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The Democratic Dimension of Aid

*Prospects for democracy building within the contemporary international
architecture of development cooperation*

Literature Review for International IDEA

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Executive summary

The donor community has placed increasing emphasis in recent years on strengthening democracy in developing countries as part of their overall development assistance strategies. It seems there is now widespread acceptance of Amartya Sen's suggestion that countries should not become 'fit for democracy', but become 'fit through democracy'. In short, the promotion of democracy is regarded as an important and worthy objective in itself.

However, there has been limited critical analysis of this crucial area of development activity, and a general failure to integrate support for democracy with other fields of development cooperation at strategic and practical levels. In particular, there is limited understanding of how donor commitments to improving the effectiveness of aid partnerships and modalities affect prospects for overall democratic development.

This paper provides an assessment of the literature in this field, drawn from academia, the policy community and the publications of donor governments. The analysis starts with the Paris Principles for aid effectiveness, which put emphasis on country ownership and accountability in the delivery of aid. It then moves on to consider the opportunities and challenges that aid planning and delivery mechanisms present for democracy, with a focus on PRSPs, budget support and project aid.

In this context the paper draws out four main themes regarding the democratic dimensions of the contemporary aid architecture. First, is the lack of explicit consideration of democracy in relation to the drive for aid effectiveness. Donors have preferred to focus on 'good governance' rather than 'democracy' per se, and there remains disagreement as to how these concepts link with one another, and indeed what this means for policy. This lack of clarity presents challenges for democracy building. For example, the Paris Principle of *ownership* has tended to be interpreted as ownership of the development agenda by the executive branches of government, rather than democratic ownership by the wider citizenry.

Second, there are unrealised synergies between the aid effectiveness and democracy building agendas. Applying the Paris Principles to parliamentary strengthening, party support and civil society capacity building would help to increase the impact of such democracy assistance work. In turn, building the capacity of democratic institutions and actors to engage with development processes would help to realise the Paris Principles of *ownership* and *mutual accountability*. Effort is needed within the development community to identify and build upon these synergies.

Third, strengthening democracy is an overtly political process. Any measures which seek to improve consultation, transparency, representation or internal accountability inevitably involve a redistribution of political power. Political sovereignty is an exceptionally sensitive area. And although various donors have sought to develop tools for understanding political power and incentive structures, they still seem wary of following through the logical implications of those analyses into practical policy and action.

Fourth, improving democracy is almost entirely context-specific. It depends on the unique balance of social, economic and civil forces that exist within any given country. As such, it does not lend itself to universal strategies or indicators, and it is extremely difficult to track the chain of causation between the action of an individual donor, and the 'improvement' in the quality of internal democracy. Democracy is complex and time-consuming, involving consultation, deliberation and debate. Decision-making therefore takes longer, but is likely to result in better policy in the long-term. The implications of this need to be reconciled with the Paris Declaration's emphasis on short term impact through technical indicators..

This literature review suggests that the task for donors is to address more closely the implications of the aid effectiveness agenda for democratisation processes. This will require better analysis of how the two complement and conflict with one another, clarity over definition and what this means for policy. Clearer lines should also be drawn between the strategic principles and tools that donors deploy, and how they are applied in practice. Finally, far greater engagement with democratic actors in developing countries is needed to understand the role they play in shaping political priorities and to identify opportunities for them to act as allies in the search for aid effectiveness and democracy.

1) Introduction

This literature review has been commissioned by International IDEA to assess the current status of knowledge and understanding of the direct and indirect effects of development cooperation on the status of democracy . It provides an overview of the studies that have been conducted by academics, donors and policy-oriented thinkers and commentators, identifying the main opportunities and issues of concern, and highlighting gaps in existing knowledge and evidence. This is with a view to helping IDEA to identify priorities for future work in this area.

A large amount of literature exists that examines the strengths and weaknesses of different aid modalities in terms of their ability to advance the Paris Principles on aid effectiveness. A separate, growing body of literature examines the strengths and weaknesses of projects which aim to strengthen democracy in partner countries, for example through parliamentary development and support for electoral processes. However, very few studies link these two bodies of literature together, with analyses of aid modalities rarely referring to the effects they have on overall democratic development. This paper therefore focuses on the main themes emerging from the literature that have important implications for democratic development, rather than describing the outcomes of studies that examine the relationship between aid modalities and democracy directly.

The first section of the review outlines the main contours of the contemporary aid architecture, structured around the aid effectiveness agenda and associated aid planning and delivery mechanisms such as Poverty Reduction Strategy Papers (PRSPs) and budget support. The paper explores the main characteristics of these modalities and the reasons for their emergence in Section 2, before moving on to examine their relationship with democracy in subsequent sections. Section 3 highlights how the term “democracy” is rarely used in relation to the aid effectiveness agenda, either in official documentation or associated discussion and research. Instead, the focus tends to be on “good governance” and “effective states”. The review explores wider trends and dynamics in development cooperation to suggest why this might be the case.

The rest of the literature review focuses on more specific issues arising from contemporary research and analysis. The first concerns what the Paris Principles mean in practice, with a focus on their interpretation and implementation by donors and partner countries. Section 4 describes the development community’s tendency to interpret the principle of *ownership* as ownership of the development process by the executive branches of government rather than the wider citizenship. Similarly, *mutual accountability* is often interpreted as accountability between donors and partner governments rather than governments and citizens. The implications that this has for democratisation are introduced in this section and are further explored throughout the paper.

Section 5 of the paper examines how current aid processes affect the participation of different actors in the development process, from planning through to delivery and oversight. A number of studies reveal that parliaments are often bypassed in development policy formulation as a result of the focus of PRSP processes on the executive and civil society. This can erode the legitimacy of

formal democratic institutions and prevents parliamentarians from representing their constituents' concerns about matters affecting their daily lives.

Section 5 also considers how budget support is increasingly used as a means of enhancing country ownership of development. This is resulting in a parallel trend of increasing political conditionality; many donors are only willing to concede control over development budgets to partner governments if they demonstrate commitment to upholding democratic and human rights standards. However, such conditions are often implicit rather than explicit, and the paper calls for better recognition and discussion of the values and norms that underpin development cooperation in the interests of strengthening transparency, partnership and democracy. It then moves on to examine the role that parliaments can play in enhancing democratic ownership and oversight of aid funds, and considers the dangers of off-budget aid pulling in the opposite direction through bypassing democratic institutions.

A common theme running throughout this paper is the impact that political and incentive structures have on the management and overall effectiveness of development budgets. Section 6 examines the donor community's increasing recognition and understanding of this issue. Donors have developed a number of analytical tools to help them understand how politics and power relationships between actors in developing countries impinge on development outcomes, with informal institutions often preventing formal institutions from functioning as expected. However, there is little evidence to suggest that lessons drawn from political analyses are applied in development policy and practice. Similarly, the political nature of democracy building itself is often overlooked. The paper suggests that the problem is not that donors do not realise that these issues are important, but rather that there is a lack of understanding of how to engage practically with the politics of development and democracy.

The review concludes that the international development community would benefit from further research and dialogue in this area. This should aim to build understanding of how to ensure that efforts to enhance aid effectiveness do not undermine democratic development, but rather harness the potential of democratic institutions and culture to promote aid effectiveness, in turn furthering democratic development.

2) Background and context: The rise of the contemporary aid architecture

a) Aid effectiveness as an underpinning principle

The principle of aid effectiveness currently underpins development cooperation at the international level. This principle emerged out of growing recognition towards the end of the 1990s of issues that were undermining the ability of aid to have positive developmental impacts in partner countries. The highly fragmented nature of the aid system came to be recognised as a significant problem, with the vast array of actors, approaches and modalities involved imposing a huge administrative burden on developing countries. The problems associated with a lack of coordination and duplication of effort began to receive increasing attention, along with the negative effects that externally defined development priorities and conditionalities can have on the efficiency of aid. This increasing focus on aid effectiveness was also spurred by the failure of structural adjustment to yield substantial progress in socioeconomic development and poverty reduction, leading to a shift in focus away from solely market-led economic growth to recognition of the need for deeper government involvement in the development process (Stiglitz, 1998).

The aid effectiveness agenda developed through a series of discussions in international forums over the past decade, as well as through the implementation of new approaches to development such as the World Bank's replacement of structural adjustment by the Common Development Framework built around Poverty Reduction Strategy Papers (PRSPs). These processes culminated in the adoption of the Paris Declaration on Aid Effectiveness in 2005 by Ministers and officials from 90 developed and developing countries and 27 aid agencies. The Paris Declaration both reflects shifts in donor practice and emphasis and calls for further progress to be made in certain key areas. It consists of 56 partnership commitments based around five key principles of aid delivery, outlined in Box 1. The Paris Declaration forms the basis of the aid effectiveness agenda, but the agenda itself is wider than this, encompassing the international development community's ongoing efforts to implement, monitor and elaborate the Paris Principles.

Box 1: The Paris Principles

- **Ownership:** Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions
- **Alignment:** Donors base their overall support on partner countries' national development strategies, institutions and procedures
- **Harmonisation:** Donors' actions are more harmonised, transparent and collectively effective
- **Managing for results:** Managing resources and improving decision-making for results
- **Mutual accountability:** Donors and partners are accountable for development results

Efforts to increase country ownership of the development process is a central pillar of the aid effectiveness agenda, illustrated by its position at the pinnacle of the OECD’s aid effectiveness pyramid framework (figure 1). This reflects growing recognition that development priorities cannot be imposed externally by donors; the recipients of aid are in a much better position to define priorities accurately, and building state capacity to deliver on these priorities makes development processes more sustainable in the long term. Whilst prevailing wisdom in the 1980s and early 1990s advocated a minimal role for government in development, the “post-Washington Consensus” of the late 1990s recognised the need for states to play a more active role in driving development forwards (Stiglitz, 1998).

