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Foreign aid in Africa: Tracing channels of influence on democratic transitions and consolidation

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Working Paper No. 2012/15

Foreign Aid in Africa

Tracing Channels of Influence on Democratic Transitions and Consolidation

Danielle Resnick*

February 2012

Abstract

How does aid impact democracy in sub-Saharan Africa? Drawing on existing literature, this study elaborates on the various channels, direct and indirect, through which development and democracy aid has influenced transitions to multi-party regimes and democratic consolidation within the region. The study's findings are at least threefold. First, development aid was effective at promoting democratic transitions during the 1990s in those African countries that were beset by economic crisis, faced domestic discontent, or possessed a high dependence on aid, as well as when major donors took concerted action. Second, development and democracy aid demonstrate disparate effects on key elements of consolidation, including the avoidance of democratic erosion, the …

Keywords: accountability, Africa, democratic consolidation, foreign aid, party systems
JEL classification: D72, F35, F59, N47

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… enhancement of accountability, and the promotion of competitive party systems. Development aid's most direct influence is with respect to preventing democratic backsliding, though this is often done in an inconsistent manner. Democracy aid plays a more direct role with respect to enhancing accountability and party systems but, its cumulative impact remains hindered by the dispersion of assistance across different activities and its temporal focus on elections. Third, in some areas of consolidation, the disparate objectives of development and democracy aid create clear trade-offs that remain unresolved.

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1 Introduction

How does aid impact democracy in sub-Saharan Africa? Addressing this question is relevant for both normative and instrumental reasons. As Sen (2001) observes, civil and political rights are a part of human freedom and therefore, prevention from participation in one's political community is a major human deprivation. At the same time, a large body of empirical and theoretical research highlights that democratic regimes are more likely to be interested in improving the developmental outcomes of their citizens. Indeed, it has been argued that compared with authoritarian regimes, democracies provide more public than private goods (Bueno de Mesquita et al. 2003; Lake and Baum 2001) and spend more on education and social welfare (Ansell 2008; Brown and Hunter 1999; Huber et al. 2008; Kaufman and Segura-Ubiergo 2001; Stasavage 2005). In Africa specifically, many countries are grappling with twin processes of democratic and socioeconomic development, which closely intersect each other.[1]

Given the importance of democracy, a broad literature exists on aid's influence on this outcome variable. Yet, aside from a few works (Finkel et al. 2007; Scott and Steele 2011), much of this literature fails to disaggregate various types of aid (e.g. Bermeo forthcoming; Djankov et al. 2008; Dunning 2004; Goldsmith 2001; Knack 2004; Wright 2009). Furthermore, much of the literature does not consider that different types of aid will demonstrate disparate effects according to a country's democratic trajectory.

As such, this study elaborates on the various channels, direct and indirect, through which development and democracy aid has influenced democratic transitions and consolidation in Africa, as well as what features of the domestic context facilitate or undermine aid's impact. Democratic transitions refer to a shift from a one-party to a multi-party environment and the holding of regular elections. This is often considered a minimalist, or procedural, conceptualization of democracy. By contrast, democratic consolidation is a much broader and continuous concept. As described later, consolidation is defined in this study according to Schedler's (1998) delineation of its positive and negative variants. In particular, consolidation can refer to avoiding 'erosion', evidenced by a slow, gradual shift to a hybrid regime between liberal democracy and dictatorship and 'deepening democracy', which involves guaranteeing human rights, creating a level playing field for party competition, and adhering to constitutional divisions of powers.

The focus on both development and democracy aid is significant due to the varying ontological foundations and goals of these two types of assistance. Development aid refers to resources distributed for the goal of furthering social welfare. This aid can be further disaggregated into different modalities, such as project-based lending, sector-wide approaches (SWAps), and general budget support. Democracy aid is specifically designed to promote greater liberalization in a country that has already experienced a democratic transition. It not only includes aid provided by traditional bilateral donors but also assistance for political parties provided by foundations such as the National Endowment for Democracy, the German Party *Stiftungen* (e.g. Friedrich Ebert Stiftung, Konrad Adenauer Stiftung, etc.), and The Netherlands Institute for Multi-party

[1] There is a strand of literature that also examines whether aid's impact on growth might be conditioned on the existence of a democratic regime (see Boone 1996; Isham 1997; Svensson 1999).

Democracy. While development aid may see the government as a critical partner, democracy aid may view the government as a hindrance (see Carothers 2010; Unsworth 2009; Wollack and Hubli 2010). Moreover, development aid encourages democracy through social and economic transformation while democracy aid focuses on domestic agents to foster change (Finkel et al. 2007). Perhaps most importantly, democracy aid offers few 'carrots' or 'sticks' compared with development aid (Carothers 1999). This is particularly true given that democracy aid is much smaller than development aid in most countries.

The study has three main findings. First, development aid was effective at promoting democratic transitions during the 1990s in those African countries beset by economic crisis, domestic discontent, and a high dependence on aid as well as when major donors took concerted action. Second, development and democracy aid demonstrate disparate effects on key elements of consolidation, including the avoidance of democratic erosion, the enhancement of accountability, and the promotion of competitive party systems. Development aid's most direct influence is with respect to preventing democratic backsliding, though this is often done in an inconsistent manner. Democracy aid plays a more direct role with respect to enhancing accountability and party systems, although its cumulative impact remains hindered by the dispersion of assistance across different activities and the concentration of assistance around elections. Third, in some areas, the disparate objectives of development and democracy aid create clear trade-offs that remain unresolved.

