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Does Development Aid Undermine Political  
Accountability? Leader and Constituent Responses to a  
Large-Scale Intervention\*

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**Abstract**

We study political economy responses to a large scale intervention in Bangladesh, where four sub-districts consisting of 100 villages (12,000 households) were randomly assigned to control, information or subsidy treatments to encourage investments in improved sanitation. In theory, leaders may endogenously respond to large interventions by changing their allocation of effort, and their constituents' views about the leader may rationally change as a result. In one intervention where the leaders' role in program allocation was not clear to constituents, constituents appear to attribute credit to their local leader for a randomly assigned program. However, when subsidy assignment is clearly and transparently random, the lottery winners do not attribute any extra credit to the politician relative to lottery losers. The theory can rationalize these observations if we model leaders' actions and constituent reactions under imperfect information about leader ability. A third intervention returns to program villages to inform a subset of subsidy recipients that the program was run by NGOs using external funds. This eliminates the excess credit that leaders received from treated households after the first intervention. These results suggest that while politicians may try to take credit for development programs, it is not easy for them to do so. Political accountability is not easily undermined by development aid.

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