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Does Local Politics Matter? Explaining Health Aid Project Implementation Success through the Regime Type of Recipient Countries

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Bachelor Project: The Politics of Public Health in Developing Countries

Thesis

*Does Local Politics Matter? Explaining Health Aid Project Implementation Success through
the Regime Type of Recipient Countries*

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Abstract

While crises accumulate in the developing countries, major donors decrease their aid budget. Consequently, understanding determinants of aid effectiveness is crucial to improving health around the World. Previous research has put forward the positive influence of democratic regimes on health improvements. Nonetheless, little is known about the role of recipients' political regimes on the success of aid project implementation. This paper seeks to clarify this relationship by answering the question “*What is the effect of regime type on the effective implementation of project-aid targeted to health?*”. The study focuses on the World Bank projects in the health sector in Africa. An OLS approach is chosen to investigate democratic mechanisms, data is retrieved through the Independent Evaluation Group and Freedom House. The results show a positive but weak non-significant effect of democracy on aid effectiveness. Hence, findings do not provide evidence that democracies are better at implementing health aid projects. Using a larger sample is recommended for future studies.

Table of Content

1. Introduction	3
2. Theoretical Framework	5
2.1. Conceptualisation Aid Effectiveness.....	5
2.2. Conceptualisation Democracy.....	6
2.3. Regime Type and Aid Effectiveness.....	7
2.4. Aid-specific risks undermining effectiveness.....	10
2.5. Competing explanations.....	12
3. Methodology	14
3.1. Research Design.....	14
3.2. Choice of Cases.....	14
3.3. Operationalisation and Data Sources.....	16
3.4. Models.....	19
3.5. Assumptions.....	20
4. Results and analysis	20
4.1. Primary Analysis.....	20
4.2. Understanding democratic mechanisms.....	23
5. Conclusion and Discussion	25

1. Introduction

Since 1946 and the approval of the World Health Organisation (WHO) constitution, the global community envisages “...the highest attainable standard of health as a fundamental right of every human being.” (WHO, 1946, p.2). Progress has been highly unequal throughout the world and the COVID-19 pandemic has again put forward the importance of resilient health systems and coverage. One of the answers of the international community to meeting the WHO goals was the instauration of foreign aid. Nonetheless, recent conflicting trends on both ends of the aid process, have called, more now than ever, for truly effective aid. On the donor side, major aid-giving governments, such as the United Kingdom, Germany or the European Union, have significantly downsized their aid budget (ODI, 2022). Whereas, on the recipient side, overlapping crises in economy, climate, health and political instability create a mounting demand for international public financing (ODI, 2022). As a consequence, understanding the determinants of successful aid is crucial to bettering lives around the World.

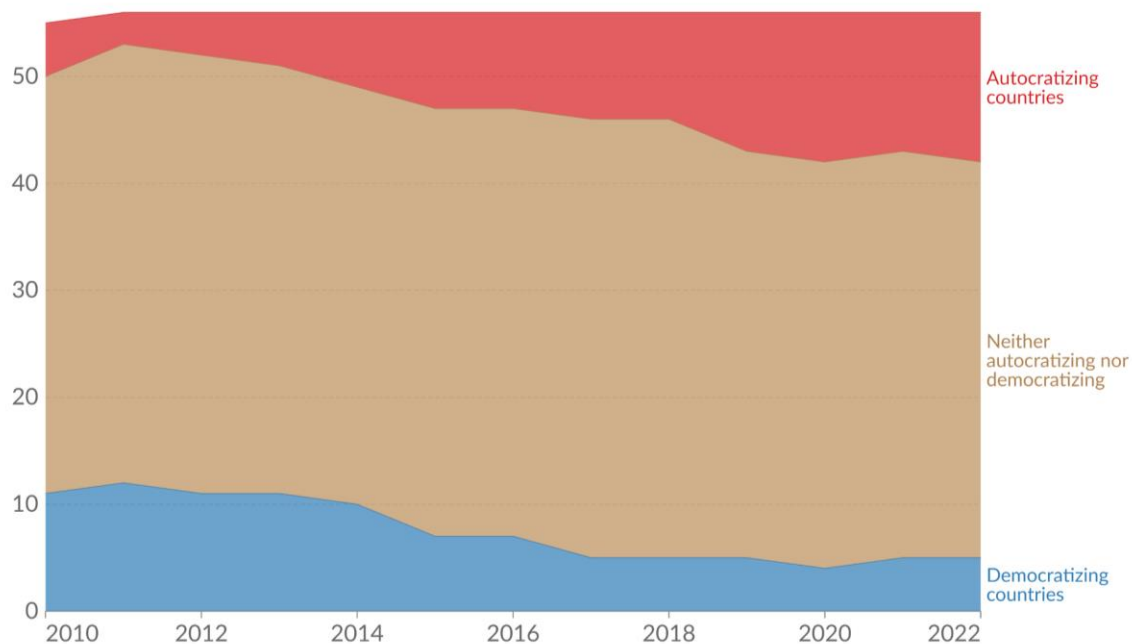
Targeted health aid has been associated with improvements in health outcomes. Cross-country analyses point towards a correlation between increasing aid flows and reducing infant and under-5 mortality (Mishra & Newhouse, 2007, 2009; Bendavid & Bhattacharya, 2014), as well as an increasing life expectancy (Bendavid & Bhattacharya, 2014). At the subnational level, results also converge towards positive effects of aid, notably through shorter recovery times leading to higher productivity, reduced prevalence of parasitic diseases and higher quality health infrastructure (Marty et al. 2017; Odokonyero et al. 2018).

Nonetheless, literature has not yet investigated if these outcomes of health aid projects were correlated to the regime type of recipient countries. Democracy has previously been positively associated with economic growth, higher level of education and better provision of healthcare. More precisely, democratic regimes have been observed to perform better at population health than their autocratic counterparts, through longer life expectancy for both men and women (Besley & Kudamatsu, 2006; Safaei, 2006; Patterson & Veenstra, 2016), lower infant and under-five mortality (Navia & Zweifel, 2003; Gerring et al. 2012; Mejia, 2022), as well as higher spending in the provision of public goods, welfare expenditure, safe water and public sanitation (Franco et al., 2004; Deacon, 2009; Biser & Edwards, 2012; Burroway, 2016). However, aid is currently allocated to both autocratic and democratic regimes: in 2019, the five

countries that received the highest amount of development assistance for health were the Democratic Republic of Congo, Nigeria, Kenya, Tanzania, and Ethiopia (Statista, 2023). Nonetheless, if regime type does influence the success of health aid projects, the widespread democratic backsliding in the Global South over the past decade encourages to investigate this question in a timely manner (Carothers & Press, 2022). As illustrated in figure 1 (Our World in Data, n.d.), autocratisation in Africa, the largest aid-receiving region, could pose a serious threat to improvement in population health in developing countries (OECD, 2021).