To illustrate these points in greater detail, the following section reviews the predominantly quantitative literature on aid and democracy. Subsequently, I turn to analyses of aid's impact on Africa's democratic transitions in the 1990s. I then examine Africa's more recent consolidation record and review the channels through which aid influences the consolidation process. The final section concludes.

2 Literature on aid and democracy

Much of the quantitative literature on aid and democracy has resulted in contradictory findings. On the one hand, a variety of studies point to the positive relationship between aid and democracy. Based on global samples, Bermeo (forthcoming) limits her analysis from 1992-2002 and finds that while aid from oil donors reduces the likelihood of a democratic transition, aid from traditional Western donors increases the probability of a transition. Wright (2009) observes a similar trend by focusing on the period 1960-2002 and notes that aid exerts a positive influence to liberalize in dictatorships supported by a broad range of stakeholders with distributional demands. In the African context, Goldsmith (2001) finds a small but positive association between aid and Freedom House scores between 1975-97. Dunning (2004) observes that a majority of this positive association occurs during the post-Cold War period since donor threats to rescind aid to undemocratic regimes were less credible in the pre-Cold War era.

On the other hand, some studies find opposite results. For instance, Knack (2004) observes no association at all between aid and democracy using Freedom House and focusing on the period 1990-2000. Djankov et al. (2008) examine the period 1960-99 and use measures of democracy based on Polity IV and the Database of Political Institutions. They find that higher shares of aid as a ratio of GDP are associated with declines in democracy. These and other authors (e.g. Bräutigam and Knack 2004; Moss

et al. 2006) claim that the main mechanism by which aid harms democracy is by undermining vertical accountability between governments and citizens. In this view, aid is effectively unearned revenue, often equated with oil resources, and therefore creates little incentive for governments to take their citizens' concerns into account when making policy decisions. An alternative causal mechanism is presented by Morrison (2009) who argues that non-tax revenue allows authoritarian leaders to delay democratizing reforms by appeasing the poor through redistributive transfers.

Only a few studies have offered more nuanced results by examining different types of donors and aid. For instance, Svensson (1999) finds that only aid from Sweden, the United Kingdom, and the United Nations Development Programme (UNDP) was positively and significantly correlated with democracy in the 1990s while all other flows have an insignificant impact. Finkel and Seligson (2007) focused explicitly on US democracy assistance, which they find has a small but positive effect on countries' movement towards higher levels of democracy, as measured by Polity and Freedom House data. Scott and Steele (2011) arrive at similar results for democracy aid issued by USAID between 1988-2001 but find that economic aid has exhibited a negative effect. Nielson and Nielson (2010) uncover that democracy aid leads to higher democracy scores only in the subset of observations most likely to receive government aid in the first place.[2] Kalyvitis and Vlachaki (2009) rely on a 59-country sample from 1972-2004 and also observe that democratic aid flows are positively associated with the likelihood of observing a partly- or fully-democratic regime, even after accounting for the endogeneity of aid assistance. These approaches at disaggregation are a welcome advance given our knowledge that donors possess various motivations for their aid-giving and therefore different types of aid should not be expected, *ex-ante*, to demonstrate the same causal impacts.

Nevertheless, building cumulative knowledge about aid's impact on democracy based on existing quantitative analyses remains hindered not only by different estimation techniques, time frames, and country samples, but also by different measurements and conceptualizations of democracy. Freedom House data often combines information about both the electoral system (i.e. 'political rights index') and citizens' freedoms to participate in public life (i.e. 'civil liberties index'). The Polity index measures discrete political events in a country from year to year without providing a broader assessment of the overarching quality of that country's democracy. Since different countries are at disparate stages of their democratic trajectory, the causal mechanisms will vary, and this cautions against the indiscriminant grouping of countries into the same sample. Finally, economic and democracy aid will inevitably generate trade-offs and complementarities, but none of the aforementioned studies analyzes the interaction between these different modes of assistance, or their various sub-components (i.e. budget support, technical assistance, party aid, civil society aid, etc.).

2 There is a separate but related literature that examines whether regime type influences donors aid allocations. For instance, Hyde and Boulding (2008) find that in the 1990s, bilateral donors punished undemocratic behaviour among recipients by withholding aid to recipients that did not hold free and fair elections. Wright and Winters (2010) show that since about 1990, aid has been allocated to reward contestation rather than inclusiveness.

3 Aid and democratic transitions in Africa

Given the inconclusiveness of the cross-country quantitative literature, this section focuses explicitly on the African context and relies on case studies examining aid's impact on multi-party transitions, especially in the 1990s. The findings suggest that aid helped with transitions through three key mechanisms: via augmenting donor leverage, precipitating domestic discontent, and facilitating regime change under precarious conditions.

