

Governing from Below: The Impact of Subnational Governance Quality on Wellbeing

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Abstract

Governance shapes individual lives most directly at the local level, where citizens interact daily with the institutions responsible for delivering public services, managing community resources, and responding to citizen needs. Yet the causal relationship between subnational governance quality and individual wellbeing remains poorly understood, particularly in Africa, where local governance varies substantially within countries. This paper uses individual-level survey data from more than 223,000 respondents across 40 African countries to examine how perceived subnational governance quality (SGQ), capturing local government performance, responsiveness, trustworthiness, and perceived corruption, affects subjective wellbeing measured by economic insecurity and self-reported living conditions. OLS estimates show that a one-standard-deviation increase in SGQ reduces economic insecurity by approximately 3 percentage points (pp) and raises the probability of reporting good living conditions by about 7 pp. To establish causality, I instrument for individual SGQ assessments using a leave-out-one community mean, which averages the governance perceptions of *all other* residents in the same community. The IV estimates confirm the causal impact of SGQ on wellbeing. A one-standard-deviation increase in SGQ reduces economic insecurity by over 5 pp and raises the probability of reporting good living conditions by approximately 14 pp. These effects attenuate in rural areas, amplify with education and waged employment, and show no meaningful differences by gender. Mechanisms analysis shows that higher SGQ encourages civic participation, strengthens institutional trust, and improves access to locally managed social services.

Keywords: Subnational Governance Quality, Subjective Wellbeing, Economic Insecurity, Leave-out-one Instrument, Africa

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I. Introduction

Governance shapes individual lives most directly not at the national level but at the local level, where citizens interact daily with the institutions responsible for delivering public services, managing community resources, and responding to citizen needs. This is especially true in developing regions, where weak national institutions often leave local governments as the primary interface between the state and ordinary citizens. Africa exemplifies this reality. The continent is home to some of the world’s most acute governance challenges, and these failures have direct and tangible consequences for the material conditions of ordinary people. Recent surveys across 39 African countries show that more than half of respondents hold negative views of their personal living conditions, and public concerns about economic management have surged to become one of the most cited problems that citizens want their governments to address (Sanny and Cumanzala, 2024).

Addressing these deprivations falls primarily on local rather than national governments. In Africa, the institutions closest to citizens and most directly responsible for this task are Local Government Councils (LGCs). Across most African countries, LGCs oversee infrastructure development, service delivery, and local resource allocation, making them the most immediate tier of governance in the daily lives of most people (Bardhan, 2002; Okorie et al., 2023). However, whether the quality of these local institutions shapes the living conditions of the people they serve is a question that has received surprisingly little systematic attention.

The reasons for this gap run deep. The empirical literature on governance and development has long been dominated by cross-country analyses that treat governance as a national-level characteristic, using aggregate indices such as the World Governance Indicators to explain differences in economic performance across countries (Acemoglu et al., 2001; Kaufmann et al., 2009; Rodrik et al., 2004). Such analyses cannot speak to the variation in governance quality that exists within countries, which in Africa is often as large as the variation across countries (Charron et al., 2019; Michalopoulos and Papaioannou, 2014). They also miss the dimensions of wellbeing that matter most to ordinary people, since focusing on aggregate outcomes like GDP per capita says little about whether individuals can afford food, access medical care, or feel that their lives are going well (Diener, 1984; Stiglitz, 2000).

A growing body of research has begun to fill this void by examining how perceived local governance quality relates to life satisfaction and institutional trust (Helliwell et al., 2021; Li and He, 2025; Ma et al., 2024; Rothstein, 2011). These studies consistently find positive relationships. However, they are concentrated in high-income and middle-income country contexts and rely almost entirely on observational methods that cannot establish causality. Whether higher quality local governance actually causes improvements in individual wellbeing, or whether the association merely reflects the fact that more satisfied individuals rate their governments more favorably, remains an open question. It is a question this paper is designed to answer.

This paper provides the first causal evidence on how subnational governance quality (SGQ) affects individual wellbeing in Africa. Using individual-level survey data from more than 223,000 respondents across 40 African countries, I examine how citizens’ perceptions of their LGCs shape two complementary measures of wellbeing: an economic insecurity index and a self-reported assessment of living conditions. SGQ is measured across four dimensions, namely general performance, responsiveness, trustworthiness, and perceived corruption. I focus on perception-based measures because they capture how citizens actually experience

governance in their daily lives (Charron et al., 2015; González et al., 2011).

Establishing the causal effect of SGQ on wellbeing is empirically challenging. Individuals who are more economically secure may rate their governments more favorably regardless of actual governance quality, creating reverse causality. Further, communities with better local governance may also differ in unobserved characteristics, such as historical infrastructure or civic culture, that independently affect wellbeing. To address both concerns, I construct a leave-out-one (LOO) mean instrument. This instrument uses the average governance perceptions of all other residents within the same community to proxy for an individual's own assessment of SGQ. Because all residents in a community are subject to the same local governance structures, their aggregated perceptions should strongly predict any individual's own assessment. At the same time, the community average is exogenous to any single individual's idiosyncratic wellbeing, satisfying the exclusion restriction.

With this identification strategy in place, the empirical analysis begins with OLS estimates that establish the association between SGQ and wellbeing, controlling for country fixed effects and individual characteristics. The estimates show a strong and significant association between SGQ and wellbeing outcomes. A one-standard-deviation increase in SGQ reduces economic insecurity by approximately 3 percentage points (pp) and raises the probability of reporting good living conditions by about 7 pp.

The IV estimates, which are larger in magnitude, confirm these effects are causal. The IV estimates show that a one-standard-deviation increase in SGQ reduces economic insecurity by over 5 pp, equivalent to a 16 percent decline relative to the outcome mean. It also raises the probability of reporting good living conditions by approximately 14 pp, a 41.5 percent increase above the mean.

Heterogeneity analyses suggest that these effects are not uniform across the population. They attenuate in rural areas, where institutional capacity is weaker and the returns to governance improvements take longer to materialize. They strengthen with education and waged employment, suggesting that individuals better positioned to engage with and benefit from public institutions gain more from improvements in governance quality. In contrast, gender does not moderate the relationship.

The findings are robust to alternative constructions of the SGQ index. One concern is that the general performance component may capture service delivery outcomes rather than procedural governance quality, potentially conflating what local governments deliver with how they govern. To address this, I reconstruct the SGQ index using only the strictly procedural components, namely responsiveness, trustworthiness, and perceived corruption, and find that the results are unchanged. I also replace the index with the first principal component from a principal component analysis of the four governance dimensions. This approach assigns data-driven weights to each component rather than treating them equally. Finally, I examine each governance component independently to assess whether particular dimensions drive the main results or whether all four contribute meaningfully. Across all these alternatives, the direction, magnitude, and statistical significance of the effects remain consistent with the baseline estimates.

Beyond establishing the robustness of the main findings, I also examine the channels through which SGQ operates on wellbeing. The mechanisms analysis shows that higher SGQ encourages greater civic and political participation, strengthens trust in core state institutions, and improves access to locally managed social services such as schools and health clinics (Dalton, 2008; Helliwell et al., 2021; Rothstein, 2011). These pathways suggest that good

local governance enhances wellbeing not only through improved service delivery but also by building institutional legitimacy and fostering a stronger sense of citizen empowerment. This study makes three contributions to the literature. First, it is the first to provide causal evidence on the relationship between subnational governance quality and individual wellbeing in Africa. A growing body of work examines how perceived local government performance relates to life satisfaction and economic security (Li and He, 2025; Ma et al., 2024; Zhang, 2022), but these studies rely on observational methods in high- and middle-income country contexts and cannot rule out reverse causality or self-selection bias. The only prior study to examine subnational governance quality in Africa focuses on regional economic development measured by nighttime light intensity (Iddawela et al., 2021), leaving the individual-level welfare consequences entirely unexamined. By applying a leave-out-one instrumental variable strategy to a large and geographically diverse African sample, this paper provides the causal identification that prior work has not achieved and extends the analysis to outcomes that directly reflect the lived experiences of ordinary citizens.

Second, the paper contributes to the broader literature on within-country institutional variation and its consequences for individual welfare. Most governance research treats countries as the unit of analysis, obscuring the substantial variation in institutional quality that exists across localities within the same country (Charron et al., 2019; Michalopoulos and Papaioannou, 2014). This within-country variation is especially pronounced in Africa, where historical legacies, ethnic diversity, and uneven resource distribution have produced stark differences in local governance quality across regions (Mamdani, 1996; Michalopoulos and Papaioannou, 2013). This paper shows that these differences in subnational governance quality translate directly into meaningful differences in individual living conditions, contributing new micro-level evidence to a literature that has thus far been dominated by aggregate analyses.

