



Policy Brief

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Overview

When, why and how has foreign aid facilitated, or hindered, democracy in recipient countries? Focusing on sub-Saharan Africa, this policy brief examines the impact of foreign aid on supporting transitions from one-party to multi-party regimes, preventing democratic breakdown and the erosion of civil liberties, enhancing vertical and horizontal accountability, and enabling competitive political party systems. Particular attention is given to the trade-offs and complementarities between different types of foreign aid, namely democracy assistance and economic development aid. Select policy recommendations are offered to improve aid effectiveness at bolstering democratic trajectories within the region.

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Democratic Trajectories in Africa: Unravelling the Impact of Foreign Aid

OVER THE LAST DECADE, SUB-SAHARAN AFRICA HAS experienced impressive economic growth and witnessed the emergence of a nascent middle class. Nevertheless, for a number of African governments, foreign aid continues to represent a vital source of finance to provide public goods and services. While aid certainly plays a role in shaping development outcomes in Africa, this policy brief focuses on its impact on general political governance and specifically democracy. As highlighted in a declaration at the conclusion of the 2011 Fourth High-Level Forum of Aid Effectiveness, "promoting human rights, democracy, and good governance" are viewed as integral to the efforts of the international donor community.¹

The relationship between aid and democracy is especially relevant in Africa due to the region's still high level of aid dependence and its relatively short experience with democracy. Official development assistance (ODA) to all of Africa as a share of gross national income (GNI) has declined from 6.2 to 4.9 per cent over the period from 1990 to 2009. Yet, this still remains four times higher than the next most aid-dependent region, the Middle East and North Africa.² The role of aid within the region is complicated by new resource flows, including large-scale natural resource discoveries and the growing influence of non-traditional bilateral donors, such as China, India and Brazil, that do not belong to the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

Although a large number of studies exist on the aid–democracy relationship, this brief examines the disparate effects and trade-offs of both democracy and economic development aid. Moreover, democracy is conceptualized as a multi-faceted process that includes both transitions to multi-party elections as well as the long-term consolidation of democratic gains. Examples are drawn from fieldwork conducted in seven African countries—Benin, Ghana, Malawi, Mali, Mozambique, Tanzania and Zambia.

After defining key concepts, this brief then examines how different types of aid have impacted transitions to multi-party democracy, democratic breakdown and

the erosion of civil liberties, vertical and horizontal accountability, and competitive party systems. A variety of policy recommendations are subsequently offered that try to reconcile existing trade-offs between enhancing aid effectiveness at addressing economic development outcomes and using aid to bolster democracy.

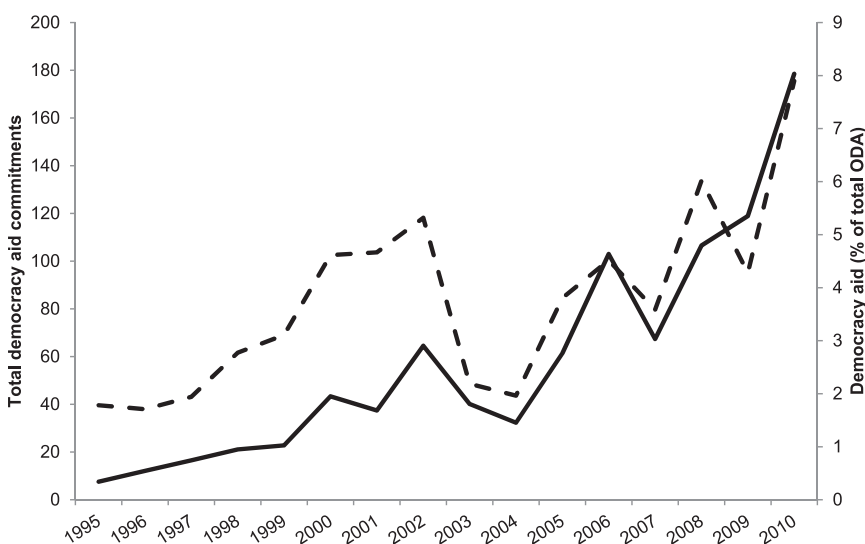
Development aid and democracy assistance: does the difference matter?

Although imperfect, differentiating between development and democracy assistance highlights variations in the stated aims of such aid and reflects diverse communities of practice. Development aid refers to resources distributed for the goal of promoting growth, reducing poverty, and furthering social welfare through interventions

in sectors such as education, health, agriculture, water, sanitation and transport. The current aid regime has been aimed at influencing the Millennium Development Goals (MDGs) and the Poverty Reduction Strategy Papers (PRSPs) through a “partnership model” that attempts to increase harmonization among donors, rectify asymmetric relationships between donors and recipients, provide more predictable resource flows, and use local systems for programme design, implementation and evaluation. Budget support is the main modality underlying the partnership model and it can be disaggregated into general budget support, which is non-earmarked funding to support the government’s policy priorities as outlined in a national development plan and sectoral budget support, which specifically funds a development programme for a particular sector.

Democracy assistance refers to technical expertise and material funding from donors, party foundations and non-profit organizations that is aimed at furthering political liberalization. The visibility of democracy assistance increased during the early 1990s when much of the developing world experienced significant political openings. Africa currently is the region that receives the most democracy assistance. As indicated by the solid line in Figure 1, the amount of total democracy assistance committed to Africa by multilateral and DAC donors was almost US\$2 billion by 2009. Yet, the dotted line shows that this was still only about 4 per cent of total foreign aid, meaning that development rather than democracy aid has predominated.

Fig. 1: Democracy aid to sub-Saharan Africa by DAC and multilateral donors (commitments in millions of 2010 constant US\$)



Notes: Democracy aid as a percentage of total ODA is highlighted by the dotted line and total democracy aid is represented by the solid line. Democracy aid includes support for anti-corruption, decentralization, democratic participation and civil society, elections, legislatures and political parties, legal and judicial development, media, human rights and women’s equality.

Source: Calculated from OECD’s Creditor Reporting System Database.

Conceptualizing democratization

By conceptualizing democratization, we can better understand the disparate impacts of the above two categories of

aid. At a basic level, democracy is achieved as a consequence of transitions from a one-party to a multi-party regime. The consolidation of democracy is a much more long-term process that can move in both positive and negative directions (see Figure 2). On the one hand, consolidation implies *avoiding a democratic breakdown* due to a coup or reinstatement of one-party rule and *avoiding democratic erosion*, which occurs when civil liberties are suppressed, freedom of speech is circumscribed, and key political institutions are bypassed. On the other hand, consolidation involves *deepening democracy* by enhancing those institutions and actors that enforce accountability and create a level playing field for multi-party competition.

There has been progress both towards and away from these elements of democracy in Africa. During the 1990s, a number of African countries experienced multi-party transitions. Yet, at least 12 African countries that officially transitioned to multi-party democracy in the early 1990s experienced a breakdown by 2010.³ With regards to civil liberties, the environment for freedom of expression is generally more favourable today, but independent media is still hampered by poor journalism, insufficient regulatory capacity of the profession, a lack

of inputs and infrastructure, and the adoption of anti-media laws in some countries. One of the most contentious civil liberties issues relates to lesbian, gay, bisexual and transgender (LGBT) rights, and 36 African countries currently have laws criminalizing homosexuality.

In the area of deepening democracy, one challenge is that political parties rarely have a defined policy orientation and opposition is generally weak. Power tends to be highly centralized around the executive due to legislatures that have limited constitutional powers, low salaries for members of parliament (MPs), and limited support staff. Likewise, many African courts are severely underfunded, and judiciaries often are dependent on the executive for financing, which reduces judicial independence.

The impact of aid

Democratic transitions

Development aid, rather than democracy aid, has played a stronger role in facilitating democratic transitions through at least two channels. One channel, observed often in the 1990s, has been direct coercion whereby donors withhold aid in response to severe human rights abuses and military coups. These actions were most

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Fig. 2: Conceptualizing democratic trajectories

Democratization trajectory	Democratic transition	← Spectrum of democratic consolidation →		
		<i>Avoiding breakdown</i>	<i>Avoiding erosion</i>	<i>Deepening democracy</i>
Components	Movement to multi-party regime	Preventing return to one-party regime	Preventing deterioration in civil liberties, disrespect for key institutions, and lack of ‘free and fair’ elections	Strengthening vertical and horizontal accountability and creating competitive party systems

Source: Author’s illustration.



effective in promoting democratic change in countries where governments lacked alternative sources of resources and faced concurrent domestic demands for political liberalization. For instance, high levels of aid dependence increased the leverage of the donor community in their efforts to convince Malawi's President, Hastings Banda, to allow a referendum on multi-party democracy in 1993. A second, more indirect channel, observed in Benin and Zambia, was the imposition of structural adjustment programmes that resulted in citizens protesting high costs of living and concurrent demands for greater political liberalization.

In some key instances, however, donors have used development aid to avoid democratic erosion. In Mozambique, a majority of the budget support donors withheld aid from mid-2009 to early 2010 to protest violations in the 2009 elections as well as a perceived increase in government corruption. The donors put forth 10 demands before resuming budget support, and the Mozambican government eventually conceded to most of the donors' concerns.

Nevertheless, very real divisions exist within the donor community about how much leverage they should use to prevent democratic erosion.

tious area of intervention. Notwithstanding declarations in 2011 by some bilateral donors that respect for LGBT rights would be taken into account when determining aid allocations, donors have a mixed record in this domain. In Malawi, public complaints by donors helped with the release of a gay couple from prison in 2010 but legislation introduced in 2011 to penalize lesbian acts provoked little immediate reaction. In Ghana, donors remained silent when government ministers banned an assembly of sexual minorities in 2007. Unlike other human rights issues, such as gender violence, donor reluctance to intervene in this

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Avoiding democratic breakdown and erosion

Countries that have recently transitioned to democracy are particularly vulnerable to the breakdown of multi-party politics and the gradual loss of democratic gains. In theory, development aid can help target key areas of contention that have the potential to contribute to breakdown. For example, the causes of Mali's breakdown in 2012, including Tuareg grievances as well as gaping socioeconomic and linguistic inequalities between the capital Bamako and the rest of the country, were long-standing problems. Donors could have done much more *ex ante* to address these structural impediments and to alter long-standing patterns that undermined political stability and national unity.

Electoral violations, economic mismanagement and corruption appear to be the main tipping points for encouraging greater donor coordination. In Malawi, misuse of government money and resistance to currency devaluation ultimately prompted a widespread suspension of budget support in late 2011. In Benin, donors have cited corruption as the main reason for withholding aid during Mathieu Kérékou's second term as president, and for more recent reductions in budget support under Yayi Boni. Similarly, in Mali, donor pressure resulted in the resignation of the health minister in 2010 due to allegations of misuse of project funding.

Leverage by development donors to prevent human rights abuses, particularly for those belonging to the LGBT community, is clearly the most conten-

arena is most likely due to the level of division amongst African citizens themselves on homosexuality.

Enhancing vertical accountability

Vertical accountability refers to the ability of citizens to assess the performance of government officials and to be able to sanction or reward their performance accordingly. Democracy assistance has played a direct role in supporting vertical accountability, predominantly by supporting key aspects of the electoral process such as cleaning the voters' roll, providing civic and voter education, funding the costs of ballot papers and monitoring elections. Nevertheless, election assistance remains primarily targeted at electoral periods rather than focused on providing long-term support between

elections. This prevents the institutionalization of election administration, fomenting a dependence on temporary rather than permanent personnel who often possess little experience.

Civil society, which includes non-governmental organizations (NGOs), trade unions, social movements and journalists, can provide accountability by educating citizens about elections and monitoring the performance of public officials. Although support to civil society represents one of the most favoured interventions by donors, there are areas of contradiction between the democracy and development assistance communities. For instance, trade and labour unions are more likely to have grassroots ties and be more broadly representative of citizen interests than narrow, issue-based NGOs led by professional elites. Yet, as highlighted most vividly in Benin in 2011, the demands of unions for higher wages and broader social welfare benefits can be antithetical to the macroeconomic criteria governments must follow to maintain donor funding, especially budget support. More broadly, by elevating government-to-government interaction, budget support can prevent civil society organizations from learning valuable information about government policy and reform issues, even as the democracy aid community attempts to improve civil society's ability to monitor such activities.

Promoting horizontal accountability

Horizontal accountability refers to the ability of institutions to monitor and sanction the actions of other state agents or agencies. Such institutions include judiciaries, legislatures and regulatory bodies, such as anti-corruption commissions. Some notable examples of donor impact in this domain include the creation of Benin's State General

Inspection office, which aims to prevent corruption and bribery in the public sector, an audit court in Mozambique to increase the transparency of public expenditures, and an anti-corruption commission in Zambia that was credited with unveiling malfeasance in the country's health ministry.

Democracy assistance in particular has directly contributed to strengthening legislatures and certain "islands of effectiveness" have emerged, such as Ghana's Parliamentary Public Accounts Committee. The impact of democracy aid to enhance the ability of legislatures to provide horizontal accountability, however, is limited by high rates of turnover by parliamentarians, the dominance of a particular political party in the legislature and rules that allow MPs to simultaneously serve as cabinet ministers. The lack of long-term, coordinated commitments by donors is equally problematic. For instance, some democracy aid donors have partnerships with the speaker or the clerk of the national assembly while others focus on increasing the capacity of select committees.

Most troubling is that development aid in the form of budget support has further marginalized the role of parliaments and reduced executive accountability to this particular institution. By negotiating directly with finance ministries and heads of state, budget support donors are less likely to communicate their activities to parliament, and neither executives nor donors require legislative approval of how such aid is used. Donors assume that parliaments obtain sufficient information during the budget approval process. Yet, this ignores existing weaknesses in parliamentary systems, including poor research capacities and insufficient time to review the budget before approval is required.



This policy brief is based on *Democratic Trajectories in Africa: Unravelling the Impact of Foreign Aid* edited by Danielle Resnick and Nicolas van de Walle (Oxford University Press, 2013). The book in turn originates from a UNU-WIDER project on "Foreign Aid and Democracy in Africa", directed by Danielle Resnick.



Creating competitive party systems

Viable and competitive political parties are essential for a functioning democracy, but political party aid is dwarfed by the amount of assistance that is allo-

By contrast, development aid can indirectly and unintentionally bolster incumbents. Certain practices included the increase in expenditures for a partially donor-funded input subsidy

ance, including a robust multi-party democracy, should receive greater weight in determining how aid should be disbursed. The effectiveness of aid to promote democracy is also hindered

“Viable and competitive political parties are essential for a functioning democracy, but political party aid is dwarfed by the amount of assistance that is allocated to civil society”

cated to civil society. Among those that do support parties, there is a difference in approaches. Major bilateral donors funnel their assistance through larger electoral assistance programmes in which party strengthening might just be one small component. Otherwise, party support is left to the party foundations and international and national NGOs, which tend to offer a longer-

programme around elections in Malawi and the synchronization of resources to combat malaria with the electoral cycle in Benin. These practices are most extreme in dominant party systems, such as Mozambique and Tanzania, where the opposition is already quite weak and the boundaries between state and party are increasingly blurred.

by prevailing aid practices that need to be reformed.

Enhancing the effectiveness of democracy aid

Democracy aid donors require greater attention to increasing the sustainability and harmonization of their interventions. One option is to concentrate on funding-concerted groupings

“Democracy assistance and development aid can have important synergies, but, in some domains, their different objectives result in a clear contradiction of priorities on the ground”

term engagement with parties. The Ghana Political Parties Programme, which involved collaboration by the Netherlands Institute for Multiparty Democracy, is typical of the latter approach. Notwithstanding these different approaches, the small level of party assistance provided by the democracy aid community has proven invaluable by providing opposition parties with monetary resources, equipment and knowledge essential for campaigning.

Policy recommendations: moving forward

Democracy assistance and development aid can have important synergies, but, in some domains, their different objectives result in a clear contradiction of priorities on the ground. These contradictions often reflect broader uncertainty about whether economic governance, including efficient public sector management and macro-economic stability, or political govern-

already established by civil society groups, such as the Peace Infrastructures in Benin, which consists of approximately 150 NGOs. Another option is to establish donor working groups, such as the Nordic+ programme and the Civil Society Support Mechanism in Mozambique, so that democracy and governance partners are better aware of each other’s efforts.

Reducing the imbalance in support between civil society and political parties represents another area for

improvement. Given that party aid can be resented by ruling parties, efforts should be focused on activities that benefit all parties rather than just the opposition. Foremost among these include providing advice for strengthening parties' internal democracy, focusing on the development of clear policy manifestos, and offering technical training about how to raise campaign resources from party members.

A more difficult challenge for the democracy community is that the legislative environment for promoting civil liberties is not always amenable. Even relatively open African governments still attempt to control freedom of organization and expression by their citizens, as highlighted by the 2002 NGO Act in Tanzania and the 2010 NGO Bill in Zambia. Donors therefore need a two-pronged approach that involves offering both legal training and legal support for NGOs and journalists, as well as communicating with MPs about the potential negative implications of passing legislation that limits freedom of speech and association.

Minimizing the weaknesses of budget support

In contrast to democracy assistance, the development aid community has increased its coordination and harmonization in many African countries as a result of using budget support. However, it is precisely because budget support is intended to support a longer-term planning horizon based on donor coordination and recipient governments' own policy objectives that the modality is not well adapted to deepening democracy. Indeed, the PRSPs that guide government expenditures backed by budget support rarely focus on political governance.

There are at least three possible approaches for better exploiting the benefits of this modality while simultaneously minimizing its disadvantages. First, general budget support could be pegged to three sets of outcomes on (1) macroeconomic management and transparency, (2) progress on key social welfare indicators and (3) *de facto* adherence to practices that support democracy and human rights. In this way, countries with strong economic management would not be penalized for poor democratic credentials but would have an interest in improving their record in order to access a larger set of resources.

Second, budget support disbursement indicators need to be much more explicitly defined and consistent across countries. Clear examples of unacceptable violations should be delineated in the same manner that they are for macroeconomic issues. For instance, changing the constitution to run for additional terms or holding elections deemed blatantly unfair by international observers could be considered examples of incidents that a subset of donors would not tolerate. In this regard, donors would commit themselves *ex ante* to delivering a coherent response when such incidents occur rather than adopting ad hoc and fragmented approaches *ex post*.

Third, budget support needs to avoid reinforcing the weaknesses of African legislatures. To do so, greater interaction is needed between budget support donors and parliamentarians to inform the latter of what activities are being funded by the international community. Donors should also provide explicit details to parliament regarding the benchmarks for their disbursements so that legislators know whom to hold accountable when aid is

suspended. In addition, the simple act of ensuring that the annual budget is distributed to parliament with ample time for scrutiny would represent an important step for ensuring that this institution has a greater voice in the budget support process.

Conclusions

The fate of a country's democratic trajectory ultimately lies in the hands of its citizens. Yet, external actors, including the international donor community, can contribute to the process in both positive and negative ways. Much greater effort needs to be taken to minimize the trade-offs between the democracy and development assistance communities as well as to better grapple with the distribution of power within recipient countries that condition aid's ability to simultaneously enhance socioeconomic well-being and support democratic consolidation. As we quickly approach a post-MDG world where governance is receiving increased attention, there is no better time to ensure that these lessons are finally incorporated into the international development agenda.

Notes

1. See http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_FINAL_EN.pdf
2. These trends were calculated from the World Bank's World Development Indicators. They are regional aggregates that only include countries considered "developing".
3. These include Burundi, Central African Republic, Congo-Brazzaville, Côte d'Ivoire, Gambia, Guinea-Bissau, Liberia, Madagascar, Mauritania, Niger, Sierra Leone and Zimbabwe.



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INSIDE: Policy Brief

Democratic Trajectories in Africa: Unravelling the Impact of Foreign Aid

An analysis of how democracy assistance and economic development aid jointly have influenced multi-party transitions and democratic consolidation in Africa.

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