Leverage represents the most direct mechanism, which often occurred as a result of the addition of political conditionalities to development aid. The inclusion of political conditionalities reflected a notable change in attitude among donors regarding the importance of democracy. Stimulated by the end of the Cold War, the years between 1989-91 witnessed many donor governments emphasizing the importance of democracy, human rights, and good governance (Crawford 2001). For instance, in 1990, the British government announced that political freedom was essential for greater economic and social progress in Africa, and USAID stated that progress towards democratization would be considered when determining its aid allocations (see Nelson 1992). In the same year, the French President François Mitterrand stated at a Franco-African summit in La Baule that 'French aid will be lukewarm towards authoritarian regimes and more enthusiastic for those initiating a democratic transition' (cited in Casteran and Sada 1990: 15). By mid-1991, the World Bank was highlighting the importance of good governance for economic advancement (see Nelson 1992). In 1993, the Development Assistance Committee (DAC) of the Organization of Economic Cooperation for Development (OECD) adopted an explicit position favouring majority rule (see Goldsmith 2001).

Some donors followed through with their new commitment to political conditionality. In Malawi, President Hastings Banda had been in office for thirty years, often suppressing a broad range of civil liberties and any form of political dissent. After the deaths of over 40 pro-democracy protesters at the hands of the government in May 1992, the Consultative Group of donors under the auspices of the World Bank suspended all non-humanitarian aid until Malawi improved its human rights record (Brown 2004; Ihonvbere 1997; Roessler 2005). In Kenya, President Daniel Arap Moi established the Kenya Africa National Union (KANU) as the only legal party in 1982, detained and tortured members of the opposition, and exacerbated ethnic cleavages by dispensing patronage to his co-ethnics, the Kikuyu. In October 1991, the government banned a rally in favour of multipartyism and arrested around 300 potential participants (Roessler 2005). At their meeting a month later, the Consultative Group responded by suspending approximately US$350 million in new aid to Kenya until corruption was addressed and the political system was liberalized (Brown 2001). Crawford (2001) observes that due to human rights abuses, military coups, corruption, or civil conflict, 18 African countries in all faced aid sanctions between 1990 and 1996 by the European Union (EU), Sweden, the United Kingdom (UK), and the United States (US). He further notes that the prominence of aid sanctions were greater in Africa than in any other region of the world.

The impact of these conditionalities was more influential in creating reforms and stimulating a transition to democracy in some contexts than others. For instance, Banda finally conceded to holding a referendum on multi-party democracy in 1993 and

elections the following year. Moi amended the constitution in the wake of donor pressure and legalized opposition parties. In Lesotho, the threatened removal of aid after a military coup in 1994 led to the reinstatement of the elected government (Crawford 2001). Sandbrook (1996) finds that pressure from key donors, along with domestic protests, further instigated transitions to democracy in Ghana, Mali, Niger, Zambia, Tanzania, and Madagascar. In Rwanda, however, President Habryarimana complied with donor demands to sign a peace treaty with the Rwandan Patriotic Front in 1993, only for the country to descend into genocide the following year (Roessler 2005). In Nigeria, aid sanctions demonstrated little impact on Sani Abacha's regime to return to civilian rule and moves towards democratic government remained stalled in countries such as Togo, Gambia, and Equatorial Guinea (Crawford 2001).

These differential outcomes highlight that aid interacted with other circumstances to facilitate, or prevent, transitions to democracy. As Burnell (2000) points out, many of these conditionalities were antithetical to the interests of ruling regimes and therefore, on their own, provided little incentive to reform. Typically, aid sanctions were most effective where an economic crisis or domestic dissent concurrently existed, which was the case in Malawi and Kenya. In addition, a high level of dependence on aid was an important factor (Diamond 1995; Levitsky and Way 2006). In countries such as Nigeria and Gabon, access to oil revenue meant that there was little pressure to adhere to donor conditionalities (see Bratton and van de Walle 1992). In instances of civil conflict, the withdrawal of aid occurred too late to influence a more peaceful solution to political animosities (Crawford 2001).

Furthermore, co-ordinated action by donors rather than unilateral action was instrumental for influencing political liberalization (Crawford 2001). Where economic or security interests were at stake or donors possessed historical ties to a country, bilateral donor governments were divided over how much leverage to exert (Crawford 2001; Levitsky and Way 2006). For instance, donor divisions between the US and Western Europe occurred in the mid-1990s over pressuring President Museveni to adopt a multi-party system; European donors preferred to maintain the status quo due to Uganda's role as a beacon of stability in East Africa at that time (Hauser 1999). France appeared to be one of the least enthusiastic donors towards democracy, despite the rhetoric of Mitterand at La Baule. In fact, Martin (1995) finds that French aid to transitioning countries, such as Benin and Mali, decreased in the early 1990s while that for authoritarian Togo and Cameroon increased.

The second route through which aid influenced democratic transitions was via economic conditionalities that precipitated domestic discontent. Benin and Zambia present the clearest example of this trajectory. In Benin, the World Bank and International Monetary Fund (IMF) required the implementation of unpopular economic austerity programmes in the mid-1980s to correct for inefficient parastatals, corruption, and broader mismanagement of the economy. Subsequent job retrenchments and ballooning consumer prices resulted in widespread protests, eventually prompting President Kérékou to hold a national conference in 1989 among different stakeholders, which ultimately paved the way to multi-party elections (see Brown and Kaiser 2007). A similar dynamic occurred in Zambia during the 1980s, forcing President Kaunda to hold multi-party elections in 1991 (see Joseph 1997).