Third, the findings carry direct implications for ongoing policy debates about decentralization and local governance reform in Africa (Faguet, 2014; Mohammed et al., 2025). Decentralization has been widely promoted as a mechanism for improving service delivery and bringing governance closer to citizens, but the evidence on whether it actually improves individual wellbeing remains limited and mixed. By demonstrating that higher quality local governance causally reduces economic insecurity and improves self-reported living conditions, this paper provides empirical grounding for the argument that subnational governance reform is not merely an administrative priority but a direct pathway to human development in Africa.

The remainder of the paper is organized as follows. Section II. provides a conceptual framework linking subnational governance quality to subjective wellbeing. Section III. describes the data, the construction of the SGQ and wellbeing indices, and the empirical strategy. Section IV. presents the empirical results, including the OLS and IV estimates, the heterogeneity analysis, the robustness checks, and the mechanisms analysis. Section V. concludes.

II. Conceptual Framework

Governance and wellbeing are closely intertwined. Yet the mechanisms connecting them, particularly at the subnational level, remain undertheorized. This section develops a conceptual framework that links subnational governance quality to individual wellbeing through three distinct but complementary pathways. It also derives testable predictions that guide

the empirical analysis.

II.I Governance Quality

Defining governance quality is not straightforward. Scholars have approached the concept from multiple angles, variously emphasizing institutional capacity, procedural fairness, accountability, and service delivery (Fukuyama, 2013; Kaufmann et al., 2009; Rothstein and Teorell, 2008). Among these approaches, the most theoretically coherent for this paper is that of Rothstein and Teorell (2008), who argue that the quality of government institutions is best understood as the impartiality with which public officials exercise authority. Under this definition, high-quality governance means that public officials treat all citizens equally, without favoritism, corruption, or discrimination, regardless of their identity, wealth, or political affiliation. Low-quality governance, by contrast, is characterized by selective treatment, unaccountable behavior, and the abuse of public office for private gain.

A key implication of this definition is that governance quality should be assessed through how governments operate rather than through what they produce. Output-based measures, which assess governance by the quantity or quality of services delivered, conflate governance processes with governance outcomes (Fukuyama, 2013). This conflation is particularly problematic in the African context, where service delivery levels are influenced by national policies, resource constraints, and geographic factors that are largely beyond the control of local governments. Focusing on procedural dimensions of governance – how fairly, responsively, and honestly local officials conduct their duties – isolates the aspects of local governance that citizens directly experience and that local institutions can most directly influence.

This procedural focus maps naturally onto the four dimensions of SGQ used in this study: general performance, responsiveness to citizen needs, trustworthiness, and perceived corruption. Together, these dimensions capture the impartiality dimension of local governance quality (Charron et al., 2015; González et al., 2011). When local governments score highly across these dimensions, citizens experience their interactions with local officials as fair, predictable, and respectful. When they score poorly, citizens experience local governance as arbitrary, self-serving, and exclusionary. It is this experiential dimension of governance quality, rather than any objective measure of institutional output, that this paper examines. Subnational governance quality is not uniform within countries. In Africa, it varies substantially across localities, reflecting differences in institutional capacity, accountability mechanisms, historical legacies, and resource availability (Charron et al., 2019; Iddawela et al., 2021). This within-country variation is what makes subnational governance quality both an important and empirically tractable subject of study. Where national-level analyses treat governance as a country characteristic and miss this variation entirely, a subnational approach captures the heterogeneity that shapes the daily experiences of ordinary citizens. It is precisely this variation that the empirical analysis in this paper exploits to identify how differences in local governance quality translate into differences in individual living conditions.

II.II Subjective Wellbeing

Wellbeing is a multidimensional concept that encompasses both objective and subjective dimensions. Objective measures capture material conditions such as income, consumption,

and access to services. Subjective measures capture how individuals evaluate and experience their own lives (Diener, 1984; Stiglitz, 2000). Both dimensions matter, but they do not always move together. For instance, a person may meet basic material thresholds yet still report low wellbeing if they feel insecure, disrespected, or powerless in their interactions with public institutions. It is this gap between material conditions and experienced quality of life that makes subjective measures particularly valuable in this context.

Within the broader category of subjective wellbeing, researchers distinguish between two foundational traditions. The hedonic tradition focuses on the presence of positive affect and the absence of negative affect, emphasizing pleasure, comfort, and the satisfaction of basic needs (Diener, 1984; Kahneman et al., 1999). The psychological or eudaimonic tradition, by contrast, emphasizes meaning, autonomy, personal growth, and the fulfillment of human potential (Ryff, 1989). While both traditions are theoretically important, this study focuses primarily on the hedonic dimension, since the outcomes of interest, economic insecurity and self-reported living conditions, capture material deprivation and overall life satisfaction rather than psychological flourishing. This focus is appropriate given the African context, where acute material deprivation remains the dominant challenge shaping citizens' daily lives.

Specifically, using subjective measures is particularly appropriate for two reasons. First, subjective assessments reflect the totality of an individual's circumstances, including dimensions of security, dignity, and social connection that objective measures often miss. A person who has regular access to food but lives in fear of arbitrary treatment by local officials may report low wellbeing despite meeting basic material thresholds. Second, in low-income settings where official statistics are unreliable or unavailable, subjective measures provide a more complete picture of how people actually experience their lives (Deaton, 2008; Ravallion, 2012).

This study focuses on two complementary dimensions of subjective wellbeing. The first is economic insecurity, which captures how frequently individuals face shortages of basic necessities including food, water, medical care, cooking fuel, and cash income. The second is self-reported living conditions, which captures individuals' overall assessment of how their lives are going. Together, these two measures span both the material and evaluative dimensions of subjective wellbeing, providing a more complete picture than either measure alone.

Within the hedonic tradition, subjective wellbeing has two further components. The cognitive component refers to individuals' reflective evaluations of their life circumstances, that is, how they assess their lives when they step back and think about how things are going overall. The affective component refers to the emotional dimension of experience, capturing the frequency and intensity of positive and negative feelings in everyday life (Diener, 1984). These two components are conceptually distinct and do not always align. A person may evaluate their life positively on reflection yet experience frequent negative emotions in their daily interactions with institutions and community members.

This study captures both components. The self-reported living conditions measure, which asks respondents to assess their present living conditions on a scale from very bad to very good, reflects the cognitive component of subjective wellbeing. The economic insecurity index, which captures how frequently respondents face shortages of food, water, medical care, cooking fuel, and cash income, reflects the affective component, since material deprivation is a direct source of negative affect and anxiety in daily life (Kahneman et al., 1999; Sen,

1999). Together, these two measures span the cognitive and affective dimensions of hedonic wellbeing, providing a more theoretically grounded and empirically complete picture of individual welfare than either measure alone.

Using subjective rather than objective measures of wellbeing is particularly appropriate in the African context for two additional reasons. First, subjective assessments reflect the totality of an individual's circumstances, including dimensions of security, dignity, and social connection that objective measures often miss. Second, in low-income settings where official statistics are unreliable or unavailable, subjective measures provide a more complete picture of how people actually experience their lives.

II.III Pathways from Subnational Governance Quality to Wellbeing

High-quality subnational governance is expected to improve individual wellbeing through three distinct pathways. The most direct pathway through which local governance quality affects wellbeing is through the delivery of public goods and services. Local governments in Africa are responsible for managing schools, health clinics, water systems, and local infrastructure (Bardhan, 2002; Faguet, 2014). When local governments perform well and are responsive to community needs, they are more likely to allocate resources efficiently and direct services to those who need them most. This reduces citizens' direct exposure to economic deprivation by lowering the cost of accessing healthcare, education, and other essential services.

A recent World Bank report on poverty reduction in Africa underscores how limited access to public services has stalled poverty reduction across the continent (Sinha et al., 2024). Where local governance is strong, citizens are more likely to access these services and less likely to face the material deprivations captured by the economic insecurity index. The prediction from this pathway is that higher SGQ should reduce economic insecurity and improve self-reported living conditions, particularly through improvements in service access.

The second pathway operates through institutional trust. When citizens perceive their local governments as trustworthy, responsive, and free from corruption, they develop confidence in the institutions that govern their lives. This confidence reduces psychological insecurity and anxiety about whether government will treat them fairly or whether resources will be allocated impartially (Rothstein, 2011; Teorell, 2009).

