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Development Cooperation and the Promotion of Democratic Governance: Promises and Dilemmas

As the 21th century begins, many new and restored democracies are striving to become genuine multiparty democracies. Although significant advances have been achieved in some parts of the world in the past twenty years, the much-heralded global democratic trend has fallen short of expectations of the early 1990s. Many emergent democracies have ended up, »in a gray middle zone […], having neither moved rapidly and painlessly to democracy nor fallen back into outright authoritarianism«.[1] The 1990s have been turbulent times for emerging democracies, from Paraguay to Ivory Coast, from Zimbabwe to Belarus or from Haiti to Fiji. In many parts of the world, where democracy is failing, eroding or intrinsically flawed, the spread of democracy has proved elusive. Democratic transitions have not automatically led to the consolidation of the institutions and behaviors associated with democratic politics and, in some instances, such as in Pakistan, fragile democracies collapsed, reversing initial progress.

The consolidation of democracy and the strengthening of good governance represent daunting challenges to both democratizing countries and donor countries attempting to assist them through the difficult pass towards democracy. More difficult yet is how to respond to democratic erosion and decay. Consequently, the euphoria and benign optimism that characterized the early 1990s has been progressively replaced by increased skepticism and frustration with the pace and depth of democratic transitions, as many of the emerging democracies are intrinsically flawed, politically restricted and institutionally incomplete. After a decade of democracy assistance and considerable resources expended, the strategies pursued by international donors appear to have fallen short of their initial expectations – especially in Sub-Saharan Africa. As Laetitia Lawson observes, »There is less pressure for political liberalization, more skepticism about its prospects and greater concern with maintaining stability than promoting positive change«.[2]

The rise of democracy assistance over the last decade raises a number of hard questions and pressing inquiries. What has it achieved? How has it been managed? How can it be improved? In particular, it requires addressing the central »question of strategy«[3] confronting the international donor community: how to devise effective strategies to support a wide variety of unpredictable democratization processes? As the international donor community devises new policies for promoting for democracy, it is necessary to untie the Gordian knot of democracy promotion and harvest the lessons learned of a decade of democracy assistance.

As emerging democracies battle through their unfinished transitions and progressively move towards consolidation, democracy assistance needs to experience a qualitative leap forward. Second generation democracy aid requires moving away from traditional technical assistance, often fragmented and mechanistic, to more comprehensive assistance and political modes of intervention. The concept of political dialogue based on pacts for democratic development appears to offer a promising avenue to reinvigorate the concept of partnership, a cornerstone of development cooperation and aid effectiveness.

1. Thomas Carothers, *Aiding Democracy Abroad: The Learning Curve* (Washington, DC: Carnegie Endowment for International Peace, 1999), p. 14.
2. Laetitia Lawson, »External Democracy Promotion in Africa: Another False Start?« *Commonwealth and Comparative Politics,* vol. 37, vo. 1 (1999), p. 23.
3. Thomas Carothers, »Democracy Assistance: The Question of Strategy«, *Democratisation,* vol. 4, no. 3 (1997), pp. 109–132.

Renewed Commitment to Democracy

The spread of democracy in the late 1980s and early 1990s was accompanied by a renewed commitment by the international community to promote and defend democracy. Democracy promotion and protection has become a critical component of international relations and development cooperation, anchored in reoriented post-Cold War foreign policies and broadened concepts of development. In particular, the 1990s have seen the gradual emergence of the promotion of democracy and the strengthening of good governance as both an objective of and a condition for development cooperation.

The international donor community has responded to the challenges of the new »wave« of democratization in the late 1980s by embracing democracy assistance as one of its core priorities.[4] Bilateral aid agencies such as the United States Agency for International Development (USAID), the British Department for International Development (DFID), the Swedish International Development Cooperation Agency (Sida), or the Canadian International Development Agency (CIDA), have devised elaborated programs to support democratization, albeit to different degrees, and have greatly influenced the policies of multilateral development institutions. In recent years, the Bretton Woods institutions have been under increasing pressure to incorporate governance concerns in their lending operations. Substantial financial resources are being invested in this expanding field by international donors, although no one knows exactly how much.

Certainly, the international community's commitment to upholding democracy has varied across countries and over time, being often selective and at times conditioned by other superseding interests. Nevertheless, the international community has shown greater willingness to address issues traditionally considered in the purview of the national sovereignty of states. Several scholars have advanced the idea of the emergence of an »entitlement to democratic governance«, suggesting that there is evidence of the progressive (albeit timid) emergence of a »right to democratic governance« and a corresponding »global guarantee clause«.[5] Indeed, an international norm sanctioning the legitimacy of a state according to its democratic credentials appears to be progressively emerging.

Democracy assistance now occupies a prominent place in the United Nations millennium agenda.[6] The United Nations (UN) has launched a series of initiatives aimed at building a broad agenda for democratization. Since 1988, four international conferences of new or restored democracies have been held to examine the ways in which the United Nations system could support the efforts of governments to consolidate democratic governance. As a result of the third international conference in 1997, a draft »Code of Democratic Conduct« was published as a document of the General Assembly in July 1999 in the form of a draft resolution, which was, however, not acted upon by the Assembly. In a landmark resolution in April 1999 on »The Promotion of the Right to Democracy«, the United Nations Commission on Human Rights emphasized for the first time the »right of democratic governance«.

