demonstrates the gradual increase in the number of employes hired over the two terms.

Table 4.6.1: List of menial and professional positions

Menial jobs
Gardener, Labourer, Scavenger, Security guard, Watchman, Metro guard, Foreman, Driver/Tractor driver, Tradesman, Catering officer/cook, Child care officer, Daycare attendant, Environmental assistant, Messenger, Disaster control officer, Caretaker, Plumber, Salesperson, Scaffolder, Seamstress, Tailor, Steward, Washerman, Telephonist, Receptionist
Professional jobs
Accountant, Agriculture officer, Assistant director, District co-ordinating director, Human resource manager, Internal auditor, Budget analyst, Economist, Engineer, Environmental health officer, Executive officer, Planning officer, Programming officer, Procurement officer, Librarian, Mass education officer, Quantity surveyor, Works superintendent, Radio operator, Records supervisor, Revenue inspector/superintendent, Social development officer, Storekeeper, Stenographer, Typist, Technical officer.

CHAPTER 5

Conclusion

Making services work for poor people involves changing not only service delivery arrangements but also public sector institutions.

- World Bank, *World Development Report (2004) p1.*

5.1 Overview

A pressing problem that developing countries face is increasing the effectiveness of public sector institutions to deliver vital public services to citizens. The World Bank's *World Development Report* in 2004 proposed that corruption in the spending of public funds is one of four impediments to the effective delivery of services to citizens.[1] In this dissertation, I have taken a micro-empirical approach to study political interference and corruption in the delivery of local development. Specifically, I focused on two types of distortions. First, in the selection of beneficiary communities, and, second, in the selection of contractors.

Considering the selection of contractors, public institutions award contracts to private companies to construct new infrastructure. Indeed, developing countries spend an estimated $820 billion per year, about 50 percent of their budgets, on procuring goods and services (World Bank, 2016). However, outputs often do not match inputs. Inflated budgets, missing infrastructure (Rasul and Rogger,

[1]The other three can be summarized as: *low levels of government spending*, *high absenteeism rates of front-line service providers*, and *low citizen demand for services* (World Bank, 2004).

2016; Williams, 2016), and the use of poor quality materials are common problems (Olken, 2007; Lewis-Faupel et al., 2016). Considering the beneficiaries of projects, even when projects are provided, there is a concern that the communities that receive them are selected on a partisan basis as opposed to on need.

To discuss challenges in the delivery of public goods in developing democracies, I presented a case study of local government institutions in Ghana. I focused on local institutions for three main reasons. First, decentralization is by now the modal institutional arrangement in nearly all countries (Faguet, 2014). With millions of dollars entrusted each year to local governments, there is a need to better understand challenges to administering development within these types of institutions. Second, local institutions are often microcosms of national institutions. The methods and motivation for corruption at the local level are mirrored at the national level, where politicians and bureaucrats enact them on a larger scale. It is unlikely that the level of access that I was afforded at local institutions would have been similar in national bureaucracies. Thus, for practical reasons, it was advantageous to focus on local governments to gain deeper insight into the precise ways in which the politicization of administrative processes occurs. Third, an analysis of local governments allowed me to investigate sub-national variation in outcomes, holding country-level covariates fixed. This provided me with some leverage to answer questions such as whether higher levels of electoral competitive perpetuate or remedy corruption.

In this dissertation, I have focused on two main sets of actors: politicians and bureaucrats. I investigated the incentives and motivation of these elites actors because they manage the every-day processes that eventually lead to the construction or rehabilitation of local public good projects. The main question I set out to answer was why bureaucrats help politicians engage in corruption. Indeed, as I discussed in Chapter 1, it is often the case that bureaucrats do not personally gain from corruption in procurement. In brief, I argued that bureaucrats do so

because politicians have discretionary control over their careers. My theory calls into question the traditional view in the literature of bureaucratic delegation that giving politicians greater control over bureaucrats improves policy outcomes. I argued that while granting politicians oversight tools – such as control over bureaucratic transfers, salaries, or promotions – may align bureaucratic incentives with politicians' goals, it can weaken overall government accountability to citizens by allowing politicians to suborn bureaucrats to enable corrupt activities. I proposed that bureaucrats are more likely to facilitate corrupt procurement when politicians have the ability to disrupt their careers by transferring them to undesirable locations.