Ma et al. (2024) demonstrate empirically that governance quality affects subjective wellbeing through a sequential process in which perceived fairness first builds institutional trust, and institutional trust then improves wellbeing. This pathway is particularly important in the African context, where historical experiences of corruption, patronage, and exclusion have eroded trust in public institutions (Mamdani, 1996; Sanny and Cumanzala, 2024). Where SGQ is high, this erosion is partially reversed. Citizens who trust their local governments feel more secure and more optimistic about their own lives, even before any concrete service improvements materialize. The prediction from this pathway is that SGQ should improve self-reported living conditions partly by increasing institutional trust and the sense of security it generates.

The third pathway operates through civic and political participation. High-quality governance creates an institutional environment in which citizens feel their voices matter and their participation in community affairs is welcomed and acted upon (Dalton, 2008; Rothstein, 2011). When local governments are responsive and accountable, citizens are more

likely to engage in community meetings, local elections, and other forms of civic activity. This participation is not merely instrumental. It generates a sense of agency and empowerment that independently contributes to subjective wellbeing (Helliwell et al., 2021). Conversely, when local governance is poor, participation feels futile. Citizens who believe their governments are unresponsive or corrupt are less likely to engage and more likely to feel powerless over the conditions that shape their lives. This withdrawal from civic life compounds the material deprivations caused by poor service delivery, creating a reinforcing cycle of low governance quality, low participation, and low wellbeing. The prediction from this pathway is that SGQ should improve wellbeing partly through its effect on civic engagement and the sense of political empowerment it fosters.

However, the three pathways described above are not expected to operate uniformly across all individuals and all contexts. Several sources of heterogeneity are anticipated. Urban and rural residents are likely to experience the effects of SGQ differently. In rural areas, institutional capacity is typically weaker, physical infrastructure is more limited, and the reach of local government services is less extensive (Okorie et al., 2023; Sinha et al., 2024). As a result, the service delivery pathway is likely to be less effective in rural areas, and the overall effect of SGQ on wellbeing is expected to be smaller there than in urban areas.

Similarly, education and employment status are also expected to moderate the relationship. Individuals with higher education and stable waged employment are better positioned to access and benefit from public institutions, navigate bureaucratic processes, and engage in civic participation. They therefore stand to gain more from improvements in governance quality than those with fewer resources and less institutional access. The prediction is that the effects of SGQ on wellbeing will strengthen with education and waged employment.

Gender, by contrast, is not expected to be a significant moderator of the SGQ-wellbeing relationship. While gender inequalities are pervasive in Africa and shape many aspects of individuals' interactions with public institutions, the mechanisms through which SGQ affects wellbeing, namely service delivery, institutional trust, and civic participation, are not predicted to operate systematically differently for men and women in this context.

III. Data and Methodology

III.I Data

For all analyses, I use seven rounds of individual-level survey data from Afrobarometer, specifically rounds 3 to 9. Afrobarometer is a non-profit research organization that conducts nationally representative, opinion-based surveys on social, political, and economic issues across more than 40 African countries. Each survey round typically samples 1,200 or 2,400 respondents per country. The survey questions are standardized across rounds, though they are periodically updated to reflect emerging issues and trends. The questions used in this study were asked consistently across all seven rounds, ensuring comparability of responses over time and across countries.

III.I.I Subnational Governance Quality

The Afrobarometer survey includes questions that ask respondents to directly evaluate the quality of their elected Local Government Councils (LGCs), which are the Metropolitan, Municipal, or District Assemblies. These LGCs are the closest and most immediate form of

political governance in Africa. In most cases, council members are elected for fixed terms and play a critical role in administering local governance. In many African countries, LGCs operate with considerable autonomy, either raising revenue locally or managing funds appropriated from the central government (Okorie et al., 2023).

To measure SGQ, I construct an index that evaluates four key dimensions of LGC performance. These four dimensions connect directly to the impartiality framework developed in the conceptual framework, capturing how fairly, responsively, and honestly local officials conduct their duties. The survey questions and their corresponding response scales are as follows:

1. General Performance: *Do you approve or disapprove of the way that the following people have performed their jobs over the past twelve months, or haven't you heard enough about them to say? Your elected [local government councilor].* 1=Strongly disapprove, 2=disapprove, 3=Approve, 4=Strongly approve
2. Responsiveness to Local Needs: *How much of the time do you think the following try their best to listen to what people like you have to say: A local government councilor?* 0=Never, 1=Only sometimes, 2=Often, 3=Always
3. Trustworthiness: *How much do you trust each of the following, or haven't you heard enough about them to say about them: [your elected local government council].* 0=Not at all, 1=Just a little, 2=Somewhat, 3=A lot
4. Perceived Corruption: *How many of the following people do you think are involved in corruption, or haven't you heard enough about them to say: Local government councilors?* 0=None, 1=Some of them, 2=Most of them, 3=All of them

As depicted above, all four questions have four-option responses but with varying ranges. While the general performance question is measured on a 1 to 4 scale, the remaining three questions are scaled on 0 to 3. To ensure consistency across the four components, I adjust the 0 to 3 scale questions to a 1 to 4 scale by adding 1 to each response value. Additionally, I reverse the scale for the perceived corruption question so that higher values correspond to lower perceived corruption. This ensures that higher values for all components indicate better governance quality. For each respondent i , I calculate their perceived quality of LGCs (SGQ_i) as the average of their responses to these four questions. To make the results more interpretable, I standardize the (SGQ_i) index to have a mean of zero and a standard deviation of one.

Table 1 presents the Spearman rank correlation matrix of the SGQ components. All components are positively correlated at the one percent significance level, confirming that these aspects of governance quality tend to reinforce one another. Among the components, trust in LGCs and general performance show the strongest correlation at 0.44, suggesting that perceptions of high performance are closely linked to trust in elected officials. The lowest observed correlation is between perceived corruption and responsiveness at 0.16. Overall, trustworthiness emerges as the most interconnected dimension, showing the strongest correlations with all other components. This suggests that trust in local governance serves as a central element in how individuals evaluate the overall quality of their LGCs.

III.I.II Economic Insecurity

Economic insecurity captures the material and resource-based dimension of subjective well-being, reflecting how frequently individuals face shortfalls in the basic necessities required for a decent standard of living. To measure it, I construct an Economic Insecurity index (ECONINS) covering five critical needs, including food, clean water, medical treatment, cooking fuel, and cash income. These five items correspond directly to the affective dimension of hedonic wellbeing discussed in the conceptual framework, capturing the negative emotional experience of material deprivation in everyday life.

The survey asks respondents to rate how often they or anyone in their family went without these items: *Over the past year, how often, if ever, have you or anyone in your family: Gone without ...?* where the ellipsis refers to one of the following: *enough food to eat, enough clean water for home use, medicines or medical treatment, enough fuel to cook your food and a cash income*. Responses are categorized on a scale from 0 to 4, where 0=Never, 1=Just once or twice, 2=Several times, 3=Many times, and 4=Always.

For each respondent i , I define economic insecurity $ECOINS_i$ as the average of their responses across the five components. To ease interpretation of regression results, I standardize the variable on a 0 to 100 scale so that coefficients can be interpreted as percentage points. A higher value of $ECOINS_i$ corresponds to greater economic insecurity, indicating more frequent shortages of basic needs.

The components of economic insecurity are also strongly and positively correlated, as shown in Panel B of Table 1. The strongest correlations are observed between shortages of cash income and food, as well as between cash income and medical care, suggesting that insufficient income is a major barrier to both adequate nutrition and healthcare access. In contrast, cash income and cooking fuel exhibit the weakest correlation at 0.34. This likely reflects the widespread use of wood fuel in Africa, which does not require substantial financial resources and therefore decouples cooking fuel access from cash income to a greater degree than other basic necessities. Overall, these components are closely interrelated and reinforce one another in defining an individual's overall material wellbeing.

III.I.III Self-reported Assessment of Living Conditions

While the ECONINS index captures the affective dimension of subjective wellbeing through material deprivation, this study also measures the cognitive dimension through respondents' overall evaluations of their living conditions. Afrobarometer asks respondents to self-evaluate their living conditions on a scale from very bad to very good. The survey question reads: *In general, how would you describe: Your own present living conditions?* Responses are coded on a 1 to 5 scale, where 1=Very bad, 2=Fairly bad, 3=Neither good nor bad, 4=Fairly good, and 5=Very good.