In particular, the promotion of democratic governance has been identified as a core element of peace operations and a critical component of UN post-conflict peace-building initiatives, forging a policy continuum between emergency relief and development assistance. Kofi Annan's 1998 report on conflicts in Africa has underlined the critical

4. Larry Diamond, *Promoting Democracy in the 1990s: Actors and Instruments, Issues and Imperatives* (New York: Report of the Carnegie Commission on Preventing Deadly Conflict, 1994); Thomas Carothers, *Aiding Democracy Abroad: The Learning Curve* (Washington, DC: Carnegie Endowment for International Peace, 1999); Peter Burnell, ed., *Democracy Assistance: International Cooperation for Democratization* (London: Frank Cass, 2000).

5. Thomas Frank, »The Emerging Right to Democratic Governance«, *American Journal of International Law,* no. 86 (1992), pp. 46–91. Morton Halperin and Kristen Lomasney, »Toward a Global ›Guarantee Clause‹«, *Journal of Democracy,* vol. 4, no. 3 (1993), pp. 60–69. Morton Halperin and Kristen Lomasney, »Guaranteeing Democracy: A Review of the Record«, *Journal of Democracy,* vol. 9, no. 2 (1998), pp. 134–147.

6. Kofi Annan, *We the Peoples: The Role of the United Nations in the 21st Century* (New York: United Nations, 2000); Kofi Annan, *Support by the United Nations System of the Efforts of Governments to Promote and Consolidate New or Restored Democracies* (New York: United Nations, A-55–489, 13 October 2000).

importance of strengthening democratic governance to prevent the occurrence or recurrence of conflict and sustain the consolidation of peace. The recent report of the panel on UN peace operations of August 2000 (the »Brahimi« Report) underscored the necessity to better integrate democracy assistance in UN peacekeeping and peace-building operations. UN development assistance, and in particular the United Nations Development Programme (UNDP), drawing from its experience in Central America in the early 1990s, has embraced democracy and good governance as a means to promote sustainable and equit-able development.[7]

During the 1990s, regional groupings have established incentive mechanisms to root democracy amongst their members and foster democracy amongst its prospective members. In the early 1990s, the Organization of American States (OAS) strengthened its mechanisms to uphold democracy in the Americas. In 1993, the European Union (EU) adopted political conditions for membership, guiding the enlargement process and promoting democratic development in the candidate countries of East and Central Europe. In June 2000, an intergovernmental conference hosted by Poland, sponsored by the United States and attended by 106 delegations attempted to forge a global coalition for democracy. The resulting Warsaw Declaration emphasized that the »community of democracies« was determined to work together to promote and strengthen democracy, to consolidate and strengthen democratic institutions and to support adherence to common democratic values and standards. Furthermore, an increasing number and variety of actors has become actively promoting democracy, with, in particular, the rise of transnational civil society organizations.[8]

Unfulfilled Expectations

However, an uneven advance of democracy has characterized the 1990s. In many parts of the world democracy is fading, eroding or failing, and disillusionment has replaced the optimism that marked the early 1990s as elected governments are riddled with corruption, incompetence and instability. Stagnant transitions, the increasing fragility of democratization processes as well as the realization of the incomplete or imperfect nature of the new democracies have watered down initial expectations. Emerging democracies remain highly vulnerable, not so much to abrupt breakdown, but rather to gradual erosion, the threat of silent regression from democracy to semi-democracy.[9]

The procedures that characterize a full-fledged democracy have not accompanied gains in the electoral arena. While many new democracies possess all the formal institutions of democracy, these institutions often remain empty shells, failing to function effectively and provide the necessary checks and balances. Nascent democracies are mared by »an uneven acquisition of the procedural requisites of democracy«.[10] These regimes are characterized by unstable politics, hallow democratic institutions, weak governance, economic uncertainty, fluid political processes and unconsolidated party systems. The institutional structures, when they exist, remain weak and the processes by which power is exercised are often contested.

As argued by Guillermo O'Donnell, the »delegative« nature of many emerging democracies significantly hampers democratic consolidation: although periodic elections provide means of »vertical accountability«, »horizontal accountability« to prevent the abuse of power and the misuse of authority remains elusive.[11] »Without good governance«, says Kofi Annan, »without the rule of law, predictable administration, legitimate

7. Edward Newman and Olivier Richmond, eds., *The United Nations and International Conflict: Mediating Post-Westphalian Security* (London: Macmillan, forthcoming).

8. Ann Florini, ed., *The Third Force: The Rise of Transnational Civil Society* (Washington, DC: Carnegie Endowment for International Peace, 2000).

9. Guillermo O'Donnell, »Transitions, Continuities and Paradoxes«, in: Scott Mainwaring, Guillermo O'Donnell, and Samuel Valenzuela, eds., *Issues in Democratic Consolidation: The New South American Democracies in Comparative Perspective* (Notre Dame: University of Notre Dame Press, 1992), pp. 17–56.