The principles of *alignment* and *harmonisation* support the principle of *ownership* in the Paris Framework, helping to clarify how donors and partner countries can effectively operationalise and support enhanced ownership (Fritz and Menocal, 2007; see also figure 1). Taken together, these principles are designed to address what commentators have dubbed the “vicious cycle” of weak governance and aid ineffectiveness in which fragmented aid delivered to specific projects independently of recipient state priorities and budgets undermines state capacity to drive development forwards, and skews government accountability outwards towards donors rather than inwards towards citizens (Foster, 2000; de Renzio, 2006; Williamson et al, 2008).

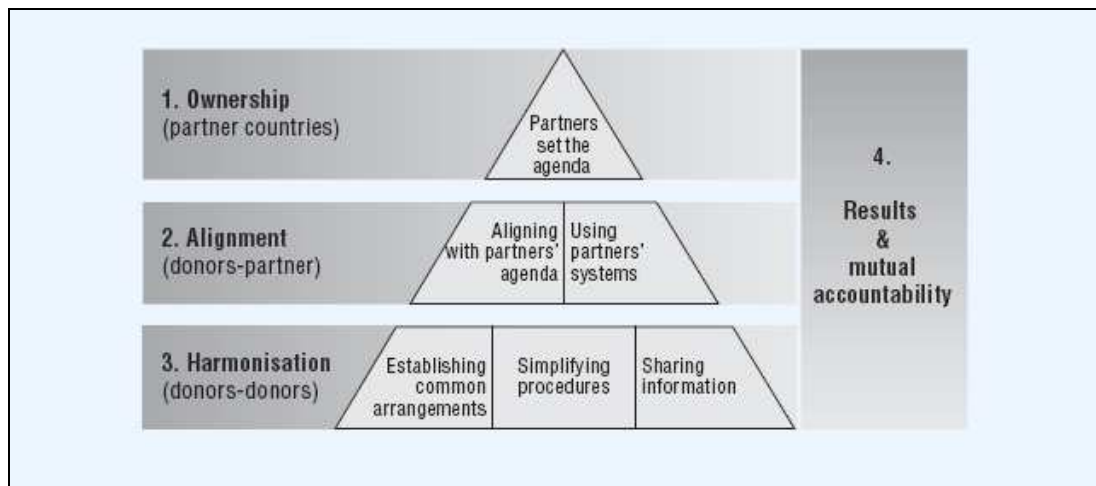


Figure 1: The Aid Effectiveness Pyramid (Source: OECD, 2006:49)

However, the aid effectiveness agenda recognises that *ownership*, supported by *alignment* and *harmonisation*, are by themselves not enough. The flip-side of country ownership of development budgets and processes is good governance. Poor management of aid by recipient country governments, stemming for example from weak institutions, patronage politics and corruption, limits the extent to which country ownership can result in improved aid effectiveness. This consideration has given rise to an increasing donor focus on good governance in parallel to efforts to improve country ownership of development processes (Booth et al., 2008). This is embodied in the Paris Declaration in the principle of *mutual accountability*, which is conceived of as a cross cutting issue, relevant to all of the other principles (see figure 1). According to the Declaration, mutual accountability encompasses both accountability between donors and partner countries and between partner country governments and their citizens.

b) Aid modalities and aid effectiveness: a brief overview

The Paris Principles reflect shifts in the modalities of aid planning and delivery that have occurred since the mid 1990s. The introduction of PRSPs by the World Bank and IMF in 1999 was one response to the growing recognition of the need for country ownership by the international development community (IDA, 2008). PRSPs were initially a precondition for receiving Heavily Indebted Poor Country (HIPC) debt relief and concessional lending from the World Bank, but are now used as a general framework for planning and guiding aid delivery in general (Williamson et al, 2008). The Papers are supposed to be authored by the recipient country, based on an assessment of national development needs which should include consultation with civil society. They should outline specific development needs and poverty-reduction targets, and specify how these are to be met. PRSPs are intended not only to increase country ownership, but also to increase donor alignment with national development priorities and to increase the harmonisation of donor support (Barbone and Sharkey, 2006).

Thus, PRSPs represent the embodiment of the Paris Principles in the processes of defining development priorities and planning for aid delivery. The Principles are also reflected in the actual mechanisms used to deliver aid. Aid can be broadly divided into two main modes of delivery: on-budget, programme aid which is provided via national treasuries and off-budget, project aid which is provided directly in support of specific activities (Williamson et al, 2008). As a result with increasing concern for recipient country engagement with, and ownership of, the development process, the international development community is promoting a shift towards programme aid in the form of direct budget support, balance of payments support and debt relief. In theory, budget support should allow for aid to be better aligned with priorities laid out in PRSPs, and should help to build the capacity of recipient governments to plan and deliver development programmes (World Bank/IMF, 2005). General budget support is increasing, for example with the percentage of Dutch bilateral aid delivered via budget support increasing from 3% in 2000 to 18% in 2004 (MFA 2006 quoted in Williamson et al, 2008). However, a recent estimate placed the total amount of aid delivered to low income countries as budget support at only 4-6% of total aid; off-budget project support still makes up a significant proportion of aid delivery (Williamson et al, 2008).

Efforts to increase donor harmonisation and alignment with national priorities, as well as to reduce transaction costs, is resulting in increasing proportions of project aid being delivered via common funds (also known as basket or pooled funds) in which donors come together to fund jointly specific sectors and activities. Aid delivered in this manner can be provided on or off-budget, and includes vertical funds, such as the Global Fund for Aids, Tuberculosis and Malaria. Vertical funds are allocated to specific sub-sectors according to criteria which are often set independently of sector policy processes (Williamson et al, 2008). In 2005, 36% of total overseas development assistance for health in Sub Saharan Africa was delivered via vertical funds (IDA, 2008). Thus, much remains to be done to increase the harmonisation and alignment of aid, and the OECD-DAC advocates a greater alignment of assistance provided via vertical funds with country development strategies to reduce the overall complexity and fragmentation of the international aid architecture (ibid).

In sum, the Paris Declaration reflects shifts in the planning and delivery of aid over the past decade, stemming from concerns to increase country ownership and reduce overall fragmentation of development cooperation. The Paris Principles are a succinct summary of current thinking concerning the factors that make aid effective, and the Declaration put in place a system for ongoing monitoring and evaluation of progress made by donors and recipient countries.

3) Literature Review: The focus on good governance rather than democracy

Donor assistance to democracy building has increased over the past decade and encompasses a range of activities, from technical support for strengthening democratic institutions to support for civil society to build its capacity to oversee the work of governments (Rakner et al., 2007). This increasing focus on democracy is linked to donor concerns with aid effectiveness, with many seeing democratic institutions and processes not only as goods in themselves, but also as the best means of ensuring that executives manage aid budgets effectively (see for example DFID 2007). However, whilst the rise of the aid effectiveness agenda is undoubtedly related to increasing donor support to democracy development, the Paris Declaration itself makes no explicit reference to democracy. Rather, the declaration implies that democratic principles and institutions are important. For example, through signing the Declaration, partner countries commit to implementing development strategies through “broad consultative process” and to “encouraging the participation of civil society and the private sector” (Article 14- *Ownership*). Donors commit to building partner countries’ capacity to “account for its policies to its citizens and parliament” (Article 17 - *Alignment*). Partner countries promise to “strengthen as appropriate the parliamentary role in national development strategies and/or budgets” and to “reinforce participatory approaches by systematically involving a broad range of development partners” in the development process (Article 48 – *Mutual Accountability*).

Progress was made at the Accra High Level Forum (HLF) in September 2008 in terms of linking the implementation of the Paris Principles more firmly to democratic institutions, particularly in relation to the role that parliaments should play in helping to define development priorities and oversee their implementation. However, the term “democracy” is only used once in the Accra Agenda for Action (AAA), and its absence in official HLF discussion and documentation is notable.

Perhaps as a result of this lack of direct reference to democracy, there is surprisingly little literature that analyses the aid effectiveness agenda specifically in terms of its implications for democratisation processes. Donors are paying increasing attention in their policy thinking to democracy and human rights (see for example MFA Sweden, 2008; MFA Denmark, 2009). Within this, references are sometimes made to the implications that the Paris Principles have for democracy support programmes, for example in terms of increasing harmonisation between donors¹. However, very little is said about the effect that implementation of the Paris Principles has for overall

¹ For example Denmark states that, “Implementing the principles and commitments of the Paris Declaration and the AAA will advance human rights and democratisation by improving the effectiveness of development cooperation in these areas” (MFA Denmark, 2009:12).

democratic development, or the impact that different aid modalities might have on democratic institutions. Similarly, little analysis exists of the role that democratic institutions and processes can play in helping to put the Paris Principles into practice. The focus instead tends to be on governance, the “system of actors, processes and rules through which decisions are made and authority is exercised in a society” (Hudson, 2007:1). This is true both of literature by academics and policy think tanks, as well as from the donor community. Democracy is often talked about by donors in relation to governance, with democracy usually being seen as important not only for realising human rights and popular participation in government, but also as the best institutional and political framework for fostering good governance (DFID, 2007; MFA Denmark, 2009). But democracy is only one component of good governance, with other important components including sound management of financial systems, government efficiency, absence of corruption and the rule of law². When donor literature refers to the aid effectiveness agenda, it tends to be in relation to these financial aspects of good governance, rather than to democracy.

It is likely that the aid effectiveness agenda and associated literature focuses on governance rather than democracy for three main reasons. Firstly, the aid effectiveness agenda is primarily concerned with the disbursement of financial resources. As the term “good governance” encompasses economic as well as political and social dimensions of development (Santiso, 2001), it is generally considered to be the most appropriate lens for dealing with aid effectiveness issues. Democracy tends to be seen to be a more relevant concept for discussing and addressing issues relating to politics and society, rather than economics.