I also proposed that an electoral logic drives the types of distortions in development that I uncover. In particular, public procurement offers politicians a way to fund the maintenance of party structures and pay for expensive election campaigns. The challenges of financing parties and campaigns is especially apparent in low- and middle-income countries because the private sector is often not robust enough to offer significant contributions to parties. In addition, citizens are often too poor to pay regular dues. When the state also does not provide finance to parties, as is the case in Ghana, politicians must look for other sources of funding. Skimming from public procurement contracts can provide a source of income. Bureaucrats reported that local governments award contracts to local party financiers in return for money that they have already donated to the party or money that they promise to provide in the future. In short, I argued that corruption in local development is driven by the political economy of campaign funding and elections.

5.2 Summary of findings

In this section, I provide a brief overview of the main findings of my dissertation. In Chapter 2, I asked the extent to which development processes are politicized within local governments in Ghana. I began the chapter by providing a detailed account of the steps that bureaucrats take to develop multi-year development plans in their districts. However, local politicians interfere during the implementation of these plans and attempt to reallocate projects to communities where they have strong electoral support. A report from one senior bureaucrat I interviewed suggested that trying to stick to the district's Annual Action Plan was the "biggest challenge" he faced. To better document systematic political interference in the placement of projects, I administered a survey experiment with local bureaucrats. In this experiment, I manipulated two characteristics of potential beneficiary communities. First, how deprived the community is relative to other local communities in the district. Second, whether the community voted for the national ruling party or the opposition party.

The results complemented the information I collected from interviews with bureaucrats and demonstrated that local public goods projects are often awarded to communities on the basis of which party they vote for as opposed to on need. Specifically, bureaucrats reported that villages that are among the poorest in a district, but who voted for the opposition party, are 20 percent less likely to receive a new project compared to needy villages that voted for the ruling party. In addition, villages that are not the most in need, but voted for the ruling party, are more likely to receive new projects than communities that voted for the opposition. Overall, these results demonstrate that political incentives are one reason why poor citizens do not always benefit from local development, which represents an important challenge to decentralization.

One may argue that the most important thing is that a community receives a project, as opposed to *which* community it is. This may be especially true in developing countries where the majority of communities are disadvantaged to some extent. Indeed, while the focus in the literature on distributive politics is to document partisan bias or ethnic bias in the distribution of state-provided services, scholars neglect to discuss the gains to overall welfare that state-run programs lead to. Therefore, perhaps a more important concern is whether the project was value-for-money, and whether it was constructed using high-quality materials. In Chapter 2, I also considered the question of project quality, by assessing whether local governments award contracts to experienced contractors.

To investigate the issue of contractor selection, I implemented a survey experiment with bureaucrats in which I varied whether a firm bidding for a project had experience in construction or not, and whether they were politically tied to the national ruling party or were not affiliated with the ruling party. The results showed that contractors who are affiliated with the ruling party, but who have no experience in construction, are more likely to receive contracts than independent contractors who have a lot of experience in construction. In fact, the results showed that there is not a statistically significant difference in the likelihood of partisan contractors who *have* and who *do not have* experience in construction receiving contracts. These results suggested that political affiliation is the central variable that explains the selection of contractors.

I argue that contracts are awarded to partisan firms for a simple reason: the extraction of rents. Kickbacks from public contracts are stashed in the coffers of the ruling party, which uses the money to finance and maintain local party offices, pay party activists, and fund expensive election campaign activities such as driving to communities, holding community workshops, conducting rallies and distributing private gifts to citizens. Increased levels of electoral competition often make election campaigns more expensive. Therefore, one can hypothesize that

electoral competition can exacerbate the need for local politicians to capture rents from public procurement. In support of this hypothesis, I found that in competitive districts partisan contractors are more likely to receive contracts than in non-competitive districts. This suggests that highly competitive elections further impede the development of good governance practices. Having provided results that imply that local governments award contracts to inexperienced but partisan contractors, the next question to address is why bureaucrats allow politicians to undermine competitive procurement practices which are enshrined in Ghana's laws.