Figure 1: Countries that are democratising and autocratizing, Africa.

Political regimes based on the criteria of the classification by Episodes of Regime Transformation and the assessment by V-Dem's experts.



Data source: Episodes of Regime Transformation (v13)

OurWorldInData.org/democracy | CC BY

1. V-Dem: The Varieties of Democracy (V-Dem) project publishes data and research on democracy and human rights. It relies on evaluations by around 3,500 country experts and supplementary work by its own researchers to assess political institutions and the protection of rights. The project is managed by the V-Dem Institute, based at the University of Gothenburg in Sweden. Learn more: Democracy data: how do researchers measure democracy? The 'Varieties of Democracy' data: how do researchers measure democracy? The 'Varieties of Democracy' data: how do researchers measure human rights?

However, in spite of being more prone to engage in redistributive policies and increase welfare in domestic projects, the involvement of foreign actors creates two distinct sets of management. This might not leave ground for democratic processes to influence the implementation of aid projects. Moreover, internationally financed projects usually put more power in the hands of

the donors, providing them with the capacity to bypass the recipient government preferences through greater influence in the management and oversight (Wenar, 2006, Booth, 2012).

As such, answering the question “*What is the effect of regime type on the effective implementation of project-aid targeted to health?*” provides new perspectives for the aid effectiveness and project management literature, along with participating in understanding the role of domestic determinants of aid effectiveness. Besides, results can also be used for the broader policy-making audience to provide developing countries with innovative and effective answers to improve their citizens' health.

Answers will be provided through a large-N statistical analysis, using data from the World Bank projects rating and Freedom House in the African Region. Results do not provide sufficient evidence to support an effect of democracy on aid effectiveness.

2. Theoretical Framework

2.1 Conceptualisation: Aid effectiveness

To investigate the relationship between regime type and aid effectiveness, concepts under study require definition. The success of aid projects relates to the concept of aid effectiveness, which is rarely defined in the literature. However, scholars have qualified aid as effective when it achieved its desired objectives, most of the time taking the form of increased GDP, growth or higher level of democracy (Doucouliagos & Paldam, 2009; Denizer et al., 2013).

Nonetheless, the international community has presented aid effectiveness through a broader approach of understanding *how* aid can be of higher quality and improve its impact on development (OECD, nd.). The High Level Fora on Aid Effectiveness, oriented the debate towards the determinants of aid planning, leading to the creation of five fundamental principles: ownership, alignment, harmonisation, results and mutual accountability (OECD, 2005). In other words, focus was brought upon the process of aid allocation: the design of aid projects and the relationship between donor and receiver (OECD, nd.). Consequently, research reflected this focus and attempted to compare what the best institutional set up was to yield better results (Radelet, 2004).

This focus on the *planning* left behind the *implementation* of aid projects. Considering the extensive literature regarding project design, it is crucial to look at other stages of aid effectiveness. Furthermore, to assess the domestic characteristics of recipients in the success of aid projects, implementation is best fitted to the study. Indeed, following the World Bank project cycle, the four stages before the implementation, relating to the planning of the projects, are done by donors and recipients, which can lead to donors having more weight in decision making. Whereas the implementation stage is left to the responsibility of the recipient country which “carries out all procurement of goods, works and services needed, as well as any environmental and social impact mitigation “ (World Bank, n.d.). As such, if local regimes play a role on the outcomes of projects, an effect is likely to appear where the recipient is somewhat autonomous.

To consider comparable criteria across countries and provide a broad answer to the research question, this paper will follow Kadirova’s (2014) conception of successful implementation. As such, the success of the project lies in the completion of its goals: a project becomes successful if it efficiently achieves its stated objectives. Hence, by investigating the domestic factors of receiving countries in shaping aid outcomes, this research will consider successful or effective aid projects as successful in their technical implementation.

2.2 Conceptualisation: Democracy

In this paper, democracy and its extent will be used *pars pro toto*, i.e. synonymously to “political regime type”. Still, democracy does not accept a sole definition in the literature. Two main strands exist: one based on competitive elections, the other based on polyarchy.

The first strand, qualified as minimalist, refers largely to the procedural and institutional functioning of democracy. This is best highlighted by Schumpeter’s (1942) definition, that reduces democracy to a political system where officials are chosen through “a competitive struggle for the people’s vote.” (p. 241). Hence, following this conceptualisation, democracy can only be measured by *contestation* and *participation*. In that vision, democracy is simplified to a system of vertical accountability between the ruled and the rulers via elections (Przeworski, 2007).

On the other hand, Dahl (1971) moves away from the dichotomy of democratic and non-democratic regimes and introduces the concept of *polyarchy*, a spectrum from perfect autocracy to perfect democracy, an unreachable ideal. The concept of polyarchy paves the way towards a broader definition of democracy: political regimes are evaluated along a set of institutional guarantees, acknowledging that there cannot be a democratic regime without holding contested elections. But, at the same time, not all regimes holding contested elections classify as consolidated democracies (Boese, 2019; Bidner et al. 2014). Five guarantees are listed: inclusion, political equality, enlightened understanding, control of the agenda and effective participation. Accordingly, political rights, participation, freedom of media and expression are central to genuinely democratic systems (Dalton et al., 2004).

Other scholars build on Dahl's (1971) polyarchy concept but reinforce the importance of civil rights: *formally* democratic elections are, only *effectively* democratic when rooted in guaranteed human, fundamental and civil rights, the democratically legitimised creation of norms that apply to the entire society, and the interlocking and mutual constraints on the legislature, executive branch and judiciary (Merkel, 2018). This view is best summarised by Habermas (2001) term of "equiprimordiality" of civil and political liberties: the rule of law is then not only a condition for democratic regimes but one of their key elements.

To provide a comprehensive answer to the success of aid projects while still retaining criteria that are comparable among a large number of countries, this paper will consider political rights and civic rights as central to democracy, following a Dahlian conceptualisation.

2.3 Regime type and aid effectiveness

When scholars attempted to identify the factors having an effect on aid effectiveness, they largely focused on *economic* conditions of the receiving states rather than on *political* factors. Nevertheless, findings pointing that recipients' prior macroeconomic policy environments have *no* bearing on how effective aid is (Easterly et al., 2004) have led some researchers to focus on the *political* environment of recipient countries.

However, while democracies have been observed to be correlated with higher levels of human development (Gerring et al., 2012; Tsai, 2006; Gerring et al., 2015; Vollmer & Ziegler, 2009), including higher levels of public goods (Franco et al., 2004; Deacon, 2009; Biser & Edwards, 2012; Burroway, 2016) and better healthcare (Besley & Kudamatsu, 2006; Safaei, 2006; Patterson & Veenstra, 2016; Navia & Zweifel, 2003; Mejia, 2022), the two sets of management

involved in the implementation of aid projects put into question the ability of democratic mechanisms to play a significant role over the implementation of international project and, thus, increase aid effectiveness.