Secondly, the overarching objective of development cooperation for most donors is currently poverty reduction, to be achieved through the Millennium Development Goals framework. Secondary objectives such as strengthening democracy and promoting human rights are often seen as important in their own right, but are also considered in respect to their ability to contribute to the overall objective of poverty reduction. Whilst there is general agreement that democracy can in certain contexts contribute to economic and social development, there is little concrete evidence that demonstrates a causal link between democracy and poverty eradication (Khan, 2002; Leftwich, 2002). Amongst analysts taking a political economy approach, there is general consensus that the focus should be on building effective developmental states that are capable of driving forward poverty eradication agendas, rather than on building democratic states per se (Fritz and Menocal, 2007). In practice, this allows donors to work in a wider range of countries than would be possible if political will to strengthen democracy was a precondition or even explicit goal of development cooperation. Vietnam is a case in point. The country is generally considered to have made significant strides in development and in working with donors to improve aid effectiveness in recent years, but has made little progress from a democracy building perspective (Meyer and Schulz, 2008). Thus, as the aid effectiveness agenda is part of a wider donor focus on poverty eradication, both donor and analytical literature concerning the aid effectiveness agenda focuses on “good governance” rather than democracy.

Thirdly, explicit references to democracy in the Paris Declaration would give it a heavier political overtone, which could make wide range of countries more reluctant to engage with it for fear that it represents an attempt by donors to disrupt the political status quo in their countries. There is a body of literature which examines the damaging impact that the US Bush administration has had on

² We are grateful for Ruth Emmerink’s comments on an earlier draft of this paper in relation to this point.

perceptions of democracy and democracy support across the world (see for example Carothers, 2006). This has made it all the more important for donors to be seen to be respecting the principles of country ownership and sovereignty. Booth (2008) suggests that the Declaration is a consensus-oriented policy document, erring on the side of political correctness. This may be one reason for the lack of specific reference to democracy.

The lack of analysis of the relationship between aid effectiveness and democracy is problematic. As illustrated throughout this paper, democratic institutions have an important role to play in helping to realise the Paris Principles, most notably *ownership* and *mutual accountability*. Discussing aid effectiveness without specific reference to democracy presents the danger of this potential being neglected, and the bypassing of democratic institutions can erode their authority and legitimacy. Moreover, a lack of specific reference to democracy in the debate disguises the potential tensions between elements of the good governance agenda that might be in tension with democratic development. For example, the drive to make states more effective may in some instances mean centralising rather than dispersing the power of the executive. The danger arises that development practitioners think they are helping to strengthen democracy through good governance programmes, when in actual fact the opposite may be true. This is discussed in depth by Fritz and Menocal (2007), and is also addressed in section 4.ii of this paper.

The literature suggests that these issues are on the radar of donors. For example the Swedish Ministry of Foreign Affairs (2008:12) states that, "In Sweden's view, democratisation is not only a goal in itself but also a means of increasing goal achievement and enhancing aid effectiveness. If partner countries are to be perceived as owning the development process their populations must be given the opportunity to participate in that process." The OECD-DAC Govnet is currently developing a work plan to conduct research in this area (OECD-DAC, 2009; Hudson, 2009). These are positive steps forwards, and it is vital that momentum is maintained as there remains much work to be done to investigate the linkages between the contemporary aid architecture and democratisation. This should be approached through using the explicit lens of democracy to analyse the issues, rather than relying on the indirect, wider lens of good governance.

4) Literature Review: The aid effectiveness agenda, politics and democracy

a) Opportunities that the aid effectiveness agenda presents for democracy building

i) The spirit of Paris as an opportunity for dialogue and action on democracy

One exception to the general lack of focus on democracy in the literature on aid effectiveness is the FRIDE 2007-8 research project *Harmonisation and Democratisation* (Meyer and Schulz, 2008). Based on country studies of Mali, Nicaragua, Vietnam and Peru, the FRIDE project investigates how the closer relationship between donors and partner countries that stems from the aid effectiveness agenda will affect the participation of other domestic stakeholders in development processes (see Meyer and Schulz, 2008). The final report from the project is broadly positive. It argues that the Paris Declaration forms a neutral platform for dialogue based on agreed principles, providing the

potential for a more serious and productive consideration of the political dimensions of aid than was previously possible. However, more effort needs to go into realising this potential. Donors should focus on how the Paris Principles are renegotiated and interpreted at the national level, and from this identify opportunities for strengthening democratic processes such as access to information, participation and accountability.

Meyer and Schulz (2008) distinguish between the “spirit of Paris” and its technical, measurable dimensions and indicators. They argue that, whilst the articles of the Paris Declaration do not refer specifically to democracy, they argue that the spirit of Paris was based around the values of partnership and democratic ownership, encompassing the notion not only that a strong accountability link should exist between donors and partner states, but also between the states and their citizens. As discussed in section 3 of this paper, the “spirit of Paris” is discernible in a number of the Declaration’s articles, and is also present in other international discussions about aid effectiveness, providing grounds for hope that the democracy dimension of the agenda will grow. Positive steps forward have been taken in recent months, for example with the Accra Agenda for Action placing greater emphasis on the role of parliaments and civil society in partner countries, at least in part a result of the active participation of parliamentarians in the Accra HLF (IPU, 2008). Through accepting the Agenda, both donors and partner countries reaffirmed their commitment to monitoring progress in strengthening international and domestic accountability. Moreover, unlike the Paris Declaration, the Agenda makes explicit reference to democracy, stating that “Democracy, economic growth, social progress and care for the environment are prime engines of development in all countries” (Article 3).

Whilst much remains to be done in practice, analysts agree that the Paris Declaration has helped to bring the issue of partner country ownership of development processes to the forefront of debate, highlighting the different factors that combine to skew accountability of partner governments away from citizens towards donors. These include the highly fragmented and complex nature of the aid system and multiple onerous donor reporting processes which place administrative burdens on partner states (DFID, 2008). Meyer and Schulz (2008) also argue that efforts to implement the Paris Principles can prompt meaningful citizen engagement and help to strengthen democratic oversight mechanisms, in turn contributing to overall democracy development. For example, the principle of *alignment* encourages donors to use partner country systems for managing and monitoring aid budgets, which could potentially lead to the strengthening of domestic auditing institutions. Some donors are starting to link their commitments under the Paris Declaration to their human rights and democracy strengthening strategies. For example, Denmark states that, “applying human rights and democratic principles to development will advance the implementation of the Paris Declaration and the AAA by building on experiences and approaches from these fields - thereby further anchoring the development process with the very people it aims to support, especially with regard to ownership and mutual accountability.... Donors and developing countries can also use existing human rights standards and institutions to help develop concepts and practices of mutual accountability” (MFA Denmark, 2009:12).

The Paris Declaration also attempts to address issues that have arisen during the ongoing debate about the role of conditionality in development cooperation. Research and analysis suggests that the conditions that donors place on aid disbursement tend to be too complex and are often in

conflict with national development priorities (see Booth et al., 2008 for an overview of the debate). From the perspective of democracy building, excessive external conditionality can reduce the space for development priorities to be defined through local democratic processes (IDD and Associates, 2006), for example through policy debate in parliament and the formation of development-related campaign platforms by political parties. Moreover, the very idea of conditionality could be said to be in direct tension with the value of partnership between donors and recipients that underpins the aid effectiveness agenda. The Paris Declaration attempts to address these issues through stating that donors should “draw conditions, wherever possible, from a partner’s national development strategy” (Article 16 – *Alignment*). As national strategies are supposed to be produced in consultation with citizens and parliament, this provision should help to increase space for local democratic ownership of development processes. The Declaration also states that all conditions must be defined and acted upon transparently and, in order to reduce the complexity of conditions, “funding should be linked to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy” (ibid). This requirement for donors to be more transparent in the way they plan and disburse aid in effect encourages them to act more democratically and lead by example (CMI, 2007).

ii) Improving the effectiveness of democracy assistance

Donor support for democracy building has, until now, suffered from a general lack of strategic planning and coordination, and a number of analysts argue that application of the Paris Principles to this field of development cooperation could help to improve the effectiveness of democracy support (see for example Rakner et al., 2007; Power, 2008). Of particular note is a research project conducted by the ODI and Parliamentary Centre which examines the contemporary field of parliamentary strengthening work through the lens of the Paris Declaration, based on case studies of donor activity in 4 sub-Saharan African countries (see Hudson and Tsekpo, 2009). The study demonstrates that each of the Principles offers scope for improving the effectiveness of parliamentary support work, but that they also present a number of tensions and challenges. For example³:

- **Ownership:** Parliamentary strengthening programmes need to be owned by parliaments themselves in order to be effective. This should help mitigate the problem of attempting to ‘import’ foreign institutions that are inappropriate for the local context (see also CMI, 2007). However, donors often struggle to find a balance between pushing for the development of strategies by parliamentarians and ensuring that these plans are locally owned.
- **Alignment:** Parliamentary strengthening activities should be in line with a parliament’s own plans and strategies, and donors need to find ways of dealing with the fact that building the capacity of parliament is rarely on the list of priorities of the wider government.
- **Harmonisation:** The parliamentary strengthening field suffers from fragmented donor activity. Coordination is improving in many countries, but further progress is needed.
- **Managing for results:** Better monitoring and evaluation is required to further understanding of what constitutes effective parliamentary strengthening work. A number of parliamentary assistance organisations are currently working to address this issue (see Von Trapp, 2008).