To ease interpretation of the regression estimates, I transform this variable into a binary indicator called Good Living Conditions, which equals one if the respondent reports fairly good or very good, and zero otherwise. This transformation focuses attention on whether respondents positively evaluate their living conditions and allows the coefficient to be interpreted as the change in the probability of reporting good living conditions associated with a one-standard-deviation increase in SGQ. Together, the ECONINS index and the Good Living Conditions indicator span the affective and cognitive dimensions of hedonic wellbeing, providing a more theoretically grounded and empirically complete picture of individual

welfare than either measure alone.

III.II Summary Statistics & Preliminary Observations

Table 2 reports the summary statistics for the variables used in this study. The analysis is restricted to respondents who provided complete responses for the three key variables, including the components of subnational governance quality, the components of economic insecurity, and self-reported living conditions. This restriction ensures consistency and reliability in the analysis, resulting in a total sample of 223,488 respondents. Most control variables contain some missing values, hence the number of observations decreases in models that include these controls.

The SGQ index has a mean of 2.4 on a 1 to 4 scale, indicating moderate governance quality across the sample. Among its components, perceived low corruption, with a mean of 2.66, receives the most positive rating, followed by trustworthiness and general performance. Responsiveness is rated the lowest at a mean of 1.92, suggesting widespread dissatisfaction with how local governments listen to and address citizen concerns. This pattern is consistent with broader evidence on governance in Africa, where citizens frequently report that local officials are unresponsive to community needs (Sanny and Cumanzala, 2024).

For economic insecurity, the table shows that food, clean water, and medical care insecurities are moderate, averaging 1.07, 1.19, and 1.24 respectively on a 0 to 4 scale. Cooking fuel is the least lacking item, while the lack of cash income is the most pressing concern at a mean of 2.04, pointing to widespread shortages of wage employment across the sample. Overall, the mean economic insecurity score is 32.0 on a 0 to 100 scale. Yet despite this moderate level of material deprivation, only slightly above one-third of respondents report positive living conditions, rating their circumstances as fairly good or very good. This gap between material insecurity and subjective wellbeing is consistent with the theoretical argument that wellbeing encompasses dimensions beyond material conditions alone.

The demographic profile reveals that the average respondent is approximately 37 years old, with ages ranging from 18 to 120 years. Female respondents make up 48 percent of the sample, and 57 percent of respondents reside in rural areas. Additionally, 31 percent of respondents have completed at least secondary school, while about 37 percent are employed in waged work, either full or part time.

Figures 1a and 1b illustrate the bivariate relationships between SGQ and each wellbeing measure. Both figures reveal strong and systematic correlations that are consistent with the theoretical framework. Figure 1a shows a negative association between SGQ and ECONINS, indicating that as local governance quality improves, individuals report lower levels of economic insecurity. Figure 1b shows a positive association between SGQ and the probability of reporting good living conditions, indicating that better governance is associated with higher perceived wellbeing.

III.III Estimation Framework I: Ordinary Least Squares (OLS)

To examine the relationship between SGQ and subjective wellbeing, I estimate the following specification:

$$y_{ijc} = \beta_0 + \kappa SGQ_{ijc} + X'_{ijc}\theta + \alpha_c + \varepsilon_{ijc} \quad (1)$$

Here, y_{ijc} is the subjective wellbeing outcome, either economic insecurity or self-reported living conditions, of respondent i who resides in community j within country c . Commu-

nity refers to the town or village where the respondent was interviewed, and it is contained in the geocoded version of Afrobarometer’s data, representing the finest locality at which the survey was conducted. In rounds 3 and 4, this is coded as *place_name*, while in subsequent rounds it is entered as *townvill*.¹

SGQ_{ijc} is the respondent’s assessment of the quality of their local government. Because SGQ is measured at the individual level, it combines two components. The first is a community-level governance signal that reflects the actual quality of local governance experienced by all residents in the community. The second is individual perception noise, which captures idiosyncratic optimism or pessimism that varies across individuals within the same community. As a result, the variation used to estimate κ , the coefficient of interest, comes from both differences across communities in average governance quality and differences within communities in how individuals perceive that quality.

X'_{ijc} is a vector of individual-level controls, including age and its square, employment status, gender, educational attainment, and type of residence. α_c denotes country fixed effects that absorb time-invariant national characteristics, so that identification relies on within-country differences in SGQ rather than cross-country variation. Standard errors are clustered at the community level to account for within-community correlation in both governance perceptions and wellbeing outcomes.

III.IV Estimation Framework II: IV Estimation

The OLS estimates from specification 1 may be biased if SGQ is endogenous. The most immediate concern is reverse causality. Individuals who are more economically secure or more satisfied with their lives may rate their local governments more favorably regardless of actual governance quality, leading to upward bias in the OLS estimates. A second concern is omitted variables bias. Communities with higher governance quality may differ systematically in unobserved characteristics such as historical infrastructure, civic culture, or economic opportunities that also influence subjective wellbeing. Additionally, individuals with greater wellbeing or economic security may selectively locate in better-governed areas. These factors could lead to either overestimation or underestimation of the true relationship between SGQ and wellbeing.

To address these concerns, I construct a leave-out-one (LOO) mean instrument for individual-level SGQ. This instrument uses the collective perception of governance quality reported by all other respondents within the same community as an instrument for an individual’s own assessment. The identifying logic rests on the assumption that individuals living under the same local governance jurisdiction are exposed to similar governance practices and thus share comparable experiences. Based on this assumption, the instrument is constructed by averaging the responses of all other respondents in the same community, excluding each individual’s own rating. This process filters out individual-specific perception noise and isolates the common community-level component of governance quality, ensuring that the identifying variation is driven by shared community-level experiences rather than individual idiosyncrasies.

¹Where the *townvill* variable is missing, it is replaced with the next available locality identifier, which is the district in most cases.

Formally, the LOO mean instrument for respondent i in community j is computed as follows:

$$SGQ_{-i,j} = \frac{\sum_{k \neq i} SGQ_{k,j}}{n_j - 1}$$

$SGQ_{k,j}$ represents the perceived governance quality reported by individual k in community j , and n_j is the total number of respondents in the community. The numerator sums all responses except that of individual i , ensuring that the instrument is not influenced by the given respondent's own perception.

A practical consequence of this construction is that singleton communities, those with only one respondent, must be excluded since the denominator $n_j - 1$ becomes zero and the expression is undefined. In the sample, approximately 9 percent of communities, specifically 2,848 out of 31,423, are singletons and are therefore excluded. This yields a final sample of 28,575 communities and 220,640 respondents, with an average of 7.7 respondents per community and community sizes ranging from 2 to 419.

For the LOO mean to be a valid instrument, it must satisfy two conditions. The first is the relevance condition, which requires that the instrument is strongly correlated with individual SGQ assessments. Intuitively, since all individuals in a community are subject to the same governance structures, the aggregated perception of governance quality should strongly predict individual evaluations. This is verified through the first-stage regression, where $SGQ_{-i,j}$ must exhibit a strong and significant relationship with $SGQ_{i,j}$. Instrument relevance is confirmed through the strength of the first-stage estimates reported in the results section.

The second condition is the exclusion restriction, which requires that $SGQ_{-i,j}$ affects subjective wellbeing only through its effect on individual SGQ assessments. By construction, the instrument excludes an individual's own evaluation, mitigating individual-level biases that might confound both governance perceptions and wellbeing. At the individual level, the instrument is therefore plausibly exogenous to a respondent's subjective wellbeing.

However, the exclusion restriction also requires that aggregated community perceptions influence wellbeing solely through their effect on individual perceptions of governance quality, with no other direct or indirect pathways. A potential concern is that community-level perceptions might shape collective behaviors such as protests, civic engagement, or advocacy that lead to tangible improvements in local services, which could then directly affect wellbeing independent of the governance perception channel. If this were the case, the exclusion restriction would be violated.

To mitigate this concern, I include a battery of controls for observable community-level characteristics that could operate through these alternative pathways. Specifically, I add controls for the presence of eight public goods and social amenities in the primary sampling unit, including schools, electricity grids, piped water, health clinics, sewage systems, paved roads, post offices, and police stations. The results remain consistent with and without these controls, providing reassurance that the findings are not driven by this alternative pathway. Nonetheless, while the inclusion of these controls strengthens the plausibility of the exclusion restriction, it cannot fully capture unobservable pathways such as social cohesion or collective optimism generated by positive community perceptions. Some residual unobserved confounding may therefore remain.