In Chapter 3, I addressed the central question of why bureaucrats engage in corruption on behalf of politicians. I discussed the two main ways in which competitive procurement is undermined, through a method of *restricted sales* or *inside information*. I explained that the implementation of both of these methods involves the consent and co-operation of bureaucrats. I argued that bureaucrats engage in corruption because of potential threats to their careers if they do not. I tested the hypothesis that when politicians have higher levels of political control over the careers of bureaucrats, bureaucrats are more likely to engage in corruption. The threat I focus on is the geographic transfer of bureaucrats to new positions in a different part of the country. Transfers are a threat to bureaucrats as they can dramatically alter living conditions and separate them from their families. The second hypothesis I assessed is that bureaucrats who already work in desirable locations, will be more susceptible to politicians threats of transfers. I demonstrated a robust association between the ability of politicians to transfer bureaucrats and corruption in procurement. Furthermore, I found that the magnitude of the coefficient on political control is higher in more urban districts, where bureaucrats have more to lose from being transferred.

To more concretely link the act of a bureaucrat refusing to participate in corruption and them being transferred I used a list experiment. In the list ex-

periment, I asked bureaucrats to tell me how many items on a list are potential reasons that they would be transferred. On the treatment list, I added "exposing corruption" as one of the reasons. The results showed that nearly 60 percent of bureaucrats agreed that standing up to corruption is a likely reason for being transferred. Taken together, the results in this chapter demonstrated that politicians in Ghana use the threat of transfers to suborn bureaucrats to engage in financial misconduct. This behavior undermines competitive procurement processes. While it is difficult to precisely estimate the cost that these actions have on local development, some interviewees asserted that this type of corruption results in about 60 percent of local government budgets being wasted. These inefficiencies have three main sources. First, the distribution of contracts to contractors operated by local party leaders often results in the inflation of contract sums. If each local government spends twice as much as they need to on each project, they will complete half of many projects. Second, skimming from contracts can lead to the use of low-quality materials, as well as inexperienced laborers. Shoddy construction ensures that new infrastructure does not last more than a few months or a year. Local governments then have to spend precious resources trying to rehabilitate crumbling projects. Finally, funds may be distributed to contractors, but nothing is built or the project is left unfinished. In each of these ways, uncompetitive procurement can significantly undermine local development.

In Chapter 4, I discussed an alternative hypothesis that may explain why bureaucrats facilitate uncompetitive procurement, which is that they are patronage appointees. If bureaucrats are appointed on the basis of their partisan ties, it would not be surprising if they facilitate corruption on behalf of politicians. This is because their professional fates may be tied to the electoral fates of their party patrons. An implication of the patronage bureaucracy hypothesis is that a change in the ruling party should result in a significant shift in the types of bureaucrats the government hires.

I used a novel dataset of bureaucrats working across local governments in Ghana (N = 40,000). These individual-level bureaucrat data include information on the year each bureaucrat was hired. To measure levels of meritocracy, I exploited a change in the ruling party that occurred after Ghana's December 2008 elections. I used the first term (2005-2008) as a baseline by which to compare patterns of hiring in the second term under a new ruling party (2009-2012). The results provided limited evidence to support the patronage hiring hypothesis that is the conventional wisdom in the literature. However, I found some evidence of patronage hiring for menial positions, with a 7 percent increase in co-partisans hired for menial jobs after the 2008 election. These findings are consistent with my argument that professional positions have been isolated from political interference. Menial occupations continue to be politicized, with politicians likely to award these positions to party activists.

In Chapter 4, I also analyzed the geographic placement of professional bureaucrats across the country. The patterns I found suggested that politicians can influence the locations that professional bureaucrats work, and use this control over placement to their electoral advantage. Specifically, I showed that co-partisan bureaucrats are more likely to be posted to head new districts, which present an opportunity for the ruling party to expand their electoral support base. Overall, this chapter highlighted the need to look beyond hiring processes to accurately measure political interference in bureaucratic decision making. Additionally, it emphasized the need for scholars to disaggregate between professional and menial positions to present a nuanced picture of levels of meritocracy in developing democracies.