10. Terry Lynn Karl, »Hybrid Regimes of Central America«, *Journal of Democracy,* vol. 6, no. 3 (1995), p. 80.

11. Guillermo O'Donnell, »Delegative Democracy«, *Journal of Democracy,* vol. 5, no. 1 1994, pp. 55–69. Guillermo O'Donnell, »Horizontal Accountability in New Democracies«, *Journal of Democracy,* vol. 9, no. 3 (1998), pp. 112–126.

power and responsive regulation – no amount of funding, no short-term economic miracle will set the developing world on the path to prosperity. Without good governance, the foundations of society – both national and international – are built on sand.«[12]

Rooting what Fareed Zacharia refers to »constitutional liberalism« in developing countries is proving an arduous and hazardous endeavour.[13] The holding of free and fair elections does not guarantee, as it was once believed, the consolidation of democratic governance. This requires enduring commitment supported by a sustained engagement of the international community. However, the attention of the international community tends to shift away once elections are held and directs itself at yet another troubled situation requiring urgent action. The dramatic increase of internal violent conflicts has led democracy activists to reconsider their original assumptions about democracy and conflict.

Diverging Trajectories

The resurgence of democracy has not produced a clear-cut division between democratic and non-democratic countries, but rather a wide variety of semi-democratic or semi-authoritarian regimes. The »third wave« of democratisation has given rise to a wide array of political regimes ranging from illiberal democracies to covert authoritarianism. As the pace of change appears to have slowed, it has become increasingly difficult to distinguish democratic stagnation from cautious gradualism. Some analysts have argued that deviations from the democratic path are not always a temporary setback in a gradual and unpredictable process towards democracy, but a different trajectory to political change.[14] As Fareed Zacharia points out, »the greatest danger that illiberal democracy poses – other than to its own people – is that it will discredit liberal democracy itself, casting a shadow on democratic governance«[15] and thus lead to its »slow death«.

The rise of low intensity democracies represents significant analytical and policy challenges for both policymakers and scholars. It questions the international community's ability to assess the quality of democracy as well as the nature of political change in specific countries, both of which are of critical importance for devising appropriate assistance strategies. More fundamentally, this phenomenon questions the intellectually elegant assumption of a linear »democratisation continuum« from authoritarianism to liberal democracy inherited from modernization theories.

Promoting democracy in what the European Commission refers to as »dysfunctional states« requires a savant dosage of both positive incentives and negative measures rooted in a profound understanding of the political system and the political dynamics of individual countries. Too often, the holding of elections constitute the main and sometimes exclusive focus of international pressure, overlooking wider dimensions of democracy. Elections, although necessary, do not suffice to install and consolidate democratic governance. The challenge for the international donor community is to devise assistance strategies with a right mix of positive incentives and negative measures built in long-term, coherent and consistent strategies. Achieving a creative balance between international interference and effective performance of national institutions is a permanent challenge.

Towards Greater Selectivity

From the outset, the concept of »democracy assistance« may appear a contradiction in terms. Democratisation is first and foremost a domestic process, which spurs from the internal pressures to democratise. However, when a country has decided to democratise, the international community can assist it in a number of ways. Indeed, there

12. Kofi Annan, »Address to the United Nations Association of Canada« (Toronto, Canada: 3 December 1997, SG/SM/6412).
13. Fareed Zakaria, »The Rise of Illiberal Democracy«, *Foreign Affairs*, vol. 76, no. 6 (1997), pp. 22–43.
14. Martha Brill Olcott and Marina Ottaway, The Challenge of Semi-Authoritarianism (Washington, DC: Carnegie Endowment for International Peace, Working Paper no. 7, 1999). Thomas Carothers, »Struggling with Semi-Authoritarians«, in Peter Burnell, ed., op. cit., pp. 210–225
15. Fareed Zakaria, »The Rise of Illiberal Democracy«, op. cit., p. 42.

exists now significant assistance available to transitional countries genuinely committed to and engaged in democratisation, but which lack resources or expertise. The contentious issues remains to know *how* this is or should be done.

The most common and often most significant tool for promoting democracy is democracy aid. Democracy assistance can be defined narrowly as encompassing »aid specifically designed to foster opening in a non-democratic country or to further a democratic transition in a country that has experienced a democratic opening«.[16] Most democracy aid takes the form of »positive measures«, which add a positive dimension (reward of good performance) to the negative one (denial of aid resources resulting from bad performance) often associated with political conditionality and sanctions.

The experience of the last decades shows that ownership of and commitment to reform constitute the major determinant for democratic consolidation and aid effectiveness. Haiti represents a dramatic example. This realization has promoted a revision of traditional aid policies. However, the inherent tensions and potential contradictions between donor conditionality and country ownership constitute significant challenges to the establishment of genuinely collaborative modes of development cooperation.

Consequently, most bilateral donors have opted to concentrate their assistance in a limited number of countries showing genuine commitment towards democracy. They are increasingly relying on incentive strategies relying on what Joan Nelson and Stephanie Eglington have accurately termed as »allocative conditionality«.[17] This strategy encompasses both the selection of aid recipients according to a predetermined set of criteria, and the concentration of aid to a limited number of recipients according to the nature of their political system. As such, it is intended to support domestically-driven processes of political change and provide an incentive mechanism to further democratise.