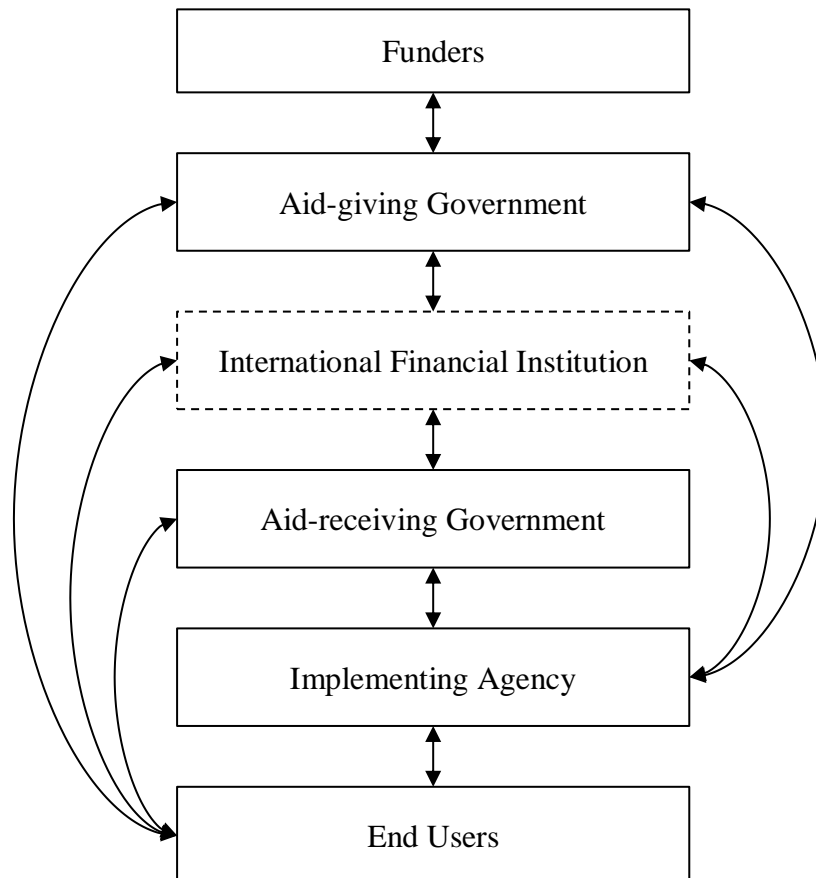
As for the majority of the aid literature, regime type as a mediator in the effectiveness of aid projects has been assessed through the lens of macroeconomics and economic growth. Scholars have been sceptical of the role of institutions in the impact of aid and some put forward that different types of regimes use aid in the same way, benefiting the capital growth of the elite rather than the one of the poor (Bearce, 2013; Boone, 1996). Nonetheless, it is recognised that health outcomes have greatly differed between regime types, this difference can be due to “greater empowerment of the poor under democratic liberal regimes” (Boone, 1996, p. 5308). Consequently, social issues and public goods, such as health, are more likely to offer significant results regarding the role of domestic regimes in aid effectiveness.

Besley and Kudamatsu (2006) summarise the theoretical differences between democracies and autocracies likely to influence welfare issues: accountability, political and civil rights, representation, and selection of leaders. Building on this review, mechanisms will be presented and applied to aid project implementation.

Accountability is the possibility for citizens to hold their government responsible for its actions. Consequently, if voters are unsatisfied, democratic regimes will allow for the replacement of the executives. Democratic governments, relying on a larger proportion of the population, will have a higher tendency to provide public goods than autocracies (Wang et al. 2019). In foreign aid, accountability takes the form of a relationships chain stretching from international donors through national governments and implementing agencies to a set of ultimate end-users of the goods and services financed by the aid, as described in figure 1 (Wenar, 2006; Winters, 2010). Nevertheless, attempts to increase accountability in foreign aid only considered project *design* focusing on the relationship between aid-giving and aid-receiving governments, through the concept of *aid ownership* and empirical analysis : it demonstrates that donors still have the upper hand on the technical scope of the project (OECD, 2008; World Bank, n.d.; Wenar, 2006, Booth, 2012). Furthermore, in the eventuality of conflictual interests between donors and end-users, threats of revoked or diminished funds due to poor implementation leads recipients to prioritise the desires of international donors over the ones of their citizens, even when international agreements encourage participation of domestic stakeholders in aid projects

(Winters, 2010). As a result, accountability in the implementation of aid projects relies on poor individuals' capacity to protest — and, in some cases, to strike or vote — when international aid resources are not used in ways that they consider acceptable.

Figure 2. Accountability relationships chain in Foreign Aid



Intrinsically linked to accountability is the extent of *citizens rights*. On the one hand, accountability requires electoral rights, but as citizens must be informed on government's actions and have to be able to voice their concern without fear of repercussion, accountability requires civic rights as freedom of media and expression (Biser & Edwards, 2012; Wigley & Akkoyunlu-Wigley, 2011). While this might be more of the case in democratic regimes, the knowledge vis-à-vis the process of foreign aid together with the extent of political rights and civil liberties that are required to hold intermediaries' institutions accountable leave, in reality, very weak accountability power to end-users (Wenar, 2006; Winters, 2010).

The *representation* argument relates to the policy preference of the decisive actor. In the case of democratic regimes, policy preferences rely on those of the median voter. Furthermore, as

the democratic institutions gain strength, competitiveness, fairness and extension of the suffrage are likely to place the median voter in a poorer class of the population than under autocracies. The public choice theory model of Meltzer and Richard (1981) of the government size states that, as the income of the median voter falls below the average income of the population, the more likely he is to vote for higher taxes and, thus, redistribution. Hence, if aid is politically controlled, its implementation in democratic regimes should be conducted in accordance with the preferences of the relatively poor citizens (Bjørnskov, 2010). However, this assumption relies again on a strong aid ownership from the recipient government, able to voice the preference of its median voter to international partners. Structural conditions favouring donors create an asymmetrical relationship between the aid-giving and aid-receiving governments. Moreover, recipients are often heavily dependent on foreign funds which can incentivize them to engage in aid partnerships, even though projects that do not reflect the preferences of their citizens (Campbell et al., 2023). Consequently, the ability for democratic regimes to represent the preference of the median voter is thus rarely significant to increase effectiveness in aid implementation.

Finally, the political selection argument refers to the process through which officials and policymakers in democracies are appointed. Through checks and balances as well as lower levels of corruption (Alon et al. 2016), democratic policy-makers are more competent than their autocratic counterparts and, thus, are more effective in the provision of public goods (Besley & Kudamastu, 2006; Wang et al. 2019). As such, if the design of the project allows for a governmental agency to implement the project, foreign aid programmes are less likely to be embezzled or diverted towards elites in democratic regimes than in autocratic ones (Bjørnskov, 2010).