³ This is a summary of the author’s own interpretations of the study’s conclusions. Please refer to Hudson and Tsekpo (2009) for the original analysis.

- **Mutual accountability:** Some progress is being made in this area, for example with some parliamentary development strategies incorporating accountability frameworks. Greater recognition is needed by both parliaments and donors that mutual accountability is a process of learning and improving together, rather than checking up on each other.

Hudson and Tsekpo (2009) are broadly positive of the prospects that the Paris Principles offer for improving the effectiveness of parliamentary support, yet stress that more work remains to be done in this field. Donors appear to be ready to rise to the challenge, for example with Denmark stating that, "Implementing the principles and commitments of the Paris Declaration and the AAA will advance human rights and democratisation by improving the effectiveness of development cooperation in these areas" (MFA Denmark, 2009:12). The use of basket funds to coordinate democracy support is increasing (Rakner et al., 2007) and DFID, UNDP and WBI recently established a donor coordination group on parliamentary development, undertaking research and knowledge dissemination activities (Von Trapp, 2008).

It is important not only to consider the implications of the Paris Principles for specific democracy support programmes, but also for approaches to democracy strengthening in the wider context of development cooperation. For example, better harmonisation is required not only between donors operating in the field of democracy assistance, but also between the democracy assistance field and other fields such as economic, social and cultural development. A number of analysts discuss this issue. For example, Rakner et al. (2007) argue that greater policy coherence is needed between democracy assistance and work undertaken to achieve other foreign policy goals. For example, measures intended to enhance local and global security, such as strengthening the capacity of the state to monitor the activities of citizens, have the potential to undermine efforts to enhance the checks and balances on state power through strengthening democratic institutions.

To date, democracy assistance has tended to focus on the technical and procedural aspects of building institutions, but democratic development spans a much wider range of issues including those relating to identity, equality, accountability and the distribution of power in society. Carothers (2002) highlights that many areas of donor activity deemed to be the sole interest of economic advisors actually have important implications for democracy. He cites privatisation programmes as one example. These affect the distribution of power in society, often providing a means for local elites to shore up resources and thereby reducing public ownership of public goods. Another area of development cooperation that has important implications for democracy is tax reform, as tax systems can help to strengthen accountability relationships between government and citizens (Brautigam et al., 2008). Rakner et al. (2007) also make the point that there are opportunities for strengthening democracy through other seemingly unrelated development interventions, for example incorporating civic education into educational support programmes, or including awareness raising around opportunities for political participation within transport sector support.

In short, the Paris Declaration has opened up space for the fresh consideration of approaches to development. The opportunity to harness the Paris Principles to increase coordination and coherence within and between hitherto separate fields of development needs to be grasped, as part of an overarching vision to advance democratic development.

b) Challenges that the aid effectiveness agenda presents for democracy building

i) The need for “ownership with adjectives” and a focus on accountability

The Paris Principles provide a useful framework to guide donor and partner country governments in their efforts to improve the delivery and impact of aid. However, in order to be effective, the exact meaning of the principles in different contexts needs to be fleshed out (Meyer and Schulz, 2008). Whilst the Paris Declaration breaks the five Paris Principles down into 56 partnership commitments for donors and aid recipients, analysts argue that there has been a lack of serious consideration about how the Principles connect to norms and values that underlie development cooperation, despite the fact that these will inevitably affect how what the Principles mean in practice.

Of most relevance to this review is the lack of analysis of the relationship between democratic principles and the Paris Principles, particularly *ownership*, the principle that is at the pinnacle of the aid effectiveness framework (figure 1) and that has received the most attention by donors and partner countries to date. The interpretation and implementation of *ownership* thus far has tended to focus on ownership of the development agenda by the executive branch of government, and in particular the government department in charge of finance (Hyden, 2003; Harrison, 2001). This presents a number of problems from a democracy building perspective. It limits the extent to which citizens can shape, influence and monitor development processes, at best only allowing them to express their views through the ballot box during elections in countries with formal democratic institutions in place. It can also undermine democratic institutions, for example through limiting the opportunity for parliamentarians to represent their constituents in development policy debates and exercise their powers of scrutiny over the executive in matters relating to development policy. It is for these reasons that Meyer and Schulz (2008) argue that there is a need for “ownership with adjectives”, suggesting for example that a focus on *democratic* ownership rather than simply *ownership* might result in interpretations of the Principles that are more conducive to democracy building.

The issue of conditionality is of relevance here. As discussed in the previous section, there has been growing recognition in the development community of the ways in which conditionality can undermine aid effectiveness, and the Paris Declaration advocates for conditions to be drawn from partners’ national development strategies to help mitigate these. This can pose a dilemma in terms of democracy building. If maintaining or strengthening democracy is not amongst the priorities of aid recipient states then, according to the Paris Declaration, it should not be treated as a condition for receiving aid. But many donors, and in particular parliamentarians and taxpayers in donor countries, consider it untenable to continue uninterrupted disbursements of aid in countries whose commitment to human rights and democratic freedoms is questionable or deteriorating. The Paris Declaration deals with this tension to a certain degree through stating that conditions outside of partner country development strategies can be set if a “sound justification” exists for their inclusion, yet this should be done transparently and in consultation with other donors and stakeholders

(Article 16 – *alignment*). It may therefore be appropriate for donors to ask that certain democratic and human rights standards are upheld in partner countries.

In practice, donors tend to pursue certain democratisation objectives in partner countries despite these rarely being contained in partner country development strategies, whether in direct cooperation with the state and formal democratic institutions, or through supporting civil society and media organisations outside of the state apparatus. Partner country commitment to democratic development is in effect a political condition for receiving development support. However, this tends to be implicit rather than explicit, undermining the Paris Declaration’s call for transparency in conditionality and leaving partner countries unsure of what conditions they are expected to meet (Booth et al., 2008). In some instances, deterioration of democracy and human rights standards can lead to donors withholding aid, whilst in others similar dynamics might be overlooked or else lead only to temporary withdrawal⁴. Analysts stress that this situation is confusing, undermines the Paris Principles and erodes trust between donors and partner countries (Booth et al., 2008; Knoll, 2008). Moreover, it sweeps important issues under the carpet and directs the focus of attention away from consideration of how to strengthen democracy and improve aid effectiveness in tandem with each other. In short, more open and frank discussion about values and norms underpinning development cooperation is needed. These issues are dealt with in relation to conditions attached to the provision of general budget support in Section 5 of this review.

Perhaps as a result of a general reluctance to connect the aid effectiveness agenda explicitly to underlying values, *mutual accountability* has tended to receive relatively less attention in terms of conceptual development and implementation than the other Paris Principles, leading to the Australian government referring to it as the “orphan principle of the Paris Declaration” (AusAID, 2008). When *mutual accountability* is considered in official literature and commentary relating to the Paris Declaration, strengthening accountability between donors and partner governments tends to receive more attention than strengthening accountability between governments and citizens (domestic accountability). Meyer and Schulz (2008) argue that “spirit of Paris” embodied by the Paris Declaration did encompass concerns about domestic as well as donor accountability, but that the technical, measurable indicators contained in the Declaration pay more attention to accountability relationships between donors and partner country governments. As a result, commitments to strengthen domestic accountability mechanisms are receiving insufficient attention.

Similarly, phase one of the official evaluation of the implementation of the Paris Declaration finds that insufficient progress has been made on implementing the *mutual accountability* principle (see Wood et al., 2008). The evaluation report also hints at the problem of boiling down the spirit of Paris into technical indicators. It states that, in order to understand the reasons for a lack of progress, “it is necessary to look beyond the single indicator selected for the Monitoring Survey, and go back to the carefully framed and reciprocal package of mutual commitments in the Paris declaration itself” (Wood et al., 2008:xii). The official progress report on the implementation of the Paris Declaration stresses the importance of ensuring that mutual accountability relationships

⁴ For examples of aid being withheld in response to the erosion of democratic standards in Uganda, Ethiopia and Chad see de Renzio (2006b).

complement rather than replace national accountability mechanisms such as parliaments and citizens (WP-EFF, 2008). Mutual accountability monitoring mechanisms are being set up in partner countries as a result of the Paris commitments, but it is essential that these work to strengthen rather than undermine existing accountability mechanisms if they are to contribute to the overall strengthening of democracy (Meyer and Schulz, 2008).

In sum, serious discussion needs to be had about where to draw the boundaries between the policy space needed for governments to develop and implement effective development strategies, and space for participation and oversight by other stakeholders (Meyer and Schulz, 2008). This should involve explicit recognition of the roles of horizontal accountability mechanisms, such as parliaments and other formal institutions designed to oversee the state, and vertical accountability relationships between civil society and other institutions external to the state involved in interest aggregation such as trade unions, political parties and social movements.

ii) The failure of the agenda to engage with politics

The FRIDE study is the only research project covered by this review that focuses explicitly on the implications of the aid effectiveness agenda for democracy. There is, however, a body of literature that considers the agenda from a political dimension. Of particular note is the body of research conducted as part of the Overseas Development Institute's 2007-8 research programme on *Good Governance, Aid Modalities and Poverty Reduction*, including for example Booth et al. (2008), Fritz and Menocal (2007) and Booth (2008). These analysts on the whole agree that the Paris Declaration and associated processes are an important step forwards for improving development planning, delivery and impact. Booth (2008:1) stresses that the Declaration is evidence-based, representing "the best summary we have of on the lessons of a half-century of experience in trying to achieve good results and avoid doing harm with aid." However, a major criticism is that the aid effectiveness agenda's "political correctness" leaves it unable to deal with the politics of development (Booth, 2008; Fritz and Menocal, 2007; Hyden, 2008).