A further potential concern is that individuals within the same community may share correlated unobservable characteristics, such as common historical experiences, shared social norms, or collective poverty, that simultaneously shape both governance perceptions and

individual wellbeing. If such shared unobservables drive the within-community correlation in governance perceptions, the LOO mean could be correlated with the error term through those unobservables rather than through shared governance exposure, violating the exclusion restriction. This concern is partially mitigated by the inclusion of country fixed effects, which absorb national-level unobservables, and survey round fixed effects, which account for common time trends. Individual-level controls further account for observable demographic characteristics that may be correlated with both governance perceptions and wellbeing. After conditioning on these factors, the remaining within-community variation in governance perceptions is most plausibly attributed to the shared governance environment created by the LGC, which is the source of variation the instrument is designed to exploit.

Under these conditions, the LOO mean instrument isolates the community-level component of governance quality that is exogenous to individual perceptions, allowing the causal effect of SGQ on wellbeing to be identified. Estimation proceeds in two stages. The first stage establishes the relationship between individual-level $SGQ_{i,j}$ and the community-level instrument $SGQ_{-i,j}$:

$$SGQ_{ijc} = \pi_0 + \pi_1 SGQ_{-i,jc} + X'_{ijc} \theta + \alpha_c + \varepsilon_{ijc} \quad (2)$$

$SGQ_{-i,jc}$ is the LOO mean instrument and π_1 captures instrument strength.

In the second stage, the predicted values of SGQ , denoted (\widehat{SGQ}_{ijc}), from the first stage are used to estimate the causal effect of SGQ on subjective wellbeing:

$$y_{ijc} = \beta_0 + \delta \widehat{SGQ}_{ijc} + X'_{ijc} \theta + \alpha_c + \varepsilon_{ijc} \quad (3)$$

The coefficient δ captures the causal effect of SGQ on subjective wellbeing. All other terms remain as previously defined.

Table 1: Correlation Matrices of Subnational Governance Dimensions and Economic Security Components

	Performance	Responsiveness	Corruption	Trust	
Panel A. Dimensions of Subnational Governance Quality N = 223,488					
Performance	1.0000				
Responsiveness	0.3345	1.0000			
Corruption	0.2915	0.1745	1.0000		
Trust	0.4541	0.3149	0.3243	1.0000	
Panel B. Components of Economic Security N = 223,488					
	Food	Water	Medicine	Cooking Fuel	Cash Income
Food	1.0000				
Water	0.3879	1.0000			
Medicine	0.4695	0.4541	1.0000		
Cooking Fuel	0.4097	0.3795	0.4185	1.0000	
Cash Income	0.4828	0.3605	0.4782	0.3529	1.0000

Notes: The table reports Spearman rank correlation coefficients for the dimensions of subnational governance quality in Panel A and the components of the economic insecurity index in Panel B. All correlations are significant at the 1 percent level.

Table 2: Summary Statistics

	(1)	(2)	(3)	(4)	(5)
	N	mean	min	max	sd
LGC General Performance	223,488	2.431	1	4	0.925
LGC Responsiveness	223,488	1.923	1	4	0.939
LGC Perceived Corruption	223,488	2.657	1	4	0.846
LGC Trustworthiness	223,488	2.446	1	4	1.079
Subnational Governance Quality Index	223,488	2.365	1	4	0.664
Food Insecurity	223,488	1.067	0	4	1.212
Clean Water Insecurity	223,488	1.185	0	4	1.374
Medical Care Insecurity	223,488	1.236	0	4	1.289
Cooking Fuel Insecurity	223,488	0.862	0	4	1.173
Cash Income Insecurity	223,488	2.041	0	4	1.358
Economic Insecurity Index	223,488	31.95	0	100	23.43
Good Living Conditions	223,488	0.326	0	1	0.469
Age	222,786	36.95	18	120	14.46
Female	223,483	0.482	0	1	0.500
Rural	223,488	0.574	0	1	0.495
Secondary School Completion	223,040	0.311	0	1	0.463
Employed	222,077	0.368	0	1	0.482

Notes: Summary statistics for the main variables used in the analysis. The sample covers a maximum 223,488 respondents across 40 African countries from Afrobarometer Rounds 3 to 9. The SGQ index and its components are scaled 1 to 4. The economic insecurity index is standardized to a 0 to 100 scale.

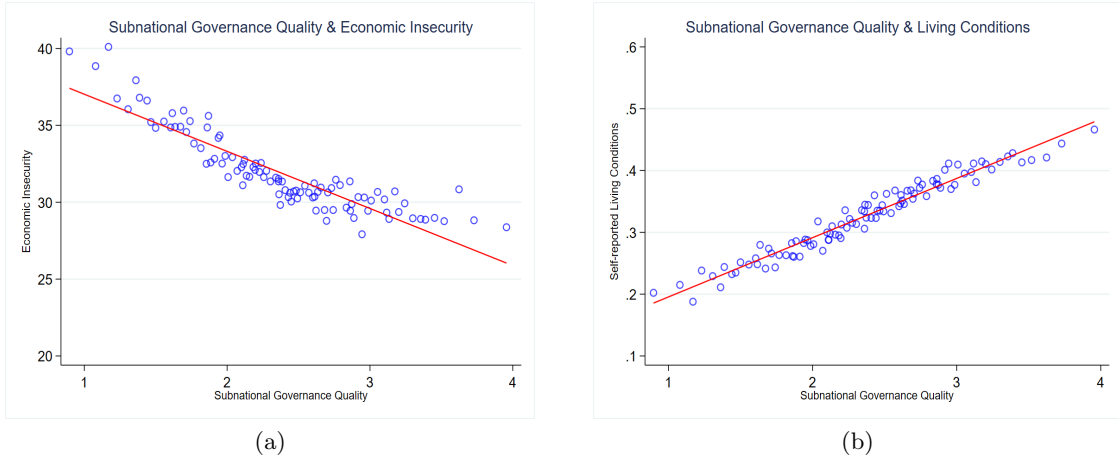


Figure 1: The left panel depicts the relationship between subnational governance quality and economic insecurity, while the right panel depicts the relationship between subnational governance quality and living conditions. Values are residualized for country fixed effects to reflect within-country variation.

IV. Empirical Results

IV.I OLS Estimates

Table 3 reports the OLS estimates of the relationship between SGQ and subjective well-being. All models include country fixed effects and survey round dummies to account for unobserved national-level heterogeneity and structural differences across survey waves respectively. Standard errors are clustered at the community level.

Models (1) and (2) present the unconditional estimates while Models (3) and (4) include

individual-level controls. Across all specifications, SGQ is strongly and significantly associated with both measures of subjective wellbeing. A one-standard-deviation increase in SGQ is associated with approximately a 2.4 percentage point (pp) reduction in economic insecurity in the unconditional model, equivalent to a 7.6 percent decrease relative to the mean level of economic insecurity. When individual-level controls are added in column (3), the magnitude increases to 3.0 pp, corresponding to a 9.2 percent reduction relative to the outcome mean.

The association between SGQ and self-reported living conditions follows a similar pattern. Columns (2) and (4) show that a one-standard-deviation increase in SGQ raises the probability of reporting fairly good or very good living conditions by 6.5 to 6.9 pp, corresponding to approximately a 20 to 21 percent increase relative to the outcome mean of 0.326. The stability of the estimate across the unconditional and conditional specifications suggests the relationship is not driven by observable individual characteristics.

The control variables in Models (3) and (4) also generally assume their expected signs. Employment and education are associated with lower economic insecurity and more favorable living conditions, reflecting the material and informational advantages these attributes confer. Rural residence is associated with higher economic insecurity and poorer living conditions, consistent with the urban-rural welfare gap. The quadratic effect of age suggests a nonlinear relationship with subjective wellbeing, with insecurity initially declining and then rising with age, likely reflecting lifecycle patterns in income and health.

IV.II IV Estimates

While the OLS estimates demonstrate a robust association between SGQ and subjective wellbeing, they may still be biased due to potential endogeneity. I employ the leave-out-one mean instrument to address this potential bias.

The first-stage results are presented in columns (1) and (2) of Table 4. In addition to the standard demographic controls, this model also adds community-level public goods and amenities to help mitigate concerns about the potential violation of the exclusion restriction. The LOO mean exhibits a strong and statistically significant relationship with individual-level SGQ across both specifications. A one-standard-deviation increase in the average community assessment of LGC quality increases an individual's own rating by approximately 0.31 standard deviations, confirming that community perceptions are a strong predictor of individual assessments. The Kleibergen-Paap rk Wald F-statistic exceeds 11,300, far exceeding conventional thresholds for instrument strength. It is worth noting that the exceptionally high F-statistics partly reflect the large sample size and the mechanical precision of the LOO mean in communities with multiple respondents, rather than indicating an unusually strong identification strategy per se.