Overall, the role of democratic features to improve the effectiveness of aid project implementation is highly dependent on the aid ownership of the project and relies on a high number of assumptions regarding the behaviour of citizens.

2.4 Aid-specific risks undermining effectiveness

Additionally, factors identified in the aid effectiveness literature are likely to influence the implementation differently in democratic and autocratic regimes. Two phenomena appear as particularly important in this study: fragmentation and fungibility.

Fragmentation hinders receiving states' ability to plan out their budget and have agencies over their own health policies. Fragmentation refers to the proliferation of aid flows and projects on a same country or territory (Spicer et al., 2020). Acharya et al. (2006) point out its direct and indirect costs. Direct costs refer to the large administrative costs and staff needed to manage projects in receiving countries, whereas the indirect costs refer to the highly educated public servants leaving the government in order to seek higher salaries working for the aid agencies. The allocation of foreign aid has been observed to be dependent on the economic situation and policy performance of the recipient country. More precisely donors tend to reward the human rights and democratisation records (Dollar & Alesina, 2000; Kersting & Kilby, 2014). As a result, a higher number of projects and donors are present in poor democracies, increasing the aid fragmentation in these regimes, hindering the successful implementation of aid projects (Álvarez & Acharya, 2012; Frot & Santiso, 2009).

Second, fungibility is the process of foreign aid replacing domestic government spending: it has been shown to be particularly present in health assistance (Lu et al, 2010; Dieleman et al, 2013). Through a cross-country analysis, Lu et al. (2010) concludes that “for every US\$1 of Development Assistance for Health to government, government health expenditures from domestic resources were reduced by \$0.43 to \$1.14” (p.1375). Thus, aid flows might not be used for their intended purposes and projects might not be successful. Reasons for fungibility remain vague: some point out to fungibility as a rational response from governments stemming from differences in donor and receiver countries priorities. However, institutional causes were not investigated (Juliet et al., 2009). Nonetheless, aid composition was observed to be altered depending on regime type of the recipient, preferring less fungible projects in autocratic regimes than democratic ones (Bermeo, 2010). Besides, through electoral distortions, one can expect fungibility to negatively influence the implementation of aid projects in democracies. The motivation for incumbent to remain in power encourages governments to implement *visible* aid projects in the most populated areas. Two risks emerge from this statement, an *urban* and a *concrete* bias. First, within-country analyses have pointed that fungibility was high with regard to the area of implementation of the aid project. More precisely, projects that aimed at providing public goods in rural and less dense areas were diverted towards richer, urban areas (Riggs, 2017). In other words, areas with more voters. Similarly, aid can also be diverted from its intended purpose to finance projects that will raise the government's popularity, notably through tax reduction (Devarajan & Rajkumar, 1999). However, this usually makes aid “non-

productive”, meaning that it reinforces the fungibility phenomena by replacing government expenditure instead of funding development outcomes.

Theory has thus put forward the possibilities for democracy to influence aid effectiveness in welfare issues as well as the phenomena likely to have a role over aid implementation. Therefore, the following question arises: *Are health aid projects implemented in democratic regimes more successful than the ones in autocratic regimes?*

After implementing the theoretical mechanisms and having conceptualised the variables, the following hypotheses arise:

H1: democratic regimes cause aid health projects to be implemented more successfully than the ones in autocratic regimes.

2.5 Competing explanations

Even if existing literature allows for hypothesising an effect of democracy on the successful implementation of health projects, other factors considering the recipient states might provide plausible alternative explanations and play the role of confounders in the analysis. As such, identifying and controlling for these variables is crucial to the internal validity of the study.

First, the allocation of aid projects can have consequences on the quality of its implementation. As mentioned earlier, the phenomena of *aid fragmentation* induces a serious threat to the success of aid projects. Literature has highlighted that poor democratic regimes are particularly prone to high levels of fragmentation which can largely influence the success rate of these regimes (Álvarez & Acharya, 2012; Frot & Santiso, 2009). More precisely, the high required number of donors and projects to coordinate can saturate the capacity of the domestic bureaucracy and lead to a lack of appropriate resources for projects to better health outcomes (Álvarez & Acharya, 2012; Frot & Santiso, 2009).

Second, democracy and *education* have a mutually reinforcing effect. While democracy has been observed to foster higher education levels (Dahlum & Knutsen, 2017), education is also necessary to stable and sustainable democratic regimes. More precisely, education is central to “civic culture”: it raises the benefits of civic engagement, as well as participation in support of

a broad-based regime (democracy) relative to that in support of a narrow-based regime (dictatorship) (Almond & Verba, 1989; Glaeser et al, 2007). Additionally, scholars find that rather than the average years of schooling, the widespread access to education is more important in the sustainability of the regime and political participation (Castelló-Climent, 2008). Projects that take place in more educated countries are likely to witness higher accountability in the implementation process and higher success rate.

Third, even though some scholars concluded that the economic policies of a country had no effect on the outcome of aid (Easterly et al., 2004), others have pointed out that *the income level* of the recipient state was a major determinant of aid effectiveness. More precisely, a negative correlation was found between low-middle income countries and aid outcomes (Ekanayake & Chatrna, 2010), whereas higher per capita income is associated with higher probability of aid-project success (Feeny & Vuong, 2017). Additionally, income level also influences the democratisation of a country. Even though scholars do not find consensus on this issues, Lipset's (1959) argument of social prerequisite for democracy, stating that economic development precedes democratisation, finds support in different timeframes and regions of the developing world (Barro, 1996; Wucherpfennig, 2009; Narayan et al., 2010; Stockemer, 2010). Hence, the economy of the recipient state appears to be an endogenous variable in this research.

Finally, the *level of ethnic fragmentation* is likely to influence the study of both the explanatory and the outcome variable. On the side of democracy, literature has agreed that higher levels of ethnolinguistic fractionalization (ELF) are negatively correlated with institutional strength, social participation, trust in institutions and political stability (Alesina et al, 2003; Alesina et al., 2011; Easterly & Levine, 1997; La Porta et al, 1999; Leigh, 2006). More importantly, democratic countries with higher heterogeneity have been observed to perform worse on social spending and the provision of public goods, including health, than their homogenous counterparts. More precisely, social division, in particular ELF, is associated with lower overall population access to healthcare and lesser expansion of health system infrastructure (Jensen & Skaaning, 2015; Powell-Jackson et al., 2011).

Regarding aid effectiveness, Ali and Isse (2006) summarise that higher levels of ELF make foreign aid more costly for two reasons: higher fragmentation and higher fungibility. First, more heterogeneous settings imply that more interest groups are seeking funds for their projects. Nonetheless, as mentioned earlier, a larger number of projects in the same countries

often leads to decreased success. Second, the tendency of ethnically diverse states to be less redistributive means that the government receiving the aid is likely to divert the funds to maintain its support from the dominant groups, reducing the probability for aid projects to be effective.