Analysts taking a political economy approach highlight that the majority of developing countries are "hybrid states", with political systems lying somewhere between democracy and authoritarianism and economic systems that have not completed the transition to market based capitalism. These countries tend to be dominated by neopatrimonial politics, characterised by patron-client relationships at all levels of society and the manipulation of these relationships by elites in the interests of gaining or maintaining power. Economic and social structures do not create incentives for the political classes to pursue developmental goals, largely as these would require the redistribution of resources and political power more equitably throughout society (Leftwich, 2002).

Following this line of argument, the focus of the aid effectiveness agenda on ownership by the executive rather than *democratic* ownership is likely to translate into appropriation of aid resources by the political elite (Fritz and Menocal, 2007; Hyden, 2008). This is exacerbated by the fact that, where accountability is considered, the focus tends to be on accountability between donors and country governments, rather than between governments and citizens (Meyer and Schulz, 2008). Booth (2008) warns that the aid effectiveness agenda tends to encourage technocratic solutions to

these problems, for example through recommending an increased role for civil society and parliaments in the development process. However, in most instances this is unlikely to result in enhanced democratic oversight as such institutions tend to be dominated by the same elite groups and incentive structures as the wider government (see also Santiso, 2001; Carothers, 2002). This is true not only of parliaments, but also of political parties (Randall, 2007) and civil society groups (Blakenberg, 2007).

All analysts argue that a more critical and realistic view of how partner country systems actually function in practice and the steps that could be taken to improve accountability to citizens is required. A necessary first step is greater recognition that “effective developmental states” do not always equal “democratic states”. For example, democratisation involves the redistribution of power in the interests of citizens, whilst building state capacity might require concentration of state power and improved state autonomy. State and democracy building are too often seen as the same thing (Rakner et al., 2007), yet it should be recognised that “all good things do not necessarily go together” (Booth et al., 2008). Carothers (2009) argues that failure to recognise this can at best lead “aid providers to justify a grab bag of aid programmes – rationalising that they all contribute to democratisation without really assessing whether the various non-assertive activities are producing wider political change”. At worst, donors can “claim that they are supporting democracy in a country when all they may be doing is helping to burnish the specious reformist credentials of entrenched strongmen” (p10-11).

Grindle (2007) argues that this requires a “good enough governance” agenda, in other words, one which is sensitive to local political context, focuses on minimum standards required for political and economic development and identifies realistic rather than idealistic reform measures. As the Swedish Ministry for Foreign Affairs states, “A key challenge for democracy support is to define the democratic institutions most essential to democracy development at a given phase of that development in a partner country, to strengthen them and to help them function effectively” (MFA Sweden, 2009:29). This has important implications for donors who are keen to strengthen democracy in partner countries, giving rise to the question of whether it is possible to develop a “good enough democracy” agenda based around small incremental changes and requiring democratic weaknesses to be overlooked in some instances. Few analysts suggest that donor assistance for democracy strengthening should be discontinued. Rather, there is need for a more serious consideration of how to build *democratic* developmental states (Fritz and Menocal, 2007), including strategies for helping partner countries move away from systems dominated by political incentives that undermine development to political incentives that promote development (Booth, 2008).

5) Literature Review: Aid Modalities, Politics and Democracy

a) Opportunities that contemporary aid modalities present for democracy building

The contemporary aid architecture is highly fragmented, with a large number of different aid modalities being used by a wide range of donors (Burall et al., 2006). The international development community is currently trying to reduce this complexity and confusion, guided by the Paris Principles of country ownership, donor harmonisation and alignment with country policies and systems. Whilst significant progress remains to be made, analysts agree that important steps are being made in the right direction, for example with the increased use of budget support helping to increase ownership and alignment, and donor coordination through common funds, sector wide approaches and joint assistance strategies helping to reduce confusion, increase transparency and prevent the duplication of effort.

Two main themes emerge from the literature concerning the opportunities that contemporary aid modalities present for democracy building. Firstly, contemporary aid modalities are more firmly rooted in democratic principles of participation and transparency than was previously the case. This is particularly notable in PRSP processes which, in order to be accepted by donors, are required to include the participation of civil society and other stakeholders in identifying development priorities. The World Bank (2002) defines participation as “the process by which stakeholders influence and share control over priority setting, policymaking, resource allocations, and/or program implementation.” It expects a range of groups to participate in the formulation of PRSPs process, including poor and vulnerable groups, parliaments and local government, trade unions, private sector actors and civil society organisations. In a paper for the World Bank, Barbone and Sharkey (2006:2) examine a number of country experiences of the PRSP process and conclude that “in several countries the PRS initiative has helped to open up societies to forms of dialogue and contestability not previously experienced in-country or observed by external partners.” However, a number of analysts criticise donors and partner country governments for failing to make participation in PRSPs formulation inclusive or meaningful, and for failing to ensure that they support wider democratisation processes. This is discussed in section 5b of this paper.

A second theme arising from the literature is the positive effect that providing aid through budget support can have on domestic financial management and accountability institutions. The increasing use of budget support as an aid modality, combined with increased coordination amongst donors through common funds and joint assistance strategies, is reducing the burden of external accountability of recipient country governments to donors. This frees up capacity and resources for internal accountability between government and citizens (DFID, 2008). Many donors are coupling budget support with programmes to build the capacity of domestic financial management and accountability institutions, with the overall aim of furthering democratic and effective ownership of development processes (IDD and Associates, 2006).

Whilst these positive opportunities are referred to in the literature, the focus tends to be on the significant weaknesses that remain. There is very little evidence to support the claim that contemporary aid modalities are helping to strengthen domestic accountability institutions (de Renzio, 2006). There is general consensus amongst analysts that donors will need to take a more political approach to aid disbursement and development cooperation in general, not only to increase aid effectiveness but also to do so in such a way that is in line with human rights standards and democratic values. These issues are explored in the remainder of this section.

b) Challenges that aid modalities present for democracy building

i) Weak ownership and a lack of accountability in PRSP processes

There is general agreement in the literature that the PRSP process is a positive step forwards towards rooting development assistance in the democratic principles of accountability and participation. However, a number of analysts have criticised the process for its very narrow and shallow interpretation of participation, limiting the extent to which it can contribute to strengthened domestic accountability and giving the poor a meaningful voice in development planning.

A wide range of groups are in theory meant to participate in the PRSP process, but research reveals that the overwhelming focus to date has been on civil society organisations. For example, a 2003 study on PRSPs in Sub-Saharan Africa, commissioned by the German government through the Gesellschaft fuer Technische Zusammenarbeit (GTZ) and the University of Duisburg-Essen, finds a significant democratic deficit in the development and implementation of PRSPs (Eberlei and Henn, 2003). The 28 country study shows that parliamentary involvement in most cases was limited. Similarly, in their overview of studies into levels of participation in PRSP processes in different countries, Stewart and Wang (2003) highlight that parliamentary involvement in African PRSP processes is particularly low. For example, parliamentarians were only officially involved at the final ratification stage in Senegal and Mali, and only five MPs were involved in the process in Malawi.

Moreover, engagement with civil society is often treated as a box-ticking exercise, with a series of consultations involving limited numbers of organisations often deemed by country governments to be enough to satisfy the criteria for participation. For example, in their overview of studies into levels of participation in PRSP processes in different countries, Stewart and Wang (2003) find that governments regularly consult only with civil society organisations that support them politically, with a preference for larger, urban and even international NGOs whose claims to represent the interests of society as a whole are questionable. Moreover, they find that consultations are often rushed, with participants being given very little time to prepare and very little information about the process. Drawing on case studies from Tanzania and Nicaragua, Holtom (2007) and Djikstra (2005) show that partner country governments have often been reluctant to incorporate civil society opinions into PRSPs at all, doing so only after donor pressure. Whilst there are signs that second generation PRSPs are developed more inclusively and collaboratively than was previously the case (Wilhem and Krause, 2008), the assumption that civil society involvement PRSP processes helps to enhance democratic ownership remains questionable.

It is worth noting here that, whilst civil society consultation tends to reward the largest and loudest interest groups, parliamentary democracy should aggregate the interests of all society if the system is functioning properly. In contrast to civil society organisations, parliaments are made up of democratically elected members and are therefore better able to represent citizen concerns (Dijkstra, 2005). As Mfunwa (2006:10) argues, formal legislative bodies with fairly elected political parties are “best placed to ensure that the budget best matches the nation’s needs with resources.” The more structured involvement of parliaments would not only strengthen the PRSP process, but might also help to increase their legitimacy and capacity to engage with development issues. However, in reality, the focus on civil society consultation frequently leads to formal democratic institutions being bypassed. This arguably weakens their capacity and legitimacy as bases for representative democracy, attempting instead to build parallel accountability systems. This analysis suggests that parliamentary strengthening programmes, coupled with efforts to increase parliamentary involvement in PRSP processes, are required in order to make PRSPs more effective vehicles for enhancing democratic ownership of development processes.

A number of analysts explore the reasons underlying the lack of involvement by parliaments in PRSP processes. Many place the blame at the door of donors, claiming that they themselves fail to lead by example through focusing on civil society and failing to demand participation from other groups. For example, Eberlei and Henn (2003) argue that donor focus on working with executive branches of government and their equation of participation with civil society rather than parliaments is long standing, related to a general perception that parliaments are ineffective and lack legitimacy. Mfunwa (2006) takes a more political approach, arguing that donors have generally avoided direct engagement with parliamentarians, unions and parties as this would be too politically-sensitive. In contrast, Booth (2001) finds that in many instances, a lack of parliamentary involvement in PRSP processes stems not from their deliberate exclusion by the executive or by donors, but from parliamentarians’ lack of capacity to attend consultations. Many MPs also perceive PRSPs to be technical rather than political, and therefore believe that they should be the domain of government rather than party political debate (ibid).