The second-stage results, shown in columns (2) and (3), confirm that the effect of SGQ on subjective wellbeing is causal. Compared with the OLS estimates, the IV estimates are larger in magnitude, consistent with attenuation bias in OLS arising from measurement error in the SGQ index. The estimates show that a one-standard-deviation increase in SGQ reduces economic insecurity by approximately 5.1 pp, equivalent to a 15.9 percent decrease relative to the outcome mean. It also increases the likelihood of reporting good living conditions by 13.7 pp, roughly a 41.5 percent increase relative to the mean probability of 0.33. These magnitudes indicate that the causal effect of local governance quality on individual wellbeing is both statistically significant and economically meaningful.

IV.III Heterogeneous Effects

Tables 5 and 6 examine whether the effect of SGQ on subjective wellbeing varies across demographic subgroups. I interact the SGQ index with indicators for rural residence, educational attainment, gender, employment status, and age.

The effects of SGQ attenuate significantly in rural areas for both outcomes. This finding is unsurprising since urban areas typically have stronger infrastructure and institutional capacity, allowing even marginal improvements in governance to translate more quickly into material and subjective wellbeing gains. In rural settings, the absence of a strong infrastructural foundation may delay or dampen the benefits of improved governance, even when citizens perceive their local councils as performing better. This finding is consistent with the heterogeneity prediction from the conceptual framework.

Higher educational attainment amplifies the positive effect of SGQ on both outcomes. More educated individuals are better positioned to access economic opportunities, make effective use of public services, and engage in civic and political processes. They are therefore better able to capitalize on improvements in governance quality. This result is consistent with the theoretical prediction that the civic participation pathway through which SGQ affects wellbeing is stronger among individuals with greater capacity for political engagement.

Gender does not moderate the relationship between SGQ and either outcome, suggesting that men and women benefit similarly from improvements in governance quality. This is consistent with the prediction from the conceptual framework that the three pathways through which SGQ affects wellbeing operate similarly across gender lines.

Employment status shows a mixed pattern. As shown in Table 5, being employed in waged work does not significantly alter the effect of SGQ on economic insecurity. However, Table 6 shows that employment amplifies the effect of SGQ on self-reported living conditions. This likely reflects the fact that employed individuals have greater capacity to act on governance improvements, for example by using better local services or engaging more actively with local institutions.

Age also shows a mixed pattern. Table 5 shows that older individuals experience a stronger effect of SGQ on economic insecurity, consistent with their greater material vulnerability and dependence on locally managed public services. By contrast, Table 6 shows that age does not moderate the effect of SGQ on self-reported living conditions.

IV.IV Robustness Checks

I now verify that the observed relationship between SGQ and subjective wellbeing is not sensitive to specific measurement choices, model specifications, or sample restrictions.

IV.IV.I Restricting the SGQ Index to Strictly Procedural Components

As noted in the data section, the general performance component may conflate procedural governance quality with service delivery outcomes, since the survey question does not specify whether respondents evaluated their LGCs based on how they govern or what they deliver. As a result, respondents may have used different criteria when assessing governance quality. Excluding it and reconstructing the index using only the procedural dimensions addresses this concern directly. The results, presented in columns (1) and (2) of Table 7, confirm that improvements in procedural SGQ continue to significantly reduce economic insecurity and improve self-reported living conditions, with magnitudes similar to the baseline estimates.

IV.IV.II Using Principal Component Analysis (PCA)

As a further check, I replace the original SGQ index with the first principal component derived from a principal component analysis of the four governance dimensions. This approach assigns data-driven weights to each component based on its contribution to total variance, rather than treating all four dimensions equally. It then generates “principal components,” each capturing a certain proportion of this variation – all adding up to 100 %.

In the sample, the first principal component explains approximately 49 percent of the total variation in the four governance indicators, with all four variables loading positively and larger weights on general performance and trust. The estimates using this alternative measure, presented in columns (3) and (4) of Table 7, show that a one-unit increase in the first principal component reduces economic insecurity by 2.14 pp and increases the probability of reporting good living conditions by approximately 5 pp. These results confirm that the main findings are not an artifact of the equal-weighting approach used in the baseline index.

IV.IV.III Examining the Individual Components of the SGQ Index

I also assess the separate effects of each SGQ component to identify which dimensions primarily drive the main results. Each component is measured on a 1 to 4 scale with higher values indicating better governance quality, and the reference category is the lowest rating. Results are shown in columns (5) and (6) of Table 7.

All the four governance components are significantly associated with lower economic insecurity and higher self-reported living conditions. The effects also follow a consistent and roughly linear pattern in which higher ratings correspond to stronger effects. Taking trustworthiness as an illustration, economic insecurity declines by approximately 2.1 pp at the second rating category, 2.9 pp at the third, and 3.1 pp at the highest, relative to the lowest rating. The probability of reporting good living conditions increases by 3.4 pp, 6.0 pp, and 9.1 pp across the same categories. The other three components show broadly similar patterns, confirming that no single dimension drives the main results and that all four dimensions contribute meaningfully to the overall SGQ effect.

IV.IV.IV Governance Quality and the Components of Economic Insecurity and Wellbeing

I examine the effect of SGQ on the individual components of economic insecurity and alternative definition of self-reported living conditions. For economic insecurity, I distinguish between moderate and severe forms of insecurity. Moderate insecurity refers to instances where the respondent reports *ever* going without a given essential need in the past year, whereas severe insecurity is defined as scenarios where the respondent *always* went without these items. For self-reported living conditions, I define a stricter binary indicator equal to one if the respondent rates their conditions as *very good* and zero otherwise.

The results are displayed in Table 8. Panel A reports the estimates for moderate economic insecurity and the stricter living conditions measure, while Panel B reports estimates for severe economic insecurity. Across all the individual components of economic insecurity, the effect of SGQ is negative and statistically significant. A one-standard-deviation increase in SGQ reduces moderate insecurity by 2.4 to 4.8 pp depending on the component. For severe insecurity, the magnitudes are smaller but remain meaningful. SGQ lowers severe cash income insecurity by 2.4 pp, approximately 15 percent of its mean, and severe water

insecurity by 1.3 pp, also approximately 15 percent of its mean. The effect on the stricter living conditions measure is also positive and significant. A one-standard-deviation increase in SGQ raises the likelihood of respondents rating their living conditions as very good by 1.6 pp, corresponding to roughly a 30 percent increase relative to the outcome mean of 0.053. These results confirm that the main findings are robust to how economic insecurity and living conditions are defined and measured.

IV.V Mechanisms

The results establish a strong and causal effect of subnational governance quality on individual wellbeing. Understanding why this relationship exists requires examining the channels through which SGQ operates. Drawing on the conceptual framework, I investigate three pathways including political participation and civic engagement, institutional trust and legitimacy, and the local service environment. These pathways reflect how citizens experience governance in their daily lives, which involves participation, confidence in institutions, and access to basic public goods and services.

To construct these mechanism variables, I rely on the following Afrobarometer survey questions:

- **Voting:** *Understanding that some people were unable to vote in the most recent national election in [20xx], which of the following statements is true for you?* Responses range from 0 (not registered to vote) to 9 (do not know or cannot remember). I code this variable as 1 if the respondent reported voting in the last election and 0 otherwise.
- **Collective Action:** *Here is a list of actions that people sometimes take as citizens. For each of these, please tell me whether you, personally, have done any of these things during the past year. If not, would you do this if you had the chance: Got together with others to raise an issue?* Responses range from 0 (no, would never do this) to 4 (yes, often). I code 1 if the response is 2 or higher, indicating that the respondent participated at least once in the past year, and 0 otherwise.
- **Attended Community Meeting:** *Here is a list of actions that people sometimes take as citizens. For each of these, please tell me whether you, personally, have done any of these things during the past year. If not, would you do this if you had the chance: Attended a community meeting?* Responses range from 0 (no, would never do this) to 4 (yes, often). I code 1 if the response is 2 or higher and 0 otherwise.
- **Contacted Local Government Councilor:** *During the past year, how often have you contacted any of the following persons about some important problem or to give them your views: A local government councilor?* Responses range from 0 (never) to 3 (often). I code 1 if the response is 1 or higher, indicating at least one contact in the past year, and 0 otherwise.
- **Trust in Institutions:** *How much do you trust each of the following, or haven't you heard enough about them to say? (e.g., the President, Parliament, Electoral Commission, Police, and Courts).* Responses range from 0 (not at all) to 3 (a lot). For each institution, I code 1 if the response is 1 or higher, indicating some trust or more, and 0 otherwise.