3. Methodology

3.1 Research design

As highlighted in the theoretical framework, this paper seeks to evaluate the effect of domestic regime type on the success of health aid projects implementation through the testing of theoretical mechanisms. The intention of this question to produce a “general law-like statement” (Mahoney & Goertz, 2006, p. 231), already calls for a design favouring a comprehensive answer and higher level of generalisability. Additionally, the gap in the literature regarding the topic of this study does not provide enough information for explaining the outcomes of individual case studies through in-depth qualitative analysis. Finally, the aforementioned possibility of confounding bias reinforces the need for systematically accounting for alternative explanations. These elements are combined into a large-N cross-country statistical regression with controls (Ordinary Least Squares model), which enables to include a large sample of countries but, more importantly, to identify the strength of the relationship between the variables and provide a clear answer to a causation phenomena.

3.2 Choice of cases

In order to assess the effectiveness of the implementation phase, using aid delivered as projects is particularly fitting. The financing of specific projects and the direct involvement of donors in the design and implementation phase allows for comparison of outcome performance to clearly stated goals (Cordella & Dell’Ariccia, 2007). This study will more precisely consider the World Bank projects in the sector of Health, Nutrition and Water. Regrouping 189 member countries and having financed more than 12,000 projects since its creation, the World Bank distinguishes itself as one of the world’s largest sources of funding and knowledge for developing countries (World Bank, nd.). Moreover, this long practice of providing low-interest loans, zero to low-interest credits, and grants to developing countries has invited the World Bank to adequately revise its approach to the design of aid projects on grounds of research and

empirical study regarding their effectiveness (Wane, 2004; Biscaye et al., 2017; Shin et al., 2017; Moll et al., 2015; Kibly, 2001). As opposed to bilateral aid flows, the World Bank also distinguishes itself in the allocation of the projects, voting arrangements prevent aid flows to only be directed towards some close ally of any member states (Briggs, 2017). Furthermore, World Bank projects in the sector-specific aid in health, water and nutrition demonstrate strong need-based allocation, relatively free of political influence (Nunnenkamp et al., 2017). Thus, the allocation and design of projects most likely does not fully explain the variation in success, which invites to examine other dimensions of project-based development assistance.

As the worldwide complexity creates a significant range of alternative explanations, maintaining a satisfactory level of internal validity in the study requires reducing the scope condition of the findings by selecting cases with overall similar contexts. As a result, the analysis will focus on the African continent by selecting the regions “Eastern and Southern Africa”, “Western and Central Africa” and “Middle East and North Africa” as defined by the World Bank. The choice of Africa is firstly motivated by its status as the first receiving region of foreign aid in the world (OECD, 2021). More specifically, Health Official Development Assistance (ODA) disbursed to sub-Saharan Africa has accounted for more than half of all health ODA since 2012 (Development Initiatives, 2020). Investigating aid effectiveness in this region carries important implications for policy-makers, especially in the allocation of aid projects. Furthermore, the 1990s wave of democratisation has been followed a few decades later, from the 2010s, by a global democratic backsliding: it provides strong variation in the political regimes of African states and, thus, fits the prerequisite of the analysis (Linder & Bächtiger, 2005; Beardsworth et al, 2022). Figure 3 and 4 expose the frequency of data among the 200 cases of the analysis and confirm the variation in both democracy levels and aid effectiveness of projects. Democracy is measured as a 0 to 100 score, a higher score meaning a higher level of democracy while Aid Effectiveness is rated on a 1 to 6 score, projects with a higher score being more successful.

Figure 3: Simple Histogram of Democracy

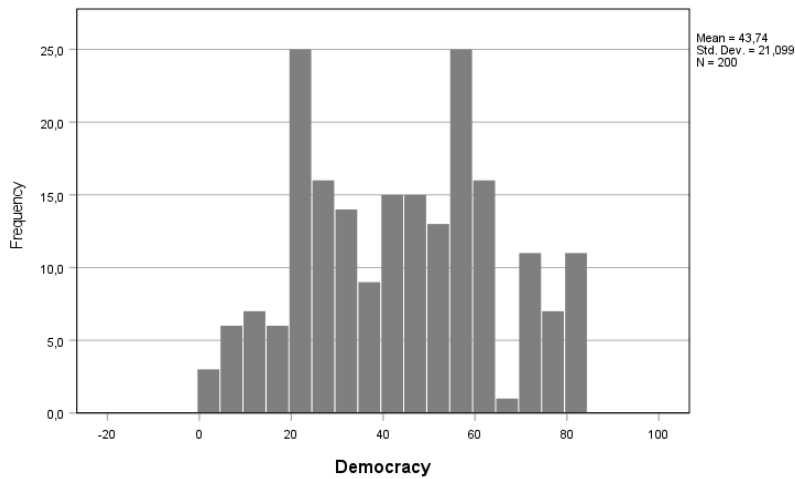
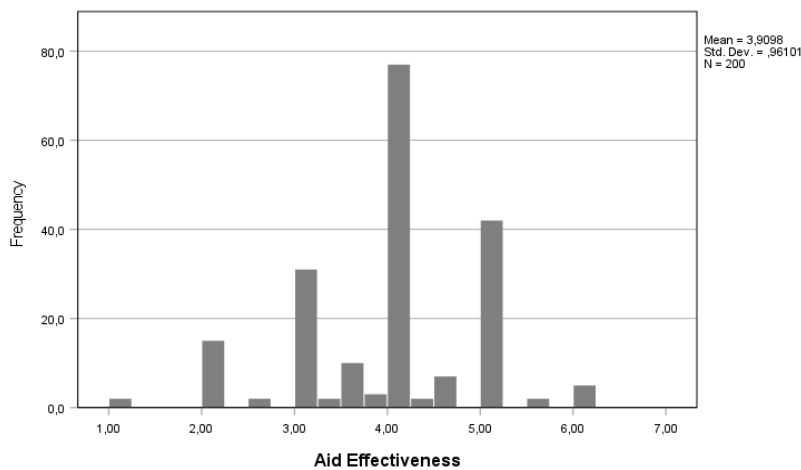


Figure 4: Simple Histogram of Aid Effectiveness



3.3 Operationalisation and data sources

Following a large strand of the political regime literature, the explanatory variable is operationalised by using Freedom House data. The conceptualisation of democracy that is discussed in the theory section considers the extent of political and civic rights as central to democratic systems, aligning with the Freedom House rating system. Consequently, freedom scores will be retrieved through the Freedom in the World dataset (Freedom House, 2023).

Every year, a group of in-house and outside experts, as well as knowledgeable advisors from the human rights think tank, and academic sectors, compile Freedom in the World. The analysts employ a broad range of sources to elaborate draft reports and ratings, including academic analyses, news articles, reports from nongovernmental organisations, personal professional contacts and field research. It is acknowledged that Freedom House is mainly funded through

the U.S. State Department, which might introduce political bias. However, research concludes that, from 1989, no strong correlation between American geopolitical ties and the ratings are observed (Steiner 2016). Furthermore, the dataset covers a number of 195 countries and 15 territories which allows for cross-country analysis.