Allocative conditionality also indicates an increasing willingness to base cooperation on a certain number of political dimensions and the nature of recipient countries' political regimes. Regime features have been increasingly used as criteria for selecting the main recipients of bilateral aid as well as the scope and amount of the aid provided. Selectivity-based policies base aid allocation not only on objective criteria measuring the level of poverty (needs-based approach) but also on a subjective assessment of the country's performance to adhere to and further the objectives of the cooperation.

International financial institutions such as the World Bank also appear to be moving towards a more selective approach in their lending operations. Governance-related conditionality has become an important element of the World Bank lending operations. The 1998 report of the World Bank, »Assessing Aid: What Works, What Doesn't and Why?«, suggests that foreign aid would be more effective if it were either more systematically targeted to poor countries with sound economic reform programs or used to promote »good policies«.

Revisiting Democracy Assistance

Too often, efforts at promoting democracy have failed because they were based on a rigid and standardized approach aimed at mechanically reproducing the institutions of advanced democracies. The core strategy underlying democracy assistance is based on three intrinsically flawed assumptions.[18] First, it tends to implicitly or explicitly endorse a particular understanding of democracy based on the conventional western model of liberal democracy as its reference model or »template«, often unintentionally but sometimes more explicitly as an instrument of foreign policy. Second, it often considers democratisation as a process of constitutional engineering and »institutional modelling«[19] according to which

16. Thomas Carothers, *Aiding Democracy Abroad,* op. cit., p. 6.
17. Joan Nelson and Stephanie Eglington, »Global Goals, Contentious Means: Issues of Multiple Conditionality« (Washington, DC: Overseas Development Council, Policy Essay 10, 1993).
18. See: Thomas Carothers, »The Question of Strategy«, op. cit.
19. Thomas Carothers, *Aiding Democracy Abroad,* op. cit., p. 90.
20. Susan Marks, *The Riddle of all Constitutions: Democracy. Ideology and International Law* (Oxford: Oxford University Press, 2000.

aid donors attempt to reproduce the institutions of established democracies.[20] Third, it assumes that democratisation follows an orderly, linear sequence of stages.

This standardized top-down strategy has become problematic and highly ineffective, especially in cases where democracy is stagnating, eroding or failing. Political transitions are more often than not unpredictable and democratisation processes are highly volatile, as the experience of the 1990s has showed. More fundamentally, democracy promoters are facing the fact that democracies can adopt many shapes and shades and that democratic transitions often do not follow a natural, orderly and linear sequence. Democratisation is an irregular, unpredictable and sometimes reversible process, taking place in highly fluid and volatile political environments. Democratisation (as opposed to democracy) is an elusive quest, a promise and an aspiration.

Moving beyond Elections

Democracy assistance can be broadly defined as constituted of three main types of interventions targeting electoral processes, governing institutions and civil society.[21] The first pillar of democracy aid focuses on elections and political parties.

Over the last decade, electoral assistance has progressively shifted from the international observation of elections to more refined operations over longer periods of time such as support to the domestic observation of elections, technical assistance in terms of electoral system design and assistance to the administration of elections. Political parties, especially those in the opposition, remain among the weakest components of the democratisation process and the least assisted from abroad (in particular since political parties are not considered forming part of civil society). At some historical junctures, opposition political parties have been supported from abroad, such as the African National Congress (ANC) in South Africa during the Apartheid regime. Cases such as this, however, remain the exceptions. The reasons for such reluctance are to be found in the donors' resistance to intrude in core dimensions of national sovereignty and thus upset the Westphalian principle non-interference in domestic affairs. Political foundations, however, especially in Germany (the »Stiftung«) and in the United States, have been particularly active in political party assistance but their strategies have been only marginally analysed.

The recent experiences in 2000 in Yugoslavia, Peru or Zimbabwe have proved how critical free and fair elections are for democracy. These remain a *sine qua non* condition for democratisation and the necessary foundation on which to construct the democratic architecture. However, although elections are crucial to legitimise new democratic power structures, they are not sufficient by themselves to cement democratic governance and sustain democratic institutions. In some instances, such as in the cases of premature or stolen elections, they can prove disruptive, fuelling ethnic conflict and precipitating state collapse.

Too often, and especially in post-conflict societies, elections have been conceived as a »quick fix« and an exit strategy for the international community. The crisis in former Zaire and the Democratic Republic of Congo has demonstrated the self-defeating effects of a premature pressure to organize elections. As stressed by UN Secretary General Kofi Annan, »Elections are a necessary, but not sufficient, condition for creating viable democracies. That requires the establishment or strengthening of democratic infrastructure such as electoral commissions, electoral laws and election administration structures and the promotion of a sense of citizenship and its attendant rights and responsibilities«.[22]

It was originally assumed that the holding of relatively free and fair elections would naturally lead to the gradual emergence of democratic institutions and the progressive consolidation of a democratic culture. The fallacy of electoralism is increasingly been recognized. Indeed, Manuel

21. The typology used in this chapter is derived from the categories developed in Thomas Carothers, *Aiding Democracy Abroad,* op. cit.