- **Local Services and Infrastructure:** *Are the following services present in the primary sampling unit or enumeration area: [e.g., Electricity grid that most houses could access]?* Responses are coded 0 (no) and 1 (yes) by field supervisors. The same coding is applied to schools, piped water, health clinics, post offices, paved roads, police stations, and sewage systems.

All results are reported in Tables 9, 10 and 11. Table 9 shows a positive and statistically significant association between SGQ and all four indicators of political engagement. A one-standard-deviation increase in SGQ raises the probability of voting by 2.1 pp, joining others for collective action by 2.6 pp, attending community meetings by 3.5 pp, and contacting a local councilor by 6.8 pp. Relative to baseline means, these effects represent increases of approximately 3, 5, 6, and 24 percent respectively. These findings suggest that when citizens perceive their local governments as responsive, trustworthy, and less corrupt, they are more likely to engage with political processes. This is consistent with prior studies showing that perceived governance quality fosters citizen participation and a sense of political efficacy (Dalton, 2008; Kriesi, 2015; Norris, 2011). Where governance is perceived as unresponsive or corrupt, participation often declines or becomes grievance-driven rather than cooperative.

Table 10 shows that SGQ is positively and significantly associated with trust in five key state institutions. A one-standard-deviation increase in SGQ increases trust in these institutions by between 0.12 and 0.17 points, or roughly 15 to 20 percent relative to mean levels of institutional trust. These results are consistent with the broader literature showing that perceived fairness and responsiveness of government build institutional legitimacy (Bouckaert, 2012; Helliwell et al., 2016, 2021; Rothstein, 2011). Because citizens often evaluate all branches of government through their day-to-day interactions with local officials, improvements in subnational governance quality appear to generate positive spillovers in trust toward the state more broadly. This spillover effect is theoretically important, as it suggests that local governance reform may have wider institutional consequences beyond the immediate community level.

Table 11 examines the association between SGQ and the availability of eight basic public services in the community. The results show a nuanced and theoretically informative pattern. SGQ is positively associated with the presence of schools, health clinics, and post offices, which are facilities typically managed or maintained at the local level and are therefore more directly responsive to local governance quality.

In contrast, SGQ is negatively associated with large-scale infrastructure services including electricity grids, piped water systems, paved roads, and sewage systems. This negative association is not surprising. These utilities are capital-intensive and their provision is largely determined by national policy decisions and geographic factors rather than by local governance performance. Indeed, areas with weaker local governance may paradoxically receive more centrally directed infrastructure investment precisely because they are underdeveloped. This pattern suggests that citizen perceptions of governance quality align more closely with the availability and maintenance of community-level social services than with structural infrastructure. This underscores the importance of distinguishing between different types of public goods when evaluating the relationship between governance and local development (Faguet, 2014; Gadenne, 2017).

The three pathways together tell a coherent story. Good local governance strengthens citizens' engagement with political institutions, builds trust in the state, and improves access

to locally managed social services. Each of these channels independently contributes to higher subjective wellbeing and lower economic insecurity, and they are mutually reinforcing in ways that make the overall effect of SGQ on wellbeing larger than any single pathway would produce alone.

Table 3: OLS Estimates: The Impact of Subnational Governance Quality on Subjective Well-being

	(1)	(2)	(3)	(4)
	Economic Insecurity	Good Living Conditions	Economic Insecurity	Good Living Conditions
SGQ (Z-Score)	-2.424*** (0.061)	0.065*** (0.001)	-2.954*** (0.058)	0.069*** (0.001)
Age			0.384*** (0.017)	-0.011*** (0.000)
Age Squared			-0.004*** (0.000)	0.000*** (0.000)
Female			-0.212*** (0.077)	0.005*** (0.002)
Rural			5.397*** (0.156)	-0.022*** (0.003)
Education			-6.304*** (0.120)	0.070*** (0.003)
Employed			-4.156*** (0.114)	0.034*** (0.002)
Obs.	223,488	223,488	221,002	221,002
R-squared	0.176	0.059	0.220	0.072
Country F.E.	Yes	Yes	Yes	Yes
Outcome Mean	31.95	0.326	32.04	0.326

Notes: The table shows OLS estimates of the impact of subnational governance quality (SGQ) on subjective wellbeing. SGQ is an index constructed from four dimensions of local government council evaluation: general performance, responsiveness, trustworthiness, and perceived corruption. Economic insecurity captures shortages in food, clean water, medical care, cooking fuel, and cash income, standardized to a 0 to 100 scale. Good living conditions is a binary variable equal to one if the respondent rates their conditions as fairly good or very good. Education equals one if the respondent completed at least secondary education. Employed equals one if the respondent is employed part or full time. Robust standard errors are clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 4: 2SLS Estimates of the Impact of Subnational Governance Quality on Subjective Wellbeing

	First Stage	Second Stage	
	(1)	(2)	(3)
	SGQ Index (Z-Score)	Economic Insecurity	Good Living Conditions
Community Ratings	0.0.305*** (0.003)		
SGQ (Z-Score)		-5.112*** (0.268)	0.137*** (0.005)
Obs.	210,151	210,151	210,151
Kleibergen-Paap rk Wald F	11,308.43		
Country F.E.	Yes	Yes	Yes
Controls	Yes	Yes	Yes
Control for Public Amenities	Yes	Yes	Yes

Notes: The table shows the first and second stage results of the 2SLS estimation. In the first stage the dependent variable is SGQ and the instrument is the community mean governance rating excluding the respondent's own assessment. In the second stage the dependent variables are economic insecurity and self-reported living conditions. Economic insecurity captures shortages in food, clean water, medical care, cooking fuel, and cash income, standardized to a 0 to 100 scale. Good living conditions is a binary variable equal to one if the respondent rates their conditions as fairly good or very good. Controls are age and its square, gender, residence, education, and employment status. The public amenities controlled for are schools, piped water, health clinic, post office, paved road, police station, electricity, and sewage. Robust standard errors are clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 5: Heterogeneous Effects of SGQ on Economic Insecurity

	(1)	(2)	(3)	(4)	(5)
	Dependent Variable: Economic Insecurity				
	Rural	Education	Female	Employed	Age
SGQ (Z-Score)	-3.140*** (0.091)	-2.864*** (0.067)	-2.982*** (0.070)	-2.979*** (0.070)	-2.687*** (0.135)
Rural \times SGQ	0.311*** (0.116)				
Education \times SGQ		-0.319*** (0.110)			
Female \times SGQ			0.061 (0.084)		
Employed \times SGQ				0.071 (0.100)	
Age \times SGQ					-0.007** (0.003)
Obs.	221,002	221,002	221,002	221,002	221,002
R-squared	0.220	0.220	0.220	0.220	0.220
Controls	Yes	Yes	Yes	Yes	Yes
Country F.E.	Yes	Yes	Yes	Yes	Yes

Notes: The table shows OLS estimates of the heterogeneous effects of SGQ on economic insecurity across demographic subgroups. SGQ is constructed from four dimensions of local government council evaluation: general performance, responsiveness, trustworthiness, and perceived corruption. Economic insecurity captures shortages in food, clean water, medical care, cooking fuel, and cash income. Controls include age and its square, rural residence, gender, secondary school completion, and employment status. Robust standard errors are clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 6: Heterogeneous Effects of SGQ on Good Living Conditions

	(1)	(2)	(3)	(4)	(5)
Dependent Variable: Good Living Conditions					
	Rural	Education	Female	Employed	Age
SGQ (Z-Score)	0.075*** (0.002)	0.066*** (0.001)	0.069*** (0.001)	0.066*** (0.001)	0.069*** (0.003)
Rural \times SGQ	-0.011*** (0.002)				
Education \times SGQ		0.008*** (0.002)			
Female \times SGQ			-0.001 (0.002)		
Employed \times SGQ				0.007*** (0.002)	
Age \times SGQ					-0.000 (0.000)
Obs.	221,002	221,002	221,002	221,002	221,002
R-squared	0.072	0.072	0.072	0.072	0.072
Controls	Yes	Yes	Yes	Yes	Yes
Country F.E.	Yes	Yes	Yes	Yes	Yes

Notes: The table shows OLS estimates of the heterogeneous effects of SGQ on living conditions across demographic subgroups. SGQ is constructed from four dimensions of local government council evaluation: general performance, responsiveness, trustworthiness, and perceived corruption. Good living conditions equals one if the respondent rates their conditions as fairly good or very good. Controls include age and its square, rural residence, gender, secondary school completion, and employment status. Robust standard errors are clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 7: Robustness Checks 1