The total freedom score, ranging from 0 to 100, is established by adding the values of Political Rights score as well as Civil Liberties score. Political Rights ranges from 0 to 40, and contains 3 subcategories: electoral process (12 points), political participation (16 points) and functioning of the government (12 points). Civil Liberties, ranging from 0 to 60, are based on 4 subcategories: freedom of expression and beliefs (16 points), associational and organisational rights (12 points), rule of law (16 points) and individual rights and personal autonomy (16 points) (Freedom House, 2023). Countries then receive an aggregate score associated with a freedom status: Free, Partly Free and Not Free (Freedom House, 2023). The main indicator used in the analysis will be the total freedom score of the countries under study at the approval year of the World Bank projects. However, complementary discussion will include the different categories of the index.

The availability of data was the main determinant in choosing the timeframe of the study: the disaggregated data was made public from the year 2006. Hence, this study will consider every country where a World Bank project took place from 2006 to 2023.

The outcome variable, success of aid project implementation, is operationalised as the outcome project ratings of the World Bank. The ratings are retrieved from the World Bank Project Performance Ratings assigned by the Independent Evaluation Group (IEG) (World Bank, 2023). The World Bank performance is assessed through a two-stage process: first, the World Bank's self-evaluation end-of-project report, so-called the Implementation Completion and Results Report (ICR), and second, the desk-based critical review by an external evaluator (ICR Review, ICRR). These reviews contain 4 main ratings: the outcome, the bank performance, the monitoring quality and the ICR evaluation (only rated by IEG). This paper will only consider the outcome rating which includes "the extent to which the project's major relevant objectives were achieved, or are expected to be achieved, efficiently" (IEG, 2017, p.5) following a 6-point scale, ranging from highly unsatisfactory to highly satisfactory. For each project, broad objectives are formulated and more precise "project development indicators" are used for the rating. For example, the project "Ethiopia nutrition (FY08)" aims to "improve child and maternal care behaviour, and increase utilisation of key micronutrients, in order to contribute

to improving the nutritional status of vulnerable groups” (World Bank, n.d.), project development indicators include elements such as the percentage of children receiving a dose of A vitamin every 6 months, or the percentage of pregnant women receiving iron and folate supplementation (World Bank, n.d.). Consequently, the project ratings account for substantial improvement in health outcomes.

Evaluation criteria are prepared according to internationally accepted evaluation norms and principles, such as the quality standards for development evaluation of the OECD Development Assistance Committee, the good practice standards of the Evaluation Cooperation Group and the norms and standards of the United Nations Evaluation Group (OECD, 2010). Despite the lack of in-depth information regarding data, these project success measures are widely seen as valid proxies for true project performance due to their institutional independence and transparent criteria. This nominal independence is confirmed by external scholars. Only one significant geopolitical bias appears in the project evaluation reporting: UNSC non-permanent relationship, which does not appear to have serious implications in this analysis (Kilby & Michhaelowa, 2019; Ashton et al. 2019).

Regarding the control variables, their operationalisation will follow the respective dominant strand of the literature. First, fragmentation is measured through the number of donors in a given country. To include it in the regression, the number of donors in the countries hosting a World Bank project will be retrieved through the OECD Creditor Reporting System. This allows for filtering the aid sector and, thus, only take into account fragmentation in the health, nutrition and water sanitation sectors.

Education will be operationalised through the net primary enrollment rate. As mentioned previously, the widespread access to education is crucial to stable democracies. The ratio of children who are enrolled in school to the corresponding official school age population, thus provides a strong measure of education. Data will be retrieved through the World Bank (2022). Regarding the economic level of the recipient country, the measurement of GDP per capita is chosen as it is fitted for cross-country analysis by accounting for differences in population size and used as an indirect measure of income per capita. The GDP per capita (in current US\$) of each country will be retrieved through the World Bank (2022).

The level of ethnolinguistic fractionalisation is operationalised as the probability that two randomly drawn individuals within a country are not from the same ethnic group. This data is retrieved from the Historical Index of Ethnic Fractionalization (HIEF) dataset which contains

an ethnic fractionalization index for 165 countries across all continents between 1945 and 2013 (Dražanová, 2020). Even if the last year for which a rating is available in this study is 2019, the slow-paced change in level of ethnic fractionalisation allows for estimating that the level of 2013 is still representative of the level of ELF in 2019.

Finally, as the dataset presents cases in the same countries over time, and multiple countries in the same years, country fixed effects and year fixed effects will be accounted for in additional models. Country fixed effects compare countries with themselves and allow for controlling for unobserved confounders. As such, states' characteristics that do not vary over time (as geography) do not affect the result of the analysis. Year fixed effects follow the same logic within years and accounts for sudden shocks, as financial crises, into the analysis.

A final control for the starting year of the project will be added to control for gradual change and long-lasting trends over time. It will be retrieved from the World Bank project database (World Bank, 2023).

3.4 Models

After having operationalised the different variables, the following models can be created. The first one only considers the explanatory and outcomes variables whereas the following includes controls, year and country fixed effects. More precisely, control variables are considered for model 2, controls country fixed effects for model 3, controls and year fixed effects for model 4 and, finally, control variables, year and country fixed effects for model 5.

$$\text{Model 1: } \textit{Aid effectiveness} = \alpha + \beta_1 \textit{Democracy} + \epsilon_i$$

$$\text{Model 2: } \textit{Aid effectiveness} = \alpha + \beta_1 \textit{Democracy} + \beta_2 \textit{AidEffectiveness} + \beta_3 \textit{EthnicFractionalisation} + \beta_4 \textit{Education} + \beta_5 \textit{Income} + \epsilon_i$$

$$\text{Model 3: } \textit{Aid effectiveness} = \alpha + \beta_1 \textit{Democracy} + \beta_2 \textit{AidEffectiveness} + \beta_3 \textit{EthnicFractionalisation} + \beta_4 \textit{Education} + \beta_5 \textit{Income} + \lambda \textit{Country} + \epsilon_i$$

$$\text{Model 4: } \textit{Aid effectiveness} = \alpha + \beta_1 \textit{Democracy} + \beta_2 \textit{AidEffectiveness} + \beta_3 \textit{EthnicFractionalisation} + \beta_4 \textit{Education} + \beta_5 \textit{Income} + \rho \textit{Year} + \epsilon_i$$

$$\text{Model 5: Aid effectiveness} = \alpha + \beta_1 \text{Democracy} + \beta_2 \text{AidEffectiveness} + \beta_3 \text{EthnicFractionalisation} + \beta_4 \text{Education} + \beta_5 \text{Income} + \beta_6 \text{Year} + \lambda \text{Country} + \epsilon_i$$