5.3 Measuring concepts that are difficult to measure

To answer my research questions, I found creative ways to measure concepts that are inherently difficult to measure. To do so, I adopted a range of techniques. Experimental methods enabled me to make causal claims about how different characteristics of communities, and of contractors, influence the probability that they will receive projects, and contracts, respectively. I embedded these survey experiments in an original survey of local bureaucrats. To measure corruption, I used a sensitive-survey technique known as "randomized-response" design. This method allowed me to provide plausibility deniability to respondents to encourage them to provide honest answers to questions on corruption. I propose that if researchers want to know about the pervasiveness and motivation of corruption in the public sector, they must collect data from bureaucrats, as opposed to relying on external experts. This is because bureaucrats have an unparalleled knowledge of the types, motivation, and pervasiveness of financial misconduct.

In addition to experimental and survey methods, an integral part of this study was the collection of qualitative data from bureaucrats, politicians, development practitioners, and experts on local governance. My aim throughout has been to triangulate the quantitative data that I collected with these qualitative insights. The qualitative information brought the quantitative data to life, and allowed me to provide a detailed account of the precise methods through which financial misconduct occurs. Changes in institutional environments, such as the adoption of new policies or a change in the ruling party, present opportunities for scholars to investigate the effects of political variables on important outcomes. I leveraged a change in the ruling party in Ghana to substantiate the claim that professional bureaucrats in Ghana are recruited on the basis of merit. To my knowledge, this is the first study that combines a change in government with individual-level

bureaucrat data to measure the extent to which bureaucrats are hired on the basis of merit versus patronage.

A limitation of my study is my reliance in Chapter 2 and Chapter 3 on data from surveys. Relevant objective data is information on each of the communities and contractors that local government had awarded projects and contracts to. To this end, I collected information on the names of the companies that each of the 80 local governments in my sample had recently awarded with projects. Bureaucrats were often hesitant to provide me with this information. However, I was able to collect the names of about 280 contractors across about 72 local governments. The next difficulty came in trying to obtain accurate information on each of these firms. Firms in Ghana must register details about the company at the Registrar General's Department in the capital city, Accra. I worked with personnel at the Registrar General's Department to obtain details on firms. However, without the passing of a Freedom of Information bill, it was difficult to collect data on contractors. There were also a lot of inconsistencies in the spelling of company names which lead to missing data. I reflect on the difficulty I had in collecting objective data to demonstrate two things to the reader. First, I went to great lengths to try to obtain this information. Second, it is often very difficult to collect objective data in the context of developing countries where records are not electronic and where freedom to information is not a right that citizens hold. In this setting, the data that I presented represents the best data available, at present.

5.4 Implications and future research

The main findings of my dissertation have some important implications. The first set of implications concerns possible ways of enhancing the effectiveness of public sector institutions. When scholars model bureaucrats as the root cause of

administrative deficiencies, corresponding solutions focus on bureaucrats. Much of the literature discusses the importance of meritocratic hiring practices. Recent interventions also seek to improve the pool of civil service applicants, for example, by increasing advertised wages (Dal Bó, Finan and Rossi, 2013). Another set of solutions seeks to alter the incentives of bureaucrats after they have taken office. Positive incentives for "good" behavior include bonus pay or promotions. Negative inducements include monitoring bureaucrats and punishing "bad" behavior. However, if unprincipled principals (politicians) are the actors who drive administrative corruption, these bureaucrat-centered solutions may not be very effective.

My results may help to explain why scholarship has been unable to demonstrate a robust correlation between the relative wages of civil servants and levels of corruption across nations (Treisman, 2007). In addition, time-series data reveal no evidence that within-countries wage increases reduce corruption in the short run (Van Rijckeghem and Weder, 2001). Further, pay increases have actually been found to *increase* levels of petty corruption among police officers in Ghana (Foltz and Opoku-Agyemang, 2015). Increasing levels of monitoring may be effective in reducing corruption. However, my results suggest that only if the agents and institutions that administer the monitoring are independent of the ruling party, and have authority to sanction both politicians and bureaucrats, is monitoring likely to be effective.