The third channel, which can be considered a facilitating channel, occurred through the financial support provided by donors to fund foundational elections after domestic pressure led to political reform. Democracy aid in particular played an important role in this regard by establishing electoral commissions, training election monitors, and supporting political parties. Indeed, democracy assistance in Africa grew substantially during the early 1990s with Carothers (1999) estimating that 40 countries in the region were recipients of democracy aid from the US alone. Mozambique was one of the countries that benefitted the most from support for democracy. The cost of the country's first post-war elections in 1994 was US$64.5 million, of which US$59.1 million was funded by 17 donors (Ottaway and Chung 1999). The creation by the international community of an US$18 million electoral fund was a key incentive for leaders of the *Resistência Nacional Moçambicana* (RENAMO) to participate in these elections (Burnell 2000). In South Africa, the German party foundations were key partners to political parties as they prepared for the 1994 elections (see Erdmann 2005). Donors also contributed US$2.1 million to Kenya's first multiparty elections in 1992 (Brown 2001), and established Malawi's first independent electoral commission in preparation for that country's 1994 elections.

4 Aid and democratic consolidation

For those African countries that did experience a multi-party transition in the 1990s, the major task has been the consolidation of democracy. The notion of 'consolidation' is highly contested in the democratization literature. Some adopt a narrow view, such as Huntington's (1991: 266) claim that a democracy is consolidated when there have been at least two turnovers whereby the opposition party that ousts an incumbent is also defeated in subsequent elections. Others have advanced the notion that consolidation occurs when no major political groups are interested in overthrowing the democratic regime or seceding from the state (Linz and Stepan 1996). In other words, consolidation occurs when democracy essentially has become 'the only game in town' (Przeworski 1991: 26) or 'likely to endure' (O'Donnell 1996: 37). Diamond (1997) provides a broader interpretation by equating a consolidated democracy with a liberal democracy, meaning that there are extensive protections for individual and group freedoms, civilian control over the military, inclusive pluralism in civil society and party politics, strong rule of law, and institutions to keep officeholders accountable.

Schedler (1998) assesses the range of literature on consolidation and helpfully differentiates among the many conceptualizations that exist. He highlights that the collective literature reveals that the concept is essentially continuous, with both negative and positive variants. At the extreme negative side, consolidation implies avoiding complete democratic breakdown. In countries that have not broken down, the next task is to avoid democratic erosion, which implies a gradual shift to a hybrid regime between democracy and dictatorship. Civil liberties may be suppressed, freedom of speech could be circumscribed, and key political institutions might be bypassed. At the positive end of the spectrum is the notion of deepening democracy. This involves respecting and reinforcing key institutions, such as legislatures and judiciaries, guaranteeing civil and human rights, and creating a level playing field for multi-party competition. Adopting this notion of negative and positive variants is especially useful for understanding the channels through which foreign aid affects the consolidation process.

Thus far, Africa's record at consolidation has been relatively lackluster. Not long after many of the region's democratic transitions, many lamented that the political party which won its country's first multiparty elections had, in most cases, retained power (Nohlen et al. 1999; van de Walle 2003). In fact, Doorenspleet (2003) argued that most African democracies could be characterized as 'one-party dominant', since the ruling party consistently wins presidential elections and garners a majority of seats in legislative elections. Most opposition parties remain hindered by low levels of funding and unequal access to the media and other campaign resources during elections. At the same time, a number of African presidents, including those in Malawi, Namibia, Nigeria, and Zambia, have attempted to alter their constitutions in order to run for third terms (see Posner and Young 2007). As a result of Africa's predominance of presidential regimes, executive power remains extremely concentrated, and legislatures often serve as 'rubber stamps.' More worryingly, minority rights, are sometimes flagrantly disregarded, an issue which increasingly has become most egregious in the case of homosexuals.

While foreign aid might have assisted with democratic transitions in some countries through the channels discussed above, there is widespread agreement that it was less successful at creating a firm foundation for democratic consolidation. Generally, African political elites were viewed as relatively adept at providing the donors with the minimum demanded, i.e. elections. As Brown (2005: 184) points out, elites consented to 'allowing opposition parties to compete, but not win; permitting an independent press to operate, but not freely; allowing civic groups to function but not effectively; and consenting that elections be held, but not replace the ruling party.' In extreme cases, such as Togo, Cameroon, and Guinea, elections became 'electoral *coups d'états*' with the ruling party repeatedly winning due to election rigging and other means of undermining the opposition (Crawford 2001). Levitsky and Way (2006) likewise point out that much of the democracy promotion by donors was 'electoralist' with little attention to civil liberties, and they note that Western pressure often eased after the first multi-party elections occurred.