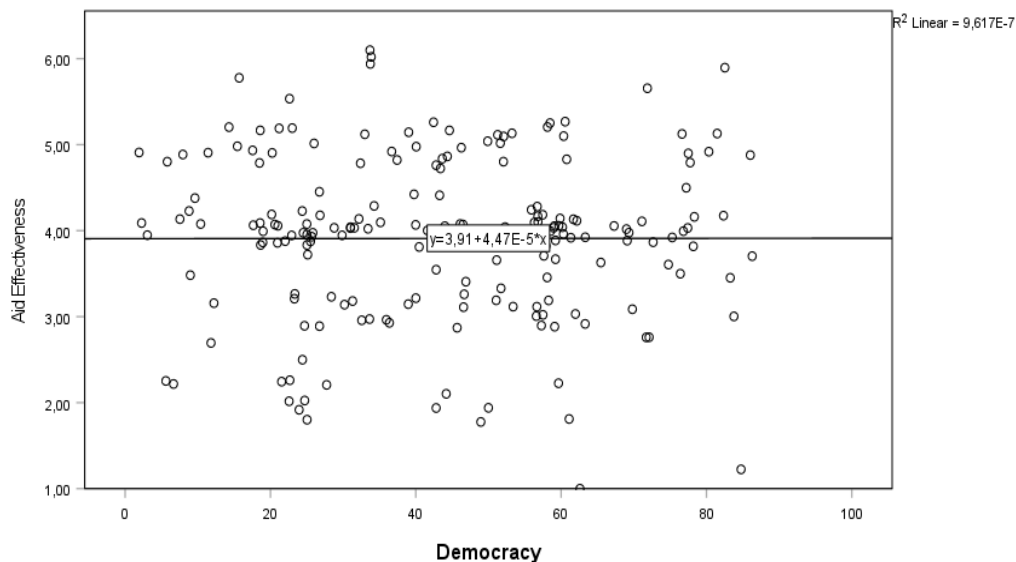
3.5 Assumptions

Before running the models, using a statistical regression requires checking assumptions with regard to data. As a result, the appropriate tests were carried out to verify multicollinearity, autocorrelation, normal distribution of errors, homoscedasticity and linearity as well as outliers and influential cases. No violation was observed apart from the normal distribution of errors, However, as the sample is as large as N=200, this should not affect the results of the analysis. Consequently, the results of the statistical models can be considered reliable.

4. Results and Analyses

4.1 Primary analysis

Figure 5: Scatter Plot of Aid Effectiveness by Democracy



After running the multivariate linear regression, one can evaluate the expected relation between the change in the democracy level and the aid effectiveness of projects. Since the outcome variable data is concentrated around values, the jitter function has been used for visualisation purposes. As described in figure 5, the scatterplot indicates a positive correlation between the two variables, the line of best fit is equated to $y = 3,91 + 4,47E-5x$. As many cases do not fall

on the line of best fit, it can be assumed that the relationship between these variables lacks strength and significance.

Table 1: Linear regression model of Democracy on Aid Effectiveness

	Model 1	Model 2	Model 3	Model 4	Model 5
(constant)	3,908 (0,157)	3,751 (0,766)	-33,568 (21,119)	3,190 (0,795)	-38,674 (25,162)
Democracy	4,467E-5 (0,003)	0,003 (0,005)	0,023 (0,018)	0,008 (0,005)	0,023 (0,019)
Aid Fragmentation		0,010 (0,022)	0,068 (0,056)	-0,025 (0,023)	0,067 (0,057)
Ethnic Fractionalisation		-0,099 (0,490)	40,231 (26,877)	0,245 (0,513)	40,383 (30,358)
Education		-0,002 (0,007)	0,053** (0,020)	0,001 (0,008)	0,053* (0,025)
Income Level		-2,198E-5 (0,000)	0,000 (0,000)	0,000 (0,000)	0,000 (0,001)
Year					0,001 (0,058)
Country fixed effects		No	Yes	No	Yes
Years fixed effects		No	No	Yes	No
R^2	0,001	0,007	0,441	0,206	0,441
Adjusted R^2	-0,005	-0,035	0,059	0,069	0,148
N	200	200	200	200	200

Note: OLS regression coefficients with standard errors in brackets.

***p < 0,001; **p < 0,01; *p < 0,05

Analysis results are presented in Table 1. According to the obtained coefficients, a positive relationship is noticeable between the variables. An increase of one unit in democracy, or one additional scale-point on 1 to 100 scale, is associated with an increase of 0,00004467 scale points in the project outcome rating on a 1 to 6 scale. However, this effect is not statistically significant using a 95% significance test ($t = 0,14$; $p = 0,989$). Besides, the relevance of the model can be further assessed by the adjusted R^2 , the proportion of explained variance, which helps to evaluate the goodness-of-fit of the model. Here, the model does not predict the outcome better than the mean value as it adopts a negative value, as such democracy accounts for 0% of the variation in aid effectiveness in this sample.

In model 2, the coefficient for democracy is slightly larger but remains non statistically significant ($t=0,528$; $p=0,599$). A one scale point increase in democracy is associated with a 0,03 scale point increase in project rating holding aid fragmentation, ethnic fractionalisation, education and income constant.

The models including fixed effects account for higher variation in aid effectiveness and also provide higher coefficients for democracy. In model 2, accounting for time specific effects and other controls, a one point increase in democracy correlates with a 0,08 increase in project ratings ($t=1,692$; $p=0,094$). Furthermore, models 3 and 5 - including the country fixed effects - present the highest coefficient and significance across the models. In model 3, considering the same countries, a one scale point increase in democracy out of 100 is associated with 0,023 scale point increase in project ratings out of a 6 point scale ($t=1,295$; $p=0,199$), holding the other variables constant. While in model 5, adding a control for gradual change over time, a one scale point increase in democracy corresponds to a 0,023 scale point increase in project rating ($t=1,218$; $p=0,227$).

As a result, the various models reveal correlation but fail to demonstrate causation between domestic regime type and aid effectiveness. Consequently, based on this analysis, the null hypothesis fails to be rejected and a weak positive non statistically significant relationship exists between democracy and aid effectiveness in project implementation. Theory supporting that democratic regimes are associated with better management of development project which yield higher health outcomes are supported. However, the positive direction of the relationship and the increasing of coefficients and t-values across the models leads to hypothesise that adding more cases to the analysis could point out to a causation phenomena between higher democracy scores and higher project ratings.

As effects of control variables highly vary across the models, high difficulties in interpreting any consistent and generalisable effect have to be considered. However, two of them yield interesting results: income and education.

First, the income level presents the smallest coefficient and does not seem to be correlated in the slightest to aid effectiveness, supporting Easterly et al.'s (2004) conclusion that the economy has *no* bearing on the conduct of foreign aid and its impact.