Other analysts are more cynical of donor motivation behind the promotion of PRSPs, arguing that they are a vehicle for the promotion of neoliberal policy and not intended to promote meaningful domestic ownership of the development process (see for example Craig and Porter, 2003; Stewart and Wang, 2003; Dijkstra, 2005). Based on an analysis of PRSP processes in Latin America, Dijkstra (2005) claims that donors deliberately exclude parliaments in order to minimise threats to their own control over priority setting and development strategies. Whilst this analysis of donor motivations is probably too critical, it does highlight the importance of considering how underlying incentive structures can affect the behaviour of different actors. A number of analysts argue along these lines, highlighting how the potential for PRSP processes to widen participation in development planning and improve accountability will always be limited as they fail to take into account power relationships between different stakeholders and the incentive structures which influence their involvement. For example, Booth et al. (2006:vii) argue that “PRSP processes [in Latin America and the Caribbean] have not grappled effectively with politics, and have not engaged successfully with political actors and institutions.” In Latin America, they argue, consultation with political parties would not necessarily help to produce strategies capable of reducing poverty as “parties are not

effective mechanisms for articulating interests beyond those of the *caudillos* that control them, or for formulating programmes in response to national problems with strategic vision” (ibid:7).

In sum, advocating, or even implementing, multi-stakeholder participation in development processes will not necessarily make them more democratic and inclusive. A more nuanced approach tailored to political realities on the ground is required, along with consideration of how better to involve democratic institutions. More work needs to be done to understand and develop the links between democracy building and the wider aid effectiveness agenda in order to ensure that efforts to advance both are compatible and mutually enhancing.

ii) The need for explicit recognition of norms and values: Conditionality and Budget Support

As a result of the aid effectiveness agenda’s emphasis on harmonisation, alignment and ownership, budget support is increasingly seen as the preferred mechanism for aid disbursement to developing countries. Budget support as an aid modality requires high levels of trust between donors and partner states; partner states need to have confidence in donors that they will deliver on their promises of support in a timely manner, whilst donors have to trust partner states to manage funds efficiently and to use them to achieve development goals (Suleiman and Mosley, 2005).

This relationship of trust is all the more important considering the current climate of thinking about conditionality. In order to increase country ownership of the development agenda, the Paris Declaration advocates for conditions attached to aid disbursement to be transparent, simple and drawn from the country’s own priorities. Booth et al. (2008) describe how donors are attempting to follow these guidelines. For example, the World Bank’s Poverty Reduction Support Credits are disbursed depending on a country’s performance in the previous year, measured against a set of indicators that are in line with country priorities, agreed in advance and deemed by both parties to be feasible. A number of bilateral donors follow this model, either using the World Bank matrices or developing their own standards in negotiation with partner governments. The European Commission uses variable tranches, in which the bulk of funding is guaranteed and a smaller proportion is dependent on progress made in achieving certain development goals, usually results-based rather than policy-based (ibid). A separate trend is the increasing use of selectivity by donors whereby countries are chosen to receive aid according to their demonstrated progress in achieving certain standards, for example relating to human rights, democracy and economic development. This is most notably used by the US Millennium Challenge Account, a bilateral fund in which countries receive grants according to their performance as measured by 16 indicators. Selectivity is also used less explicitly by other donors when deciding which countries to assist through budget support and what percentage of aid to provide via this modality (Suleiman and Mosley, 2005).

Whilst the theory relating to what constitutes acceptable approaches to conditionality is developing, change in practice has failed to keep up. For example, whilst the number of conditions placed on aid is in practice decreasing, the complexity of monitoring and assessment tools and benchmarks to determine whether these have been met is increasing. Knoll (2008) cites a 2005 study on conditionality practices by the World Bank in 13 countries. The study finds that World Bank programmes contain an average of 13 prior conditions, but that these are measured through an

average of 49 benchmarks or milestones. Recipient countries are struggling to meet these benchmarks owing to their number and complexity, and the motives behind disbursement decisions are difficult to gauge as it is not clear which benchmarks have priority (ibid). Moreover, the “new” approach of setting conditions according to demonstrated performance and country priorities is in practice very similar to the earlier use of *ex-ante* conditionality for two main reasons (Booth et al., 2008). Firstly, partner country governments tend to be aware in advance of what kinds of conditions will need to be met in order to continue to receive funding and so take this into consideration when planning for development. Secondly, donors are struggling to move away from the idea that reforms and outcomes can be bought with aid disbursements (see also IDD and Associates, 2006). The overall effect is the erosion of space for development policy and practice to be influenced by national democratic processes.

A number of authors argue that the continued use of conditionality is leading to development priorities, apparently determined by partner countries, continuing to be influenced by the same ideological approaches as were more explicitly mandated in the structural adjustment era, namely privatisation, economic liberalisation and market-led development (Knoll, 2008; Green, 2008; Booth et al, 2008). In some instances, governments do fully support these approaches to development, leading Harrison (2001) to claim that we have now entered an age of ‘post-conditionality’. Based on research in Tanzania and Uganda, he argues that donors and recipient governments (or more specifically their finance ministries) have come to share the same market-based approaches to development and are mutually dependent on each other for implementing them.

However, other analysts cite cases to suggest that there is not always ideological agreement between donors and partner countries. In some cases, partner countries learn to speak the language of donors to ensure continued aid disbursements. Van de Walle describes donors as ventriloquists, with partner countries aware of what to say and how to act in order to receive aid, whilst Rakner refers to the theatre of partner government respecting formal procedures mandated by donors (quoted in de Renzio, 2006). In other instances, partner governments are less willing to oblige. Holtom (2007) describes how the World Bank put pressure on the Tanzanian government to include certain measures in their PRSP, describing the process as “conditionality by stealth”. Green (2008) describes how the Ghanaian President’s attempts to implement new proposals to promote industrial development were thwarted when donors insisted that technical advisors and consultants were used to design government policy. Many of these were foreign consultants who opposed the President’s proposals, and the end result was policy that was ideologically and practically out of line with the initial proposals. In effect, ‘expertise’ was imported from outside rather than building the capacity of the local civil service to develop and implement policy, also leading to the erosion of ownership and control of the policy space of the democratically elected government. This case underscores the importance of recognising that aid is always underlain by norms and values, whether implicit or explicit.

As donors are disbursing funds, they will ultimately always have more power than recipient countries. Whether intentional or not, and whether explicitly or implicitly exercised, this power imbalance will inevitably limit the extent to which aid dependent countries can fully own their development agendas and control their own policy space. The emphasis on country ownership within the aid effectiveness agenda is leading to conditions tending to be more implicit than explicit.

This potentially erodes the transparency of conditionality, leaving partner countries unsure of the conditions they are expected to meet, and donors underprepared to develop consistent approaches for dealing with instances in which conditions are breached (Booth et al., 2008). The overall result is likely to be an erosion of the trust between donors and their partners upon which budget support depends for its success. At the other end of the spectrum, explicit selectivity in the disbursement of aid does little to assist development in countries that fall short of the externally-set standards required to receive support (Green, 2008). However, arguing that conditionality should be abolished is unrealistic. Donors need to use some form of conditionality in order to account for their activities to their domestic parliament and constituents. The use of indicators and benchmarks is essential for monitoring impact and progress to inform both donors and recipient countries, and conditions or earmarking can be useful for signalling donor concerns and priorities (IDD and Associates, 2006). Mfunwa (2006) argues that political conditionality can be effective for encouraging democratic development. Brown (2005) agrees, but argues that donors tend to give priority to economic liberalisation rather than democratic consolidation. This often leads to aid being withdrawn on short-term, ad hoc bases, resumed when modest and superficial outcomes are achieved rather than providing support for long term significant change (ibid).

In sum, the challenges for donors are to align conditions with national priorities wherever possible; be transparent and explicit about conditions; be realistic about the state of democracy in recipient countries and plan in advance for the erosion of standards, explaining what will happen if they are not met, and; use conditionality to diagnose and address problems over the long term rather than as a basis for short term penalisation. Current agreements about the use of conditionality are broadly in line with these recommendations, including the Paris Declaration, the OECD DAC principles for engagement in fragile states and the World Bank's *Good Practice Principles for the Application of Conditionality* (2006). However, what these initiatives and guidelines lack is an explicit recognition of the inevitably political nature of conditionality, and aid partnerships in general. More open discussion of the norms and values underpinning development cooperation is required, including whether invoking democratic standards as preconditions for aid is appropriate, and what the implications of failing to meet these standards would be for donors and partner countries.

iii) Realising complementarities between *ownership* and *accountability*: the role for parliaments in budget support processes

Budget support is considered not only to enhance ownership through giving developing country governments more control over development processes, but is also intended to help strengthen domestic budgeting and management systems through avoiding the creation of parallel administration systems to manage aid (de Renzio, 2006). However, studies suggest that domestic accountability has not increased in countries that are receiving an increasing proportion of aid via budget support (see for example the studies by USAID, Doroiny & Floyd and IDD and Associates, quoted in de Renzio, 2006). Many donors are working to strengthen public financial management systems in partner states. The literature suggests that the focus to date has overwhelmingly been on building the capacity of the financial branches of the executive (Harisson, 2001). More attention should be paid to building the capacity of parliaments to exercise powers of oversight and scrutiny of the executive which, if successful, would not only help to improve the management of aid but would

also help to enhance the legitimacy of democratic institutions. The success of PRSP processes also depends to a large extent on effective budgetary oversight, with overseers checking that commitments made in the strategies are realistic, accounted for and implemented (Wilhelm and Krause, 2008).