22. United Nations, »Report of the Secretary General on the Work of the Organization« (New York: United Nations, General Assembly, Official Records, Fifty-fourth Session, Supplement no. 1 A/54/1, 1999, p. 13–14, para.110.

Pastor notes that of a total of 387 elections that were reported during the 1990s, 81 can be considered as »flawed«.[23] As Thomas Carothers argues, »Electoral aid does little for democratisation when the elections in questions are intended to legitimate the power of an entrenched regime. Without a will to reform on the part of governmental authorities, efforts to help governmental institutions end up as wheel-spinning exercises«.[24]

Reforming the State

The second and largest pillar of democracy assistance aims at reforming the state and strengthening the institutions of governance. It is based on the principle of the separation and balance of powers and the belief that a major obstacle to democratic consolidation is an overly strong executive backed by a predominant party in parliament and an omnipresent government majority. It thus aims at reinforcing countervailing powers, and in particular the judiciary and the parliament. It includes constitutional engineering, parliamentary assistance, judicial reform and local government strengthening as well as civilian policy training. Furthermore, a particular thrust in the current efforts at reforming and modernizing the state centres on the devolution of power to lower levels of government.

Institutionalising checks and balances, it is believed, will create a democratic polity and, as a natural consequence, will contribute to the emergence of what Andreas Schedler et al. refer to as a »self-restraining state«.[25] »Horizontal accountability« requires the prevalence of the rule of law and entails the existence of agencies of restraint and accountability, independent institutions legally and politically empowered to restrict the powers of the executive. In particular, the fight against corruption demands for formal mechanisms of restraint anchored in autonomous state institutions. The strengthening of the rule of law and the effective independence of judiciary are now considered, especially by the multilateral development banks, as the miraculous new cure to spur development and to resolve the relative ineffectiveness of development aid.

Learning in the area of state reform and institutional development has been slow. While the importance of institutions is now widely recognized, definite approaches on how to devise and and implement institutional reform are sorely lacking. How do institutions emerge, develop and consolidate? How do they change? As Dani Rodrik puts it, the question is not whether institutions matter but »which institutions matter and how to acquire them?«[26] Consensus on this subject remains elusive when the discussion moves from general goals to the specific means to achieve them.[27] The lack of clear prescriptions for the successful implementation of institutional reform leads to a politically difficult agenda.

Aiding Civil Society

The third and most rapidly expanding pillar of democracy aid concerns civil society assistance, with particular attention to advocacy-oriented non-governmental organizations, civic education groups, policy think tanks, independent media, and trade unions. In the wake of the »third wave« of democratisation, non-governmental organizations were seen as critical agents of change. To a certain extent, civil society assistance has arisen from the disillusionment with the limited effectiveness of traditional state-to-state cooperation and the desire to turn democratic forms into democratic substance. One of the many reasons why Civil society organizations (CSOs) were considered to be part of the alternative development paradigm, was because the state, its institutions, and

23. Robert Pastor, »The Role of Electoral Administration in Democratic Transitions: Implications for Policy and Research«, *Democratization,* vol. 6, no. 4 (1999), pp. 1–27.
24. Thomas Carothers, »The Question of Strategy«, op. cit., p. 124.
25. Andreas Schedler, Larry Diamond and Marc Plattner, eds., *The Self Restraining State: Power and Accountability in New Democracies* (Boulder: Lynne Rienner Publishers, 1999).
26. Dani Rodrik, Institutions for High-Quality Growth: What they Are and How to Acquire Them, Paper presented at the IMF Conference on Second Generation Reforms in Washington, DC, November 8–9, 1999.
27. Richard Messick has underlined the difficulties to devised successful judicial reform programs. Richard Messick, »Judicial Reform and Economic Development«, *The World Bank Research Observer,* vol. 14, no. 1 (1999), pp. 117–136.

public policy, were unable to address a host of issues of development.

However, the initial enthusiasm towards civil society appears to be receding: not all organizations of society are as civil as they appear and not all »non governmental organizations« are as non-governmental as they claim. Their representativity, accountability and sustainability are often weak and in many instances civil society organizations are highly politicised. In Africa, for instance, they have tended to assume by default core functions of the state in the areas of health care and education, which is often too weak to assume its responsibilities or has collapsed altogether. CSOs have also replaced opposition political parties as channels of dissent and discontent. Indeed, for a variety of reasons, it is often easier, safer and more profitable to do politics from a CSO than within a traditional political party. These circumventing strategies are in many ways understandable given the political climate dominating many democratising countries, characterized by systematic distrust, subtle repression and continuous harassment. But they undermine the very foundations of a genuine democratic polity and the principle according to which civil society organizations should be a-political.