Second, education, in model 3 and 5, both including country fixed effects, is the only significant coefficient across the models : an increase in one percentage point in the rate of primary education enrolled pupils is associated with an increase of 0,053 point in project rating on a 1 to 6 scale, significant at the 99% confidence level ($t=2,725$, $p<0,01$). This aligns with the literature strand stressing the importance of education in the political participation and accountability mechanisms (Castelló-Climent, 2008)

4.2 Investigating democratic mechanisms

Nonetheless, theories linking political regimes and aid effectiveness support different mechanisms : accountability, rights of expression, representation and selection of leaders. More precisely, certain democratic elements were put forward: electoral process and rights, political participation, freedom of media and expression, right to protest and assemble, and government performance . Due to the comprehensiveness of the Freedom House data, each of these elements will be analysed using model 5 of the primary analysis, including most of the control variables. Results can be found in table 2.

Table 2: Linear regression model of Democratic Mechanisms on Aid Effectiveness

	Electoral Process	Participa- tion	Expression and Media	Protest and Assembly	Government Performance
(constant)	-22,787 (126,332)	-12,497 (122,166)	13,574 (127,005)	-5,486 (123,360)	-44,946 (130,899)
Mechanism	0,066 (0,025)	0,094 (0,073)	0,015 (0,107)	0,107 (0,118)	0,156 (0,128)
Aid Fragmentation	0,065 (0,057)	0,074 (0,057)	0,070 (0,057)	0,070 (0,057)	0,064 (0,057)
Ethnic Fractionalisation	40,851 (30,786)	30,090 (30,024)	32,204 (29,990)	32,701 (26,648)	45,626 (31,652)
Education	0,055* (0,025)	0,052* (0,025)	0,056* (0,026)	0,053* (0,025)	0,050* (0,025)
Income Level	0,000 (0,000)	0,000 (0,000)	0,000 (0,000)	0,000 (0,000)	0,000 (0,001)
Year	-0,005 (0,057)	-0,010 (0,056)	-0,020 (0,058)	-0,011 (0,057)	0,004 (0,059)
Country fixed effects	Yes	Yes	Yes	Yes	Yes
R^2	0,439	0,443	0,431	0,437	0,441
Adjusted R^2	0,145	0,150	0,133	0,141	0,148
N	200	200	200	200	200

Note: OLS regression coefficients with standard errors in brackets.

***p < 0,001; **p < 0,01; *p < 0,05

Overall, the various elements yielded similar results as the main analysis: weak positive correlations between democratic mechanisms and aid effectiveness. However, coefficients vary in their size, indicating that some mechanisms are of higher importance to improve project ratings. More precisely Rights of Association and Protest and Government Performance yield the highest coefficient.

Considering protest and assembly, within the same country, a one-point increase in the rights to assemble, on a 0 to 12 point scale, is associated with an increase in 0,107 scale point on a 1 to 6 point scale in aid effectiveness, holding aid fragmentation, ethnic fractionalisation, income, education and over time trends constant ($t=0,905$; $p=0,368$). Protest and assembly encompass protest and strike rights as well as the creation and scope of action of non-governmental organisations. As such, this corroborates theories supporting that more effective accountability systems and the capacity for citizens to voice their disagreement is associated with better implementation of aid projects (Winters, 2010).

Second, the highest coefficient quantifies government performance, which assesses if the government is appointed and performs free of external pressures and corruption. Controlling for countries' dissimilarities that do not vary over time, a one-point increase in Leader Performance on a 9-point scale is correlated with a 0,156-scale point increase on a 6-point scale holding other variables constant ($t=1,217$; $p=0,227$). This result reinforces the role of competent leaders and policymakers in the successful management of foreign aid, reducing the risk of embezzlement or diversion of funds.

Conclusion and Discussion

In a time where crises in the developing world require an increasing amount of foreign financing while donors are reducing their aid budget, understanding *what* makes aid effective is crucial to improve health care around the World. Previous research only considered economic conditions as possible domestic factors influencing aid implementation. Hence, this study aimed at providing new insights to the aid effectiveness and project management literature by examining political factors of recipients' countries and, more precisely, the effect of democracy on the success of health aid project implementation.

Theories highlighted the democratic processes relevant to development project management. However, in the context of foreign donors' involvement, the power asymmetry between rich aid-giving governments and highly dependent recipients can impede on the possibility for domestic regimes to influence the implementation. Nonetheless, the formulated hypothesis that democratic regimes support better implementation of aid projects was not fully confirmed by the analysis. An increase in democracy level was associated with higher aid effectiveness, also when control variables are added. Following literature stressing the role of local features in project implementation, democratic regimes were correlated with more effective aid in health improvements.

Two mechanisms were put forward as having a high importance: freedom of assembly and government performance. The former confirmed that higher responsiveness from the government to their population needs showed an association with better outcome ratings. Whereas the latter, emphasised the importance of competent leaders, appointed because of their qualifications as opposed to corruption and external pressure as the military. As a result, more competent and responsive governments are seen to better implement aid projects, leading to substantial improvement in health outcomes of their population.

However, results in the various models lacked significance which does not allow for causation. As a result, to clearly answer the question “*What is the effect of regime type on the effective implementation of project-aid targeted to health?*”, this study does not provide enough evidence to affirm that democratic regimes are the reason for better implementation of health aid projects.

Explanations for non-significance can be found in the limitations of this study, notably the sample size. Indeed, in spite of being considered as “large”, a sample size of 200 cases remains quite limited in a cross-country analysis dealing with African states. Unfortunately, the number of cases was limited by the data availability in the democracy measurement. Consequently, conducting the same analysis considering earlier cases or adding different countries from other world regions could reveal an effect where democratic regimes cause better implementation. Similarly, the sample size also limits the inclusion of additional control variables. Consequently, a larger number of cases could also allow to identify supplementary controls and reveal causation. Even if the analysis results are compliant to democratising countries,

representing a large part of the developing world, the study was focused on a geographical region : expanding its scope to other areas would also require to include the fitted variables.

Findings of this paper highlight the importance for academia to assess aid effectiveness in the implementation phase : better understanding of domestic contexts in which aid is delivered could reveal interesting patterns and maximise their effectiveness. As such, further study could understand qualitatively *how* democratic mechanisms participate in enhancing aid success. On the other hand, results stress that aid ownership is crucial to improvement of population health. Policymakers and aid agencies should acknowledge the domestic context and priorities of recipient countries as well as increase responsiveness to end users' feedback for projects to efficiently meet their objectives.

Concluding, this research provided a comprehensive answer to the influence of political regimes on the successful implementation of health aid and, indirectly, the improvement of health in developing countries. Results do encourage the conduct of the study on a larger sample to confirm an effect. Implication of a high number of actors in the foreign aid process creates obstacles to improve the life of end-users. However, investigating every step of its process is key to maximising its effectiveness and achieving "...the highest attainable standard of health as a fundamental right of every human being." (WHO, 1946, p.2).

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