A significant body of literature discusses the role of parliaments in budgetary oversight, yet this is rarely connected to discussions about budget support and aid effectiveness. General literature on budget transparency and oversight suggests that the capacity of parliaments to oversee budgets tends to be weak in developing countries (see for example Gomez et al., 2005). The inference can therefore be drawn that building the capacity of parliaments to oversee the budget process, particularly in relation to PRSPs, will be essential in order for budget support to help increase aid effectiveness. This is supported by Wilhelm and Krause in their 2008 World Bank paper *Minding the Gaps* which argues that better integration of PRSPs and budgets, coupled with effective budgetary oversight, is essential for increasing both aid effectiveness and domestic accountability. In a Parliamentary Centre report commissioned by the German government, Draman and Langdon (2005) agree that there is need for stronger budget links in PRSPs, more meaningful monitoring mechanisms and a greater role for stronger parliaments.

A number of analysts examine the factors that affect the capacity of parliaments to engage in effective budgetary oversight. Amongst these, technical issues are important. For example, de Renzio (2006) stresses the importance of the time allocated for budgetary scrutiny, the powers that parliament have to amend or reject budgets and access to information to help make informed decisions. Wilhelm and Krause (2008) argue that PRSPs need to be better linked to national budget processes. However, they find that even when parliaments are given budget oversight responsibilities, they will not automatically review budgets in the light of PRSP priorities due to their lack of involvement in, and therefore ownership of, the PRSP process. Increased parliamentary involvement in both the drafting and implementation of PRSPs is therefore essential, and should help to build the capacity of parliaments to scrutinise budgets in relation to strategic development goals (ibid).

In addition to technical factors, there is general consensus that local political context, power dynamics and incentive structures also need to be taken into account when assessing the ability of parliaments to oversee budget processes effectively. De Renzio (2006) and Santiso (2004) argue that characteristics of the political regime can have significant effects, including the representation of political parties in parliament and parliament's relationship with government. Acosta and de Renzio (2008) use cross country statistical analysis to examine the impact that a range of factors have on fiscal discipline, including the percentage of the national budget deriving from natural resource and aid revenues, the power of the executive over the budget process and levels of political competition. They conclude that, in aid-dependent countries, high levels of executive control over decision making processes tends to result in lower levels of fiscal discipline, and that discipline tends to be higher in countries with increased political competition. They find the opposite to be true in countries that are more dependent on natural resources for income. These findings are interesting as they challenge conventional wisdom that governments with more control over the budget process have better fiscal discipline (ibid).

Such cross country analysis is useful for identifying general patterns, but Acosta and de Renzio stress that it should always be coupled with country-specific analysis to identify appropriate policy options. In some cases, analysts disagree about the degree to which democratic institutions are able to hold the executive to account, suggesting that more research is required. For example, Wilhelm and Krause (2008) argue that Tanzania is well on track for improving the effectiveness of resource allocation, but cite the weakness of domestic accountability institutions as a major obstacle. They link this to the dominance of the political system by the ruling CCM party which has 86% of the seats in the legislature, arguing that this stands in the way of letting the legislature perform its role of a watchdog, coupled with limited parliamentary powers to alter budgets. Macamo (2006) argues along similar lines in reference to Mozambique. However, Draman and Langdon (2005) cite Tanzania as an example of where individual MPs have lobbied for and freed up more money for a particular element in the PRSP, namely education. Killick (2005) is also more positive about the ability of the Tanzanian parliament to oversee budget processes effectively, arguing that the country's public hearings on the budget should serve as a model for less transparent budget systems such as that in Ghana. These diverging opinions suggest that the reality is in fact highly complex. A range of economic, social, institutional and personal factors are likely to affect how individual politicians act in different circumstances, and analysis of these must be context specific (WFD/Global Partners and Associates, forthcoming). De Renzio (2006) argues that donors may need to scale down their expectations of interventions designed to strengthen domestic budgetary oversight, instead taking small steps based on technical and political feasibility.

iv) Off-budget aid: the dangers of bypassing democratic institutions

Whilst the proportion of aid being delivered via budget support is increasing, a significant proportion still takes the form of off-budget project aid. In line with the Paris Principle of *harmonisation*, an increasing proportion of this takes the form of common, pooled or basket funds. Although some analysts view this as problematic as it undermines country ownership (IDD and Associates, 2006; Williamson et al., 2008), the ability to exert control over how aid is spent is important for donors in countries whose governments do not have the capacity or willingness to manage aid effectively. It is also important to enable donors to support aspects of development that some states might be unwilling to fund for fear of eroding their power and authority, such as parliamentary development, human rights, media and government watchdog organisations. Indeed, Hyden (2003) draws on a case study of Tanzania to highlight how civil society organisations are disgruntled by the increasing amount of aid being channelled through government budgets as this effectively shores up the power of the state to their detriment. Off-budget aid can provide an important means through which donors can work to build democratic institutions and culture in partner countries.

The Paris Declaration recognises the importance of providing donors with space to adapt aid modalities to the political realities of different countries, but mandates that off-budget aid should generally be delivered as part of the transition towards future budget support (Williamson et al., 2008). Progress is being made in this regard, but is very slow (*ibid*). Moreover, a number of countries that have not signed the Paris Declaration, such as the Gulf states, are disbursing increasing amounts of off-budget aid to developing countries. The same is true of private donors such as the Gates foundation, whose budget alone amounts to tens of billions (IDA, 2007). As off-

budget aid is such a significant component of the contemporary aid architecture, with only a relatively small proportion devoted directly to democracy promotion activities (Rakner et al., 2007), its implications for democratic development should be considered.

Off-budget aid tends to be less transparent than aid delivered on-budget, and is generally not available for scrutiny or comment by parliaments and other stakeholders. It therefore fails to build the capacity of parliaments to engage with development processes or help build their legitimacy as institutions. As already discussed, off-budget aid can skew accountability outwards, making states accountable to donors rather than to their citizens. It also means that development assistance is not necessarily in line with democratically defined development priorities. Some analysts touch on these points. For example, Williamson et al. (2008) show how the common fund for the Education Sector Development Programme (ESDP) in Tanzania has in effect undermined existing structures of governance by sidestepping local councils that are normally responsible for school administration and management. The conditions attached to the spending of funds meant that donor priorities often overrode those of the democratically elected government. These problems were exacerbated by poor initial management of the fund, leading to excessive micromanagement by donors and the creation of new reporting systems rather than the development of domestic accountability structures. Whilst case studies like these provide important insights into the effect that off-budget aid can have on domestic accountability systems, most of the literature focuses on the weakening of state capacity, and there is very little material that considers wider implications for democratic development.

Much of the literature in this area focuses on traditional sectors of development cooperation such as health, education and infrastructure (see for example Williamson et al., 2008). However, security sector support makes up a significant proportion of off-budget assistance and has important implications for democratisation processes. This is rarely discussed in the context of the aid effectiveness agenda and aid modalities, although some authors do consider the issue. Hendrickson and Ball (2002: 8) argue that off-budget military expenditure is particularly problematic in countries where there is weak oversight over security forces as “this increases the possibility that the power and the resources at their disposal will be used in ways that are not consistent with protecting the interests of the state and the communities within it.” They argue that donors need to address the political constraints that are preventing changes in civil-military relations, as well as more technical solutions such as increasing the capacity of democratic institutions to oversee the security sector and integrating defence plans and spending in PRSPs and budgets (ibid: 13-14).

In a similar vein, Born and Heiner Hänggi (2005:3) argue that “in a democratic polity, the parliament is the central locus of accountability for governmental decision making concerning the use of force, whether under national or international auspices”. However, the extent to which parliaments use this role depends on their formal power to hold governments accountable, the resources, staff and expertise available, and their willingness to do so (ibid.). Nathan et al. (2007:44) develop a set of recommendations for donors in supporting democratic local ownership of the security sector. They include increasing research capacity for parliamentary committees dealing with security issues, a small grants scheme for civil society to promote non-state perspectives on security, and the provision of opportunities for comparative exchange and study of successful models of democratic oversight in the security sector.

Donors are aware of the importance of supporting democratic participation in security sector reform, although reference to oversight of off-budget aid in this area is not explicit. The OSCE attempts to “enhance military security by promoting greater openness, transparency and co-operation” and includes enhancing democratic oversight as one component of this (OSCE website, 2009). The OECD-DAC Guidelines on Security System Reform and Governance consider country ownership as an important source of commitment to reform of the sector, but acknowledges the need for this ownership to be democratic (OECD-DAC, 2005b: 34). In line with these guidelines, an institutional assessment framework, prepared by the Clingendael Institute for the Netherlands Ministry of Foreign Affairs in conjunction with the Utstein Group, is designed to promote dialogue and democratic governance in the area (OECD-DAC, 2005b).

6) Bringing the politics back in: donor approaches to the political economy of development

a) Translating recognition of the importance of politics into changes in development practice

A common theme running throughout this literature review is the need for donors to address the political factors that affect the ability and willingness of developing country states to manage budgets and drive development forward effectively. Donors themselves are not blind to this. Since the late 1990s, there has been growing recognition of the impact that structural inequalities, power relationships and incentive structures have on the management of national resources in developing countries. DFID was the initial leader in this field, developing its own “drivers of change” (DoC) approach for analysing the underlying political, economic and social factors that affect development programming in specific countries (DFID, 2004). SIDA has developed a “power analysis” framework for mapping the informal political landscape in partner countries and understanding how this shapes the incentives and activities of different stakeholders (SIDA, 2005). The Dutch Ministry of Foreign Affairs has developed a Framework for Governance and Corruption Analysis together with the Netherlands Institute for International Relations Clingendael, incorporating the DoC approach. The framework is based on a ‘Power and Change Analysis’, applied in workshops in order to design Dutch donor strategy for particular countries (Van Breukelen, 2007; Blankenberg, 2007).