Consequently, the international donor community is taking a harder look at pro-democracy civil society organizations in emergent democracies questioning their impact, legitimacy and accountability. While understandable and in many cases justified, the excessive attention given to civil society organizations has tended to divert efforts away from the state, debilitated by decades of structural adjustment. The perverse effects of the increasing role of civil society organizations in developing countries reside in their undermining of the legitimacy of the state and the political arena. In particular, international donors realize the limits of strategies circumventing the state and emphasize the imperious necessity to democratise the state as a guarantor of constitutional rights. Acknowledging that the state has failed, Akbar Zaidi argues that the only alternate to state failure is the state itself.[28] There is no way around it: for democracy and development to be sustainable, the state itself must be strengthened, reformed, and democratised.

The Costs of Democracy Assistance

A particular and often overlooked perverse effect of democracy assistance is the economic and political costs it imposes on developing countries. As Marina Ottaway and Therese Chung observe, democracy »has driven up the costs of democracy for many countries«,[29] making the sustainability of democracy depending on continued support from abroad. This, in turn, tends to make democracy accountable not to the citizens of the country, but to foreign donors, when democracy is precisely about increased participation of and accountability to citizens.

The »institutional modelling« approach of democracy assistance tends to multiply formal institutions with little regard for their effective contribution to the solidification of the democratic governance. For instance, the adoption of the French model by most Francophone countries in Sub-Saharan Africa has generated bicameral parliamentary systems and a host of consultative bodies. However, second chambers were often granted advisory roles, thereby diminishing their effectiveness. Another example concerns key democratic institutions such as ombudsmen or pro-democracy civil society organizations, which have mushroomed in recent years, whose external financing questions their long-term sustainability.

Largely donor-driven efforts to promote democracy often fail to take into consideration the costs factor and thus the sustainability of their impact. Marina Ottaway and Therese Chung argue that »donors continue to fund programs with little regards for their financial (or even political) sustainability, while recipients make policy decisions with the expectation that the support will last indefinitely«.[30] Electoral assistance is a case in point.[31] While donors generously finance post-conflict or transitional elections, funds become

28. Akbar Zaidi , »NGO Failure and the Need to Bring Back the State«, *Journal of International Development,* vol. 11, no. 2 (1999), pp. 259–271.
29. Marina Ottaway and Therese Chung, »Debating Democracy Assistance: Toward a New Paradigm«, *Journal of Democracy,* vol. 10, no. 4 (1999), pp. 109.
30. Ibid, p. 100.
31. Krishna Kumar, ed., *Postconflict Elections, Democratisation and International Assistance* (Boulder: Lynne Rienner, 1998).

more scarce for subsequent elections. As new demands are put on donors, attention tends to shift from one country to another at an increasingly higher speed. For example, while the first elections of 1991 in Nicaragua received considerable foreign assistance, the 1996 elections failed to attract such external support and consequently, the technical quality of the contest suffered and the results were contested. This was particularly damaging to the Nicaraguan democratisation process.

If one considers the holding of *regular* democratic elections as a building block of democracy, the recurrent costs of elections represent tremendous challenges in terms of the sustainability. In many cases, electoral spending is not included in the regular budget of the government, thus assuming that foreign funding will be forthcoming. More importantly, financial dependency also carries important political costs: the reliance on foreign funding significantly restricts the ability to call early elections to resolve a political crisis. Reducing the costs of elections and rationalizing their administration thus improve the chances of durable democratic change. Electoral management bodies have proved to be decisive institutions in furthering and consolidating democracy by ensuring the legitimacy, credibility and regularity of elections. They have also greatly contributed to the rationalization of the administration and management of elections.

However, the fundamental question remains »what constitutes an affordable democracy for less developed countries and what donors can do to nurture it«.[32] Ultimately, these issues related to the cost of democracy, and in particular the opportunity costs associated with the building of democratic institutions in poor and developing countries with many priorities and limited resources.

Democracy and Good Governance

Many of the difficulties facing new democracies stem not so much from excessive executive power but from institutionally weak states. The fundamental requisite for an effective democracy is a state that works. A state that is not effective significantly affects the credibility of democracy. Conversely, a democratic regime that is not efficient will hamper economic performance. In recent years, the development community has »rediscovered the state« and the central importance of public institutions in the development process.

Concerns over good governance in developing countries have resulted in a broadening of the understanding of the development process and have significantly influenced the policies of the Bretton Woods institutions.[33] The recognition that both consolidating democracy and sustaining economic reform require improving governance systems, enhancing the rule of law and strengthening democratic institutions has led to an increasing convergence between the economic and the political approach to development. A capable state is required to guarantee public security and the rule of law, necessary conditions for both economic development and democratisation. But the rehabilitation of the state does not entail arbitrary authoritarian states and strong unchecked governments, as it did in the past. It calls for the emergence of a reformed state, governed by the rules of legitimacy, transparency, accountability and responsibility.