	(1)	(2)	(3)	(4)	(5)	(6)
	Economic Insecurity	Good Living Conditions	Economic Insecurity	Good Living Conditions	Economic Insecurity	Good Living Conditions
Procedural SGQ index	-2.616*** (0.057)	0.062*** (0.001)				
SGQ PCA1			-2.138*** (0.042)	0.049*** (0.001)		
2.Performance					-2.257*** (0.150)	0.014*** (0.003)
3.Performance					-4.414*** (0.157)	0.075*** (0.003)
4.Performance					-4.297*** (0.209)	0.096*** (0.004)
2.Responsiveness					-0.889*** (0.119)	0.018*** (0.002)
3.Responsiveness					-0.566*** (0.153)	0.020*** (0.003)
4.Responsiveness					0.013 (0.209)	0.036*** (0.004)
2.Corruption					-2.126*** (0.184)	0.011*** (0.004)
3.Corruption					-3.883*** (0.179)	0.036*** (0.003)
4.Corruption					-4.452*** (0.220)	0.057*** (0.004)
2.Trustworthiness					-2.096*** (0.138)	0.034*** (0.003)
3.Trustworthiness					-2.858*** (0.148)	0.060*** (0.003)
4.Trustworthiness					-3.140*** (0.169)	0.091*** (0.004)
Obs.	221,002	221,002	221,002	221,0023	221,002	221,002
R-squared	0.217	0.068	0.221	0.072	0.224	0.073
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Country F.E.	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The table shows OLS estimates of robustness checks on the effects of SGQ on subjective wellbeing. Columns (1) and (2) use a strictly procedural SGQ index capturing only responsiveness, trustworthiness, and perceived corruption. Columns (3) and (4) use the first principal component from a PCA of the four governance dimensions. Columns (5) and (6) show the separate effects of each individual SGQ component, where the reference category is the lowest rating. Controls include age and its square, rural residence, gender, secondary school completion, and employment status. Robust standard errors are clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 8: Robustness Checks 2

	(1)	(2)	(3)	(4)	(5)	(6)
	food insecurity	water insecurity	medical care insecurity	cash income insecurity	cooking fuel insecurity	very good living conditions
	Panel A. Ever Went Without ... (moderate insecurity)					
SGQ Index	-0.036*** (0.001)	-0.038*** (0.001)	-0.048*** (0.001)	-0.024*** (0.001)	-0.042*** (0.001)	0.016*** (0.001)
Obs.	221,002	221,002	221,002	221,002	221,002	220,501
R-squared	0.132	0.083	0.132	0.175	0.075	0.024
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Country F.E.	Yes	Yes	Yes	Yes	Yes	Yes
	Panel B. Always Went Without ... (severe insecurity)					
	food insecurity	water insecurity	medical care insecurity	cash income insecurity	cooking fuel insecurity	
SGQ Index	-0.008*** (0.001)	-0.013*** (0.001)	-0.014*** (0.001)	-0.024*** (0.001)	-0.006*** (0.000)	
Obs.	221,002	221,002	221,002	221,002	221,002	
R-squared	0.022	0.040	0.037	0.088	0.016	
Controls	Yes	Yes	Yes	Yes	Yes	
Country F.E.	Yes	Yes	Yes	Yes	Yes	

Notes: The table shows OLS estimates of the impact of SGQ on subjective wellbeing. Columns (1)–(5) of Panel A show the impact of SGQ on individual components of economic insecurity, where the outcome equals one if the respondent ever went without the item and zero otherwise. Column (6) of Panel A uses a stricter living conditions indicator equal to one if the respondent rates conditions as very good. In Panel B the outcome equals one if the respondent always went without the item and zero otherwise. Controls include age and its square, rural residence, gender, secondary school completion, and employment status. Robust standard errors are clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 9: Mechanisms: Civic and Political Participation

	(1)	(2)	(3)	(4)
	Voted in Last Elections	Collective Action	Attended Community Meeting	Contacted Local Gov. Council
SGQ	0.021*** (0.001)	0.026*** (0.001)	0.035*** (0.001)	0.068*** (0.001)
Obs.	219,382	220,157	220,375	218,873
R-squared	0.166	0.084	0.140	0.080
Controls	Yes	Yes	Yes	Yes
Country F.E.	Yes	Yes	Yes	Yes
Outcome Mean	0.711	0.508	0.596	0.279

Notes: The table presents estimates of the relationship between SGQ and political participation and civic engagement. Controls are age and its square, gender, residence, employment status, and education. Robust standard errors are clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 10: Mechanisms: Institutional Trust

	(1)	(2)	(3)	(4)	(5)
	Trust in President	Trust in Parliament	Trust in Electoral Body	Trust in Police	Trust in Courts of Law
SGQ	0.133*** (0.001)	0.166*** (0.001)	0.154*** (0.001)	0.128*** (0.001)	0.118*** (0.001)
Observations	217,806	214,846	210,602	220,015	217,140
R-squared	0.154	0.200	0.171	0.152	0.132
Country F.E.	Yes	Yes	Yes	Yes	Yes
Outcome Mean	0.788	0.758	0.744	0.747	0.811

Notes: The table presents estimates of the relationship between SGQ and institutional trust in the president, parliament, electoral commission, police, and courts of law. Controls are age and its square, gender, residence, employment status, and education. Robust standard errors clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 11: Mechanisms: Local Service Environment

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	School	Health Clinic	Post Office	Police Station	Electricity	Piped Water	Paved Road	Sewage
SGQ index	0.004*** (0.001)	0.003** (0.002)	0.003*** (0.001)	0.001 (0.001)	-0.005*** (0.001)	-0.006*** (0.001)	-0.007*** (0.001)	-0.014*** (0.001)
Obs.	220,371	218,818	218,912	219,116	218,120	219,902	220,699	220,627
R-squared	0.056	0.095	0.226	0.164	0.378	0.367	0.274	0.432
Country F.E.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mean	0.861	0.601	0.215	0.351	0.280	0.546	0.400	0.632

Notes: The table presents estimates of the relationship between SGQ and the presence of basic services and infrastructure in the community. Controls are age and its square, gender, residence, employment status, and education. Robust standard errors clustered at the community level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

V. Conclusion

Governance quality is typically studied at the national level, but citizens experience governance most directly through their interactions with local institutions. This paper examines whether the quality of those local institutions causally shapes the economic security and self-reported living conditions of ordinary citizens in Africa, a region where subnational governance varies substantially across localities due to historical, institutional, and structural factors.

Using data from more than 223,000 survey respondents across 40 African countries, I construct a subnational governance quality index that captures four dimensions of Local Government Council performance, including general performance, responsiveness, trustworthiness, and perceived corruption. OLS estimates show a strong and significant association between subnational governance quality (SGQ) and wellbeing. A one-standard-deviation increase in SGQ reduces economic insecurity by approximately 3 percentage points (pp) and raises the probability of reporting good living conditions by about 7 pp.

To establish causality, I instrument for individual SGQ assessments using a leave-out-one community mean, which averages the governance perceptions of all other residents in the same community. The IV estimates confirm that the effects are causal and larger. A one-standard-deviation increase in SGQ reduces economic insecurity by more than 5 pp,

equivalent to approximately a 16 percent decline relative to the outcome mean, and increases the probability of reporting good living conditions by almost 14 pp, a 41.5 percent increase relative to the mean.

The effects are not uniform across the population. They attenuate in rural areas, where institutional capacity is weaker and the returns to governance improvements materialize more slowly. They strengthen with education and waged employment, reflecting the greater capacity of more resourced individuals to benefit from improvements in governance quality. Gender does not moderate the relationship, but older individuals experience stronger effects of SGQ on economic insecurity, consistent with their greater dependence on locally managed public services.

The findings are robust across multiple sensitivity analyses. The core results hold whether SGQ is measured using only strictly procedural components, a principal component analysis-based index, or each governance dimension examined independently. They also hold across moderate and severe measures of economic insecurity and under a stricter definition of good living conditions. Across all of these alternatives, the direction, magnitude, and statistical significance of the effects remain consistent with the baseline estimates.

Lastly, the mechanisms analysis traces three pathways through which SGQ improves wellbeing. Higher governance quality encourages greater civic and political participation, strengthens trust in public institutions beyond the local level, and improves access to locally managed social services such as schools and health clinics. Notably, SGQ is negatively associated with large-scale infrastructure services such as electricity and piped water, which are determined more by national policy and geographic factors than by local governance performance. This distinction underscores that local governance quality operates primarily through the social and procedural dimensions of state-citizen interaction rather than through capital-intensive service provision.

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