Whilst the tools and frameworks for analysing the politics-development nexus have been formulated, donors appear to be struggling to apply these to their overarching policies and strategies. For example, DFID demonstrates in official literature the need to engage with the politics of development. The agency has made “making governance work for the poor” a central theme of its work for 2006-11, and states that it believes that good governance is “best fostered within a framework of democratic politics” (DFID, 2007:3). The organisation acknowledges however that a “good enough governance” approach may often be required, and that this should be context specific and not solely technical, instead working to change “the way power is held and used through politics” (p2).

These priorities are less apparent, though, in DFID's published strategies for aid effectiveness. The agency's *Medium Term Action Plan on Aid Effectiveness* (2006) relies on executive to executive engagement, citing the importance of the capacity and commitment of ministers and their staff to deliver change. Supporting executive efficiency or democratic accountability at the same time is not a mutually exclusive venture, but the two objectives will frequently conflict with one another. A cursory analysis of DFID's publications in this area suggests that these issues are not being considered strategically or coherently at either the 'macro' or the micro level. The analytical tools are potentially valuable, but to realise that value they must be fully integrated into both policy and practice.

Similarly, an OECD-DAC GOVNET (2005) review of lessons learnt from drivers of change and power analyses warns that the findings of such studies may be regarded in some quarters as inconvenient for the aid effectiveness agenda. This is because they often highlight factors, such as patron-client accountability structures, that are likely to prevent increased country ownership from resulting in improved aid effectiveness. However, the report stresses that such analyses are invaluable for understanding how development intervention can affect local incentive structures and the relative effectiveness of different modes of aid delivery. It concludes, "Given the fundamental nature of the issues addressed, it is imperative that Power and DoC analysis should be used to inform the aid effectiveness agenda, in particular to mitigate the risks involved"(p.26).

More explicit recognition is required by signatories to the Paris Declaration that, in order to make aid more effective, they will need to address political structures and incentive systems that can cause both partner country governments and donors to behave in ways that are not conducive for meeting development objectives. As the official evaluation of the implementation of the Declaration states, "The Paris Declaration is a political agenda for action, not just a technical agreement. ...In the difficult processes required for implementation, real issues of power and political economy come into play" (Wood et al., 2008:xii). OECD-DAC GOVNET is currently moving in the right direction through implementing a new work stream for 2009/10 on aid and accountability. This will use a political economy approach to assess the quality of development assistance to accountability institutions and examine the impact that different aid modalities have on domestic accountability institutions and processes (OECD-DAC, 2009).

b) Addressing the politics of democracy building

Democratic institutions, processes and culture can have roles to play in helping to increase aid effectiveness through distributing power more evenly throughout society and increasing the accountability of leaders to citizens. However, the extent to which these roles can be understood and fulfilled is currently limited by a general reluctance within the development community to engage directly with the political nature of democracy. As discussed in section 3, this could be a result of a desire to avoid sensitive and potentially controversial issues, coupled with the general association of the aid effectiveness agenda and poverty reduction strategies with the economic rather than political dimensions of development. There is also a general lack of clarity amongst

donors concerning why they think democracy promotion is important and in what contexts, often leading to the conflation of democracy with “good governance” or “effective states” when in actual fact these are all separate, albeit overlapping, development goals (Fritz and Menocal, 2007; Booth et al., 2008).

The implication is that donors need to revisit their democracy promotion strategies, defining their motives and goals in the context of their overall approach to development cooperation. Some donors have recently made progress in this area, with for example Sweden and Denmark publishing new strategies which locate their democracy and human rights activity within their wider development cooperation work and consider the political dimensions of democracy assistance (see MFA Denmark, 2009; MFA Sweden, 2008). However, within the development community in general, there is a need for greater recognition of the fact that democracy is itself underpinned by norms and values. Presenting democracy as apolitical or neutral in official discourse is disingenuous, at best leading to confusion over the goals and modalities of development cooperation, and at worst leading to accusations of underhandedness and the association of democracy promotion with attempts to erode national sovereignty. Without explicitly acknowledging the political dimensions of democracy support or the values that underpin it, efforts are not only likely to be ineffective, but the potential rewards from combining the aid effectiveness and democracy building agendas will remain unrealised.

Greater clarity is also required concerning the goals and objectives of democracy support. For example determining which democratic institutions and processes are necessary goods in themselves, which could help to keep executive management of aid budgets in check, which are necessary for security and stability, and which would ensure that development processes meet the needs of the poor. Such analysis should also consider the impact that current development cooperation is having on democratic institutions and overall democratic development. In other words, drivers of change analyses that specifically aim to identify challenges and opportunities for democratic development in partner countries. In the literature reviewed, there are surprisingly few references to the opinions and experiences of political actors in developing countries themselves. Better engagement with democratic actors is needed to understand the role they play in shaping political priorities and what assistance they need to become allies in the search for democratic development and aid effectiveness.

7) Conclusions and Recommendations

This report has sought to draw out the implications of the current aid architecture for democratic development. It shows that most analyses of the aid effectiveness agenda and aid modalities rarely start from the democracy perspective. Instead assessments tend to use good governance or developmental states approaches. However, the way in which aid is delivered has significant implications for democratic institutions, processes and actors, but this has been most overlooked by the research and policy community. The relationship between aid modalities and democracy needs to be considered more explicitly in research, donor policy and international discussion dealing with the Paris Declaration.

There is also an overall lack of strategic integration between the economic, social and political dimensions of development cooperation. Tensions and complementarities between these different dimensions are frequently missed, including opportunities to improve aid effectiveness through strengthening democratic institutions and building the capacity of democratic actors. At the domestic level, the tendency of donors to work with the executive branches of government has contributed to a general perception that development issues are technical in nature and beyond the arena of political debate. A failure to engage effectively with democratic institutions and actors not only limits popular engagement with, and democratic participation in, development processes, but has also served to delegitimise democratic institutions.

The literature also tends to downplay the overtly political nature of democracy support. Strengthening democratic institutions and processes ultimately involves a redistribution of power. Donors have developed tools for understanding the political structures that influence development outcomes, but have generally failed to apply them to the arena of democracy support, tending instead to treat democracy building as a technical process. More open discussion about the values and norms underpinning development cooperation is required, particularly in relation to democracy. Democratisation is a process of building shared norms and institutions, and open discussion of the values that underpin these should therefore be an essential component of democracy strengthening work. This needs to be coupled with greater clarity amongst donors and development partners about the aims and objectives of democracy promotion, and improved understanding of how they can be achieved in specific political contexts.

The Paris Declaration has helped to open up space for discussion about these issues, and the opportunity this presents for productive international dialogue about democracy building should not be missed. Yet the debate should seek to ensure that the democracy building and aid effectiveness agendas are shaped and owned by all stakeholders, including political and democratic actors in partner countries. As the only inter-governmental organisation dedicated to the sustainable development of democracy across the world, International IDEA has an important role to play in fostering this dialogue, building knowledge and promoting understanding of how the aid effectiveness and democratisation agendas can be made to work for each other.

There are a number of factors which will shape how IDEA wish to pursue the contents of this paper but the review suggests that there are five potential areas of work which could shape both the policy and practice of development and democracy assistance.

Policy-oriented, practical research: There is need for a deeper understanding of the two-way relationship between democratisation and aid effectiveness, built from country-specific knowledge, including evaluation of development assistance and aid modalities from the perspective of democratisation. Particular attention should be paid to the factors that prevent democratic institutions and actors from enhancing aid effectiveness in practice, including the social, economic and political structures that influence incentive structures. Whilst there is some analysis of the role and activities of parliaments in existing literature, there is virtually no discussion of the impact of political parties can have in helping to mobilise the public around development issues, aggregate opinion, voice public concern and act as watchdogs over development processes. Examination of

the role that other political stakeholders could play, such as trade unions and business, is similarly lacking.

Working with democratic stakeholders: Democratic stakeholders themselves, including parliamentarians and political party staff, should be involved in the effort to build knowledge and identify solutions to problems that the contemporary aid architecture presents for democratic development. This is necessary not only to gain a full understanding of the factors that influence their behaviour and incentives, but also to ensure that outcomes from the work are locally owned, relevant and realistic (see Power, forthcoming 2009).

Open Dialogue: There is need for open discussion between donors, partner governments and democratic actors about the relationship between aid and democracy. This should include explicit consideration of the norms and values that underpin efforts both to improve aid effectiveness and to strengthen democracy, with a view to clarifying and building consensus about what the Paris Principles mean in practice. Particular attention should be paid to the domestic accountability dimensions of *mutual accountability*, and to the notion of *democratic* ownership of development processes. Open dialogue between development partners is also needed to consider how stakeholders should address dilemmas and tensions that might arise in the course of development cooperation, for example when the values of donors clash with those of local political actors.

Translating analysis into action: More work needs to be done by donors to connect their work on the politics of development to their efforts to enhance aid effectiveness. Particular attention should be paid to anticipating and dealing with tensions that might arise when attempting to apply the lessons from political analysis to change development strategies and activities on the ground. There is also a requirement for analyses of the specific implications that political structures and power relationships have for democratic institutions and processes in individual country contexts. These should be conducted with a view to understanding how to transform these structures, identifying practical and feasible steps towards building democratic developmental states.

Applying the Paris Principles to democracy support: Democracy assistance as a whole would benefit from application of the Paris Principles, particularly in terms of increased ownership by the recipients of support and better harmonisation both amongst donors and between different branches of democracy support (e.g. between parliamentary strengthening, support for political parties and support for civil society organisations). Democracy support should also be harmonised with other fields of development assistance, for example with improved integration of economic, social and political development strategies. But this will require more clarity about the objectives of democracy support and how these relate to other development goals, coupled with a willingness to anticipate and address tensions between competing donor priorities.

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