Broadly, my findings suggest the need for creative solutions to reduce public sector corruption. These policies must take into account the relationship between politicians and bureaucrats. Before enacting new policies it is worth policymakers' while to consider question such as: what incentives do each set of actors face? What are the professional and personal priorities of bureaucrats? What formal and informal tools of control do politicians have at their disposal to stop bureaucrats achieving these goals? As long as politicians can use informal tools – be it

transfers, interference in promotions, or not granting discretionary benefits – to negatively effect the livelihoods of bureaucrats, bureaucrats are likely to submit to the personal whims of their political masters. In short, increasing civil servants' capacity may be a necessary requirement for a well-functioning bureaucracy, but it is far from sufficient.

One potential puzzle that my findings bring to the forefront is why local politicians do not put more effort into delivering high quality local public goods if this is what voters favor? I propose that a few reasons may explain this. While citizens may have a preference for local public goods, they also have low levels of trust in government institutions, as well as little information about the annual budget of local governments. Survey results from the Afrobarometer show that 78 percent of Ghanaians report that their local government does "very badly" or "fairly badly" in providing citizens with information about the annual budget.[2] Similar results are found in Mali, where more than a third of respondents do not know the local government has a budget to invest in the local community. Similarly, about half of sampled Malians do not know that their local governments have funds to finance local development projects (Gottlieb, 2016).

In environments where citizens do not trust or have low expectations of what local government can potentially deliver, voters are incentivized to use elections as a time to extract concrete resources from politicians (Nugent, 2007). Citizens' demand for private goods puts pressure on politicians to provide these goods. This leads to a vicious circle in which politicians undermine the delivery of public services by skimming from public budgets to provide private goods, and citizens demand private goods today, because they do not trust that state institutions will deliver local public goods in the future. Importantly, research shows that when citizens are better informed about the budget and capability of local institutions they are more likely to vote on performance and the delivery of local public goods

[2]These are results from Afrobarometer Round 6 (2014).

(Gottlieb, 2016). This suggests that the public dissemination of information about local government budgets has the potential to incentivize local politicians to invest in local development and move away from the current equilibrium of poor service delivery.

Throughout my dissertation, I have portrayed bureaucrats as being victims of their political masters. While it is no doubt the case that some bureaucrats individually gain from the corruption that I discuss in prior chapters, my main point is to emphasize that it is politicians and not bureaucrats that drive corruption in public procurement. I propose that a key variable in understanding whether it is bureaucrats or politicians who drive corruption is to ask whether bureaucrats have the opportunity to individually engage in corruption by taking bribes from citizens. Much of the literature discusses bureaucrats as if this is always the case (Shleifer and Vishny, 1993; Olken and Pande, 2012). However, bureaucrats who work together in teams and produce outputs that are not directly sold to end users do not have such opportunities.

In future research, I intend to disaggregate the bundled concept of a "bureaucrat". Indeed, while all bureaucrats deliver state services to citizens, the environments they work in, and the exact ways in which they deliver these services is very different across types of positions and sectors. I intend to develop a typology of bureaucrats that better explains the individual incentive of bureaucrats to engage in corruption, both for themselves, and for politicians. I propose two important variables in explaining whether it is bureaucrats or politicians who drive corruption: first, the extent to which bureaucrats deliver *group* versus *individual* outputs, and, second, the extent to which politicians monitor bureaucrats on a day-to-day basis. The bureaucrats I discuss in this dissertation work in the same building as the politicians who oversee them. This is a different work environment compared to a school or hospital where politicians are not physically present on a day-to-day basis. Daily monitoring of bureaucrats by politicians gives politicians

the ability to co-opt bureaucrats and extract rents from administrative processes. As the main actors involved in delivering development to citizens, a better understanding of the incentives that bureaucrats face is essential to enhance the delivery of vital public services to citizens all over the world.

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