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Local governance and the quality of local infrastructure: Evidence from village road projects in rural China

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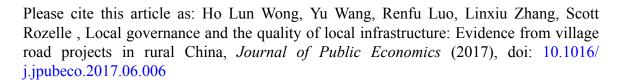
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## **ACCEPTED MANUSCRIPT**

#### Local governance and the quality of local infrastructure: Evidence from village road projects in rural China

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#### Abstract

Research has shown that allowing local communities to elect their own leaders increases local infrastructure investment. However, much less is known about the effects of local governance reform on the quality of local infrastructure. This paper examines the effects of governance reform implemented in rural Chinese villages on the quality of village road projects. We conduct surveys in 101 rural villages and collect data related to the implementation of the reform over the last two decades. We also measure the quality of over 550 village road projects completed in these villages. Using fixed effects and instrumental variable estimation methods, we find that the implementation of village governance reform increases the quality of village road projects. We also find evidence supporting the following effect mechanisms: (1) village leaders become younger and more educated, (2) high quality road projects increase incumbent leaders' re-election chances, and (3) village residents participate more actively in the management and monitoring of village road projects.

**Keywords**: Local governance; Infrastructure quality; Village roads; Village participation; Rural China

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