The main challenge for international development co-operation in the new century will be to bridge the economic-political divide. This will require integrating the democracy and governance agendas into a single strategy addressing the intricate links between economic and political reforms *simultaneously*. A sharper focus on the political economy of policy change could significantly improve the effectiveness of aid and in particular of democracy assistance. This implies giving greater attention not only to the sequencing of economic reforms but also to the interplay between economic and political reforms. Thus far, these two agendas have evolved quite independently from each other leading to fragmented aid policies. Too often in the past, peace-building imperatives have collided with concerns about economic rigor in a number of post-conflict settings such as El Salvador following the 1992 peace accords. The recent

32. Marina Ottaway and Therese Chung, »Debating Democracy Assistance«, op. cit., p. 110.
33. The World Bank, »World Development Report: The State in a Changing World« (Washington, DC: The World Bank, 1997).

initiative by the World Bank on the »Comprehensive Development Framework« (CDF) constitutes such an attempt. The CDF process stresses the necessity to devise comprehensive and coherent aid strategies based on an integrated conception of development linking economic and political challenges.

The current debate on democracy and governance reform must be placed in the international donor community's need to assess the effectiveness of the assistance it provides. In a period of decreasing aid commitments due to budget constraints and a changing international environment with less strategic considerations, the issue of the effectiveness of development aid to alleviate poverty and promote sustainable development is gaining acute significance. In particular, concerns over widespread corruption and state capture have led to greater scrutiny in domestic politics. In recent years, concerns over good governance in developing countries have come to occupy a prominent place in the policies of the Bretton Woods institutions. However, assessing the impact of democracy assistance and governance support poses problems of tremendous magnitude because of the difficulty of agreeing on operational indicators and of establishing clear causal links. Democracy and good governance do not easily lend themselves to quantifiable indicators. Quantitative indicators must therefore be complemented by qualitative ones. More importantly, the manner in which these indicators are devised greatly influence their legitimacy and thus their operationality.

The international community's ability to assess the nature of democracy and the quality of governance has tremendous policy consequences as aid policies gradually move towards more selective, performance-based approaches. A worrying phenomenon has been the tendency towards using and even abusing quantitative indicators and abstract to evaluate the performance of external assistance to democracy and good governance. Substantial research and substantial resources are being devoted to the issue by policy analysts and aid agencies. Nevertheless, arriving at a consensus on appropriate and legitimate indicators of democracy and democratic progress remains elusive and a highly contentious issue between donors and aid recipients. Ultimately, this evaluation is a political process, not a technical one.

Added to traditional economic conditionality of structural adjustment programmes, democracy and governance conditionalities have tended to overwhelm recipient countries that may crumble under a misuse of multiple conditionality. As Moíses Naím has observed, »The difficult paradox is that any country that is capable of meeting such stringent requirements is already a developed country«.[34]

Reforming the Governance of Aid

The reform of governance structures in recipient countries must be matched by the corresponding reform of the governance of development assistance. Recognizing that the democracy cannot and should not be imposed from the outside, but »merely« supported and assisted, requires a Copernican revolution in the way democracy promoters think about democracy promotion. In particular, it entails revisiting the modes of interventions and the intellectual models on which these are based.

Genuine partnerships should be governed by the same principles they aim to promote: the participation and inclusion of non-state actors in the definition of the objectives of the cooperation, as well as transparency and accountability in implementation. This shift in approach requires modifying the traditional donor-recipient relationship and establishing more collaborative modes of cooperation, based on political dialogue and enduring commitment, rather than dictation and short-term interventions. Promoting democratic governance in developing countries also requires devising comprehensive and coherent aid strategies based on realistic expectations and on an integrated conception of development linking economic and political challenges.

Country Ownership. First, aid reform should aim at restoring country ownership. The renewed emphasis on democracy and good governance questions the extent to which recipient states are provided with the sufficient space to articulate

34. Moíses Naím, »Washington Consensus or Washington Confusion?«, *Foreign Policy* (Spring 2000), p. 97.

their own development strategies and political development models. Each country needs to make its own choices and craft its own democratic institutions according to its particular cultural, political and historical circumstances.

To circumvent the traditional »agency problem«, Ravi Kanbur et al. suggest adopting a »common pool« approach to development assistance.[35] The recipient country would first develop its own strategy, programs, and projects, primarily in consultation with its own people but also in dialogue with donors. Experiences of such an approach have been developed in recent years, in the form of national plans for good governance. It would then present its plans to the donors, who would put unrestricted and untied financing into a common pool. International cooperation would then be based on legitimate development strategies articulated by the recipient country with the broad participation of civil society.

By inhibiting negative fungibility, genuine partnerships for development, in turn, will significantly enhance aid effectiveness and influence the prospects for sustaining the reforms engaged. To respond to problems of ownership and aid coordination, aid policies could significantly increase its impact by reinvigorating the concept and practice of partnership. What is needed is a more radical approach in which donors cede control to the recipient country, within the framework of agreed-upon objectives.

Governance pacts. Secondly, development partnerships should be grounded on firm political foundations. Genuine development partnerships are increasingly been recognized as a legitimate basis for effective cooperation. An avenue to further pursue may be that of establishing political pacts for governance reform. A pact for governance reform would outline the shared objectives and mutual obligations of the cooperation and the corresponding performance indicators. It would spell-out the reciprocal commitments and mutual obligations of donors and the recipients.

For instance, the joint IMF – World Bank initiative for the Highly Indebted Poor Countries (HIPC) could be enhanced if it were based on a solid political foundation, a political pact. More explicit and binding commitments to strengthen democratic governance could prevent the misuse of the resources freed by debt relief. Too often, the corrupt practices of authoritarian leaders have been the cause of mounting debt and inefficient allocation of borrowed resources.

Flexible dialogue. Third, political dialogue would guide the definition of the cooperation and its supporting governance pact whereby the template of assistance strategies are matching the phases and types of democratisation. Each democracy assistance strategy would correspond to a specific governance challenge: avoiding democratic breakdown, avoiding democratic erosion, completing democracy, deepening democracy and organizing democracy. Furthermore, it may be possible to identify phases in the democratisation process according to the commitment to democratic reform: a phase of strong commitment, a phase of moderate commitment, as well as more ambiguous situations. In the pre-reform stage, democracy aid should mainly engage in political dialogue and technical assistance. In the period of rapid reform and increasing commitment towards democratisation, political dialogue could be coupled with assistance programs based on the common pool approach.

In that respect, the 25-year co-operation between the European Union (EU) and 71 countries of Africa, the Caribbean and the Pacific (ACP Group) offers an innovative co-operation framework. Based on the principles of partnership, equality and reciprocity, it embodies mutual commitments and obligations, contained in an international agreement negotiated and agreed to by the contracting parties. More fundamentally, EU-ACP development framework constitutes an attempt to base the cooperation on a strong political partner-ship. Adopted in 1989 and revised in 1995, the Convention of Lomé IV defined the promotion of democracy, the respect of human rights and the enhancement of the rule of law as »essential elements« of the co-operation, whose breach could lead to the suspension of the co-operation. The Convention of Cotonou concluded in June 2000 has included good governance as a »fundamental element« and the fight against corruption as a conditioning element of the

35. Ravi Kanbur and Todd Sandler with Kevin M. Morrison, »The Future of Development Assistance«, (Washington, DC: Overseas Development Council, Policy Essay no. 25, 1999).

cooperation.

Democracy assistance strategies must therefore endeavour to integrate a long-term perspective and a flexible approach based on multi-year commitments, in order to make them better espouse and accompany the processes of democratisation. In recent years, for instance, the International Institute for Democracy and Electoral Assistance has advocated an approach based on political dialogue and flexible cooperation.[36] Second generation democracy assistance will need to integrate sufficient flexibility to incorporate the risk factor associated with the unpredictability of democratisation processes and respond adequately to a wide variety of contexts and rapidly changing circumstances.

Tentative Conclusions: Politics Matter

It has become evident that democracy aid can only exert a limited influence and make a superficial contribution unless there is a genuine political will and commitment to democratic reform within the country's political elite and society at large. External actors can, at best, influence the institutional and regulatory framework in which policies and decision are made. However, the underlying distribution of power tends to resist change and neutralize external interventions. As Roger Riddell argues, »if donors wish to make a real difference, they will need to focus more explicitly and more rigorously on issues of power, politics and interest groups, than they have tried to do in the past – messy and difficult though these things often are«.[37]

Development aid cannot be politically neutral. There is no way around it: politics matters. Promoting good governance entails democratising the state and building genuinely democratic governance institutions. Indeed, learning has often been faster on the »recipient side«: political leaders in transitional countries with a legacy of or a tendency towards autocracy have learned faster to neutralize and manipulate external influences than democracy promoters have learned to influence decisively power relations and political processes in nascent democracies.

Traditionally, democracy aid has operated ignoring the realities of power and the intricacies of politics. It has relied on technical solutions to address political problems, adopting somehow a »therapeutic approach« and »benign idealism«. This has been, for example, the case concerning justice reform and legislative strengthening. It has become painfully evident that without addressing the underlying distribution of power, parliaments will likely remain passive and judiciaries emasculated. Technical assistance or training for leaders, judges, parliamentarians and civil servants is, at best, a hopeless illusion unless the separation of powers, the independence of the judiciary, the autonomy of the parliament and the depolitisation of public administration are effective. The existence of a democratically elected autocrat and the prevalence of a predominant majority party in all spheres of power, which characterize many emergent democracies, are fundamental hindering factors. Unless the underlying reality and distribution of power is affected, democracy aid and governance support will likely remain ineffective.

A fundamental lesson learned is that, to promote democracy and good governance in emerging democracies, donors will need to address the underlying interests and power relations in which institutions are embedded. This will entail thinking development cooperation as a political endeavour and establishing development partnerships grounded in political pacts for democratic governance.

Democracy assistance can have a real influence in subtle but significant ways, by facilitating political dialogue between polarized actors, fostering consensus and compromise, influencing the contours of the political debate, delineating the contents of the reform agenda and changing the incentive structure. The current crisis of development cooperation and debate on aid effectiveness should not overshadow the significant and decisive influence international assistance to democracy and good governance has had on the shape and direction of democratisation. It nevertheless requires us to revisit traditional strategies and devise innovative approaches to foster

36. Roel von Meijenfeldt et al., *Dialogue for Democratic Development: Policy Options* (Stockholm, Sweden: International IDEA, 1998).

37. Roger Riddell, »The End of Foreign Aid to Africa? Concerns about Donor Policies«, *African Affairs,* no. 98 (1999), pp. 333.