There are a number of reasons why aid may be more effective at directly influencing democratic transitions than consolidation. First, the consolidation agenda is much larger and much more complex (Brown 2005). By contrast, a transition between a one-party to multi-party regime is a more targeted event. Second, the donor landscape has changed from the early 1990s, and the arrival of new donors, such as China, India, and Brazil, provides alternative sources of resources when traditional donors exert pressure for greater political liberalization. Third, new initiatives on the international aid agenda have tended to reduce the attention that was accorded to democracy in the 1990s. Specifically, the Millennium Development Goals (MDGs) revitalized aid commitments by focusing attention on service delivery. The Paris Declaration and the Accra Agenda for Action represented watershed events by encouraging donors to better harmonize their assistance and engage in partnerships with developing country recipients. Consequently, however, this new emphasis on 'country ownership' creates more ambivalence among donors about criticizing the commitment of ruling regimes to democratic consolidation.

Notwithstanding these challenges, the following section provides an overview of how aid might plausibly impact consolidation in Africa. Theoretically, aid can demonstrate both structural and contingent effects. On the structural side, aid potentially can foster

socioeconomic development that is conducive to the growth of a middle-class, who in turn may possess pro-democratic values and inclinations. The contingent effects refer to donors' short-term actions that may in turn help avoid erosion or promote the deepening of democracy. Given the difficulty of uncovering long-term, structural impacts of aid, the following discussion is limited to the contingent effects. After discussing aid's role with respect to avoiding erosion, I turn to two sub-components of deepening democracy: vertical and horizontal accountability and competitive party systems.

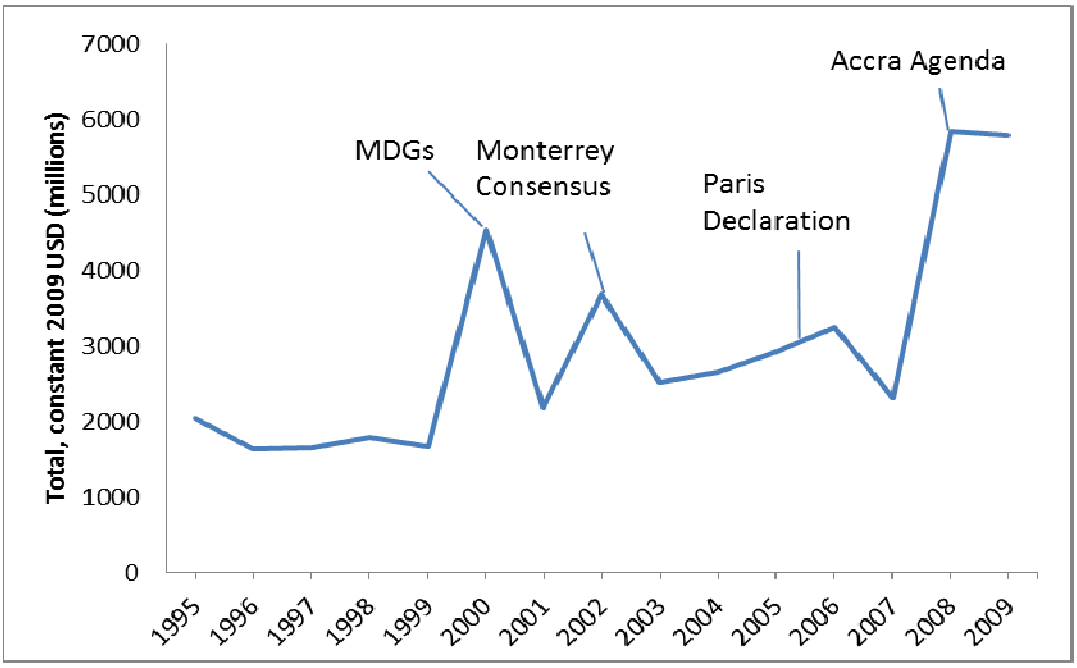
4.1 Avoiding erosion

Due to its ability to be used as a carrot and stick, development aid plays a much more direct role in this domain than democracy aid. Essentially, development aid can be used as leverage to prevent erosion, much as it was during the transition period. For instance, donors have threatened to reduce or rescind aid in a number of instances where incumbents attempted to abrogate presidential term limits in their constitutions (Posner and Young 2007). The displeasure of Western donors most likely influenced the decision of the Ugandan Parliament not to table legislation in 2010 on a proposed bill to implement the death penalty for homosexuals. When the President of Malawi signed into law legislation allowing the Minister of Information to ban any media publication critical of the Government, the German bilateral donor agency, the *Gesellschaft für Zusammenarbeit* (GIZ), suspended half of its budget support, reducing it from 5 million to 2.5 million Euros (Sonani 2011). In Ethiopia, donors temporarily suspended budget support after that country's severely rigged 2005 elections, even though President Museveni's harassment of opposition leaders in the 2001 and 2006 elections barely provoked any reaction from the donor community (see Barkan 2009).

The puzzling issue is why do donors choose to exercise leverage over some issues, and in some countries, but not others? And why does it work in some instances and not others? According to Carothers (1999), donors might not intervene on issues related to democracy if they are afraid to jeopardize high-profile or long-term plans, or if they do not want to aggravate already bad economic conditions within a country. Brown (2001) claims that this partially explained donors' ambivalence to force greater consolidation in Kenya after the country's transitional election. In this case, they feared that withholding economic support would precipitate a grave economic and political crisis, which would lead to a far worse outcome than the imperfect status quo that existed. Brown (2005) also argues that many donors ignore Ethiopia's effective single-party status due to its free market rhetoric and its stabilizing role in the Horn of Africa.

There are a number of hypothesized conditions under which the use of leverage may prove effective, and these are often similar to those which led to transitions during the 1990s. For instance, if donors do not act together, then the collective impact of donor leverage is much lower. Often, there is a differentiation between bilateral and multilateral donors, with bilateral donors much more likely to be concerned with democracy issues while multilateral ones, such as the World Bank and the African Development Bank, adhering to an apolitical mandate. Not surprisingly, when a country has alternative access to resources, donor attempts to avoid erosion by withholding, or threatening to withhold, aid will be less effective. Today more than in the past, the dependency of a country on general budget support should play a role. Given recent spikes in this modality (see Figure 1) and the fact that general budget support is

Figure 1: Trends in general budget support to Africa (commitments)



Source: Calculated from data from OECD's, Creditor Reporting Database.

preferred by many African governments because it provides greater autonomy over spending priorities, losing this form of donor support can be highly disruptive. Moreover, most non-traditional donors do not have a consistent policy to provide this type of grant finance but rather prefer debt relief, technical assistance, or loans directed at large-scale infrastructure and construction projects (see Paolo and Reisen 2010).[3] As such, the ability to turn to alternative donors is not extremely realistic if high levels of dependence on budget support exist.

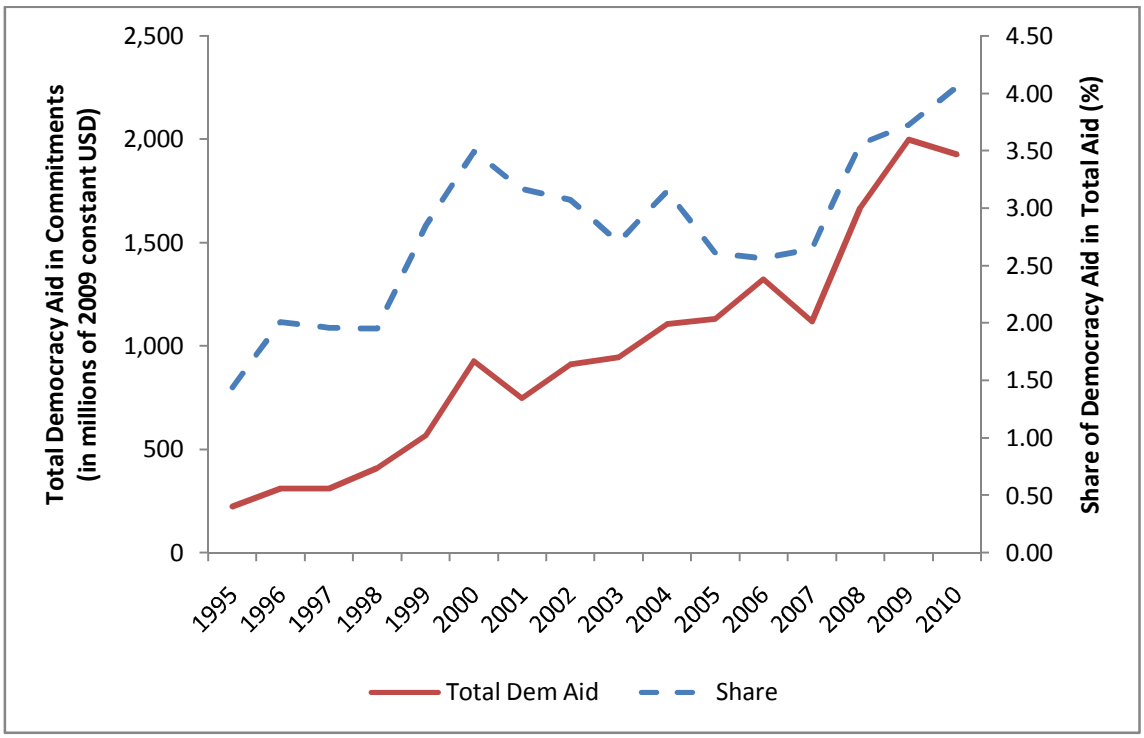
4.2 Enhancing vertical and horizontal accountability

With respect to deepening democracy, democracy aid appears to play a more direct role while the impact of development assistance is more indirect. Enhancing vertical and horizontal accountability constitute key elements of deepening democracy. Vertical accountability refers to creating relationships of responsibility between citizens and their governments. Horizontal accountability is defined as restraints imposed by one state institution upon another (see O'Donnell 1994).

Democracy aid in total is estimated to be over US$5 billion annually, with the United States, the European Union, and the United Nations Development Programme being the major donors in this area (Burnell 2007). In fact, as of the 2008 fiscal year, USAID's democracy assistance allocations totalled US$2.25 billion (GAO 2009). In Africa, democracy aid has been closer to US$1.9 billion in recent years. While it still remains a relatively small share of total development assistance to the region, total flows of democracy aid nonetheless have increased over time (see Figure 2).

3 In many cases, China and India also tie their aid (see McCormick 2008).

Figure 2: Democracy aid to sub-Saharan Africa by DAC and multilateral donors (commitments)



Notes: Democracy aid includes support for anti-corruption, decentralization, democratic participation and civil society, elections, legislatures and political parties, media, human rights, and women's equality.

Source: Calculated from data from OECD's, Creditor Reporting Database.

Democracy aid often focuses on increasing the capacity of key actors and political institutions, including legislatures, the judiciary, and civil society organizations, as well as mechanisms of transparency, such as the media. Since elections are a key mechanism for enforcing vertical accountability (see Schmitter and Karl 1991), it is also notable that a large share of democracy aid goes towards supporting electoral commissions, voter education, and voter registration exercises. For instance, in Tanzania, the UNDP oversaw a US$13 million Deepening Democracy Programme from 2007-10 aimed at, among other things, strengthening electoral bodies, the electoral process, and civic education.[4] In Benin, donors invested US$31 million in preparing computerized electoral lists for the 2011 elections (Gazibo, forthcoming). Likewise, a new electronic voters' roll represented one of the achievements of the US$20.7 million in donor support for Malawi's 2009 elections (Duncan 2009). As Carothers' (1999) notes, supporting elections requires confronting a relatively consistent set of technical challenges, thereby allowing donors to draw on the same set of tools across different countries.

Yet, there are some questions regarding how democracy aid is distributed for accountability. Most notably, in the case of US democracy and governance aid, there has been criticism that there is an excessive focus on elections to the detriment of other elements of democracy (see Scott and Steele 2005). This can likewise affect support to

4 See http://www.tz.undp.org/dg_proj_dg_ddtp.html.

civil society organizations, which might see their support increase beyond capacity around elections and wane otherwise. Funding to civil society can be disproportionately urban-based and led by middle-class elites, thereby sideling other forms of associational life located outside of cities (Hearn and Robinson 2000). Since many donors prefer to use democracy assistance to work with civil society rather than with political officials, Reinikka (2008) observes that this bias often gives the impression that civil society groups, including NGOs, have greater legitimacy than elected politicians. Kumar (2005) further notes that the most influential legislatures rarely participate in donor meetings and therefore, efforts to strengthen parliaments are focused on junior members who possess little clout to change existing legislative processes. With respect to the media, Carothers (1999) has argued that this aid is disproportionately targeted at training journalists rather than with confronting the challenge of financial sustainability within media outlets or ways to retain independence in the face of state persecution.

As alluded to earlier, a vast literature claims that development aid undermines vertical accountability because it functions as a 'strategic rent' and creates a disincentive to tax (e.g. Bräutigam 1992, 2008; Djankov et al. 2008; Moore 1998, 2004; Moss et al. 2006; Remmer 2004). However, some development assistance explicitly has been used to bolster tax systems (see Gupta and Tareq 2008). Others have claimed that the conditions attached to development assistance makes the traditional parallel with other types of strategic rents, such as oil, inaccurate (see Therkildsen 2002). Moreover, countries such as Botswana and Mauritius received more aid in the 1960s and1970s than the Democratic Republic of Congo but are today the region's two most stable and long-standing democracies. Goldsmith (2003) therefore argues that it is characteristics within a country, rather than of aid, that create pressures for accountability. Most damaging for the high aid-low accountability thesis is that it has often been asserted but rarely tested (Wright and Winters 2010).[5]

By contrast, there is more empirical evidence that development aid may indirectly undermine horizontal accountability and thereby contradict some of the aims of democracy aid. In this regard, a great deal of focus has been accorded to budget support. Since this form of assistance is provided on a concessionary basis or as a grant rather than a loan, national parliaments rarely need to approve legislation on these donor contributions. The expectation is that they will be informed of such allocations through the presentation of the budget. Whether this occurs depends on the budget calendars, which affect how much time parliamentary committees have to analyze budget proposals, as well as their access to technical advice (De Renzio 2009). According to Bräutigam (2000), development aid generally alters the balance of power in favour of executives, which as already noted, are extremely strong in Africa. By according power to an executive-appointed Ministry of Finance, budget support can exacerbate that trend.

The World Bank's own evaluation agency concluded that many of its budget support aid, delivered through Poverty Reduction Support Credits, rarely involved any consultation with legislatures or civil society (IEG 2010). A review of general budget support in Tanzania similarly found that there was little evidence of the Parliament's ability to scrutinize discretionary spending within the budget (Lawson et al. 2005).

5 Bratton and Logan (2009) engage in some interesting analysis based on Afrobarometer data but, there have been no known attempts to specifically survey African citizens on their views regarding aid and accountability.

Likewise, a review of general budget support in Uganda stated that this modality could sideline Parliament and civil society (Lister et al. 2006) while a review in Mozambique cautioned against its use due to the existing weak role of Parliament vis-à-vis the ruling government (USAID 2004). In the expectation of greater efficiency, donors may prefer this modality as a means of bypassing lengthy legislative debates. For example, in the wake of Malawi's institutional crisis of 2005, when opposition members of parliament (MPs) refused to pass the budget due to a number of concerns with the President's behaviour, the African Development Bank suggested that to avoid such stand-offs in the future, more of its loans should be delivered as grants because the latter do not require Parliamentary approval in Malawi (AfDF 2010). Given the ability of legislatures in most donor countries to act as veto players on aid decisions, it is therefore ironic how little power African parliamentarians possess with regards to aid decisions.

4.3 Competitive party systems

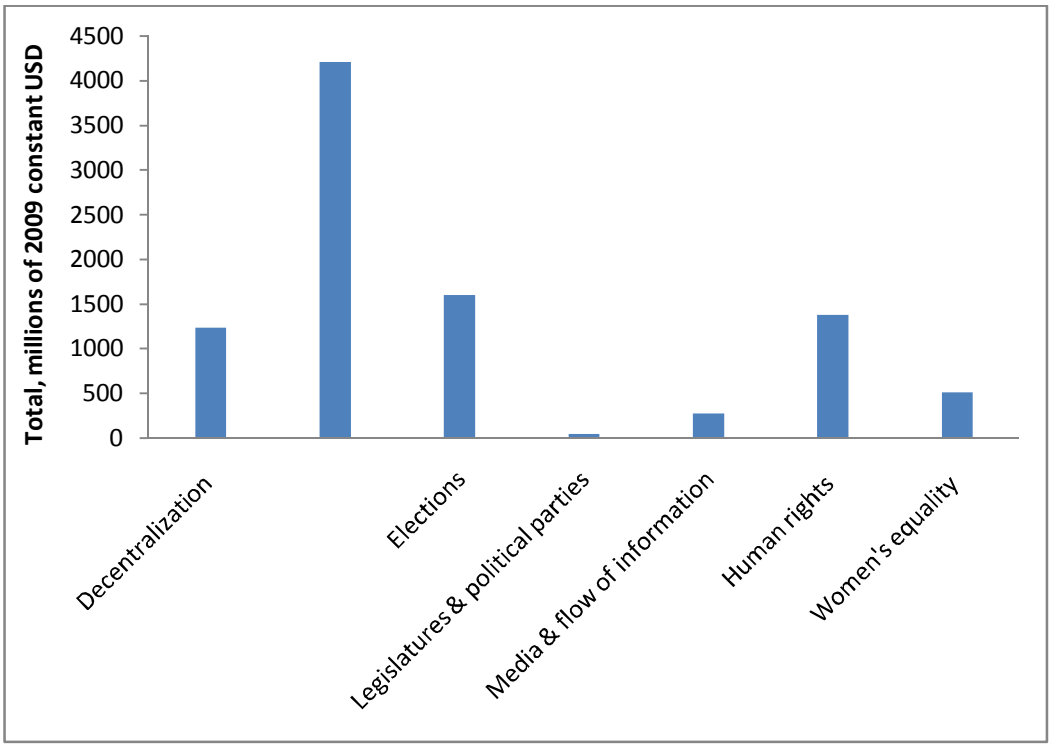
As with accountability, democracy aid, especially the sub-component of party aid, plays a more direct role in fostering competitive party systems while development aid retains a more indirect role. Party aid by Western donors is estimated to be around 5 to 7 per cent of total democracy assistance (Carothers 2006). As Kumar (2005) outlines, there are three main types of donors in this area: bilateral and multilateral donors, non-governmental and inter-governmental organizations that include the UNDP and US-organizations such as National Democratic Institute and the International Republican Institute, and political party foundations. Germany's *Stiftungen* are the major players in the latter category, and they collectively operate in 29 African countries (Erdmann 2005).[6] The goals of party aid are numerous and include reinforcing parties' organizational and financial capacities, fostering transparent and democratic modes of selecting party leaders, assisting with the development of party platforms, and creating a well-defined membership base and grassroots networks.

The difficulty with party promotion is that it involves tackling the inherent power asymmetries both between and within political parties, and this can be a risky undertaking since it can provoke a negative reaction from host countries (Carothers 1999). This is especially true in the dominant-party systems that prevail in the Eastern and Southern African region (e.g. Botswana, Mozambique, Namibia, Tanzania, and South Africa). Indeed, party aid is often given to parties with some representation in Parliament, including ruling parties. Consequently, this tends to reinforce existing inequalities between ruling parties and the opposition. However, excluding ruling parties from assistance would not be tolerated by many governments. As Carothers (2004) points out, party leaders might also possess a disincentive to liberalize internal party selection procedures that would undermine their authority.

Yet, even though viable political parties are absolutely essential for genuine democracy, major donors shy away from giving assistance to parties (see Ottaway and Chung 1999) and instead focus on civil society organizations. This is clear from Figure 3, which

6 Germany's foundations receive funding from the Ministry for Economic Cooperation and Development and are allocated a share based on their share of seats in the German Parliament (Carothers 2006). The way that Germany's foundations operate has received a great deal of scholarly attention. For example, see Erdmann (2005), Mair (2000), and Weissenbach (2010).

Figure 3: Disaggregated democracy aid to Africa, 1995-2009 (commitments)



Source: Calculated from data from OECD's Creditor Reporting Database.

highlights that support to legislatures and political parties pales in comparison to support for civil society. By adhering to this division between parties and civil society actors, democracy aid has also done little to improve the relationship between the two (Carothers 2004). In fact, in many African countries, civil society organizations remain fearful of co-optation by political parties or harassment from the ruling regime if seen to be too close to the opposition. However, without greater linkages, parties fail to establish the grassroots support they need to expand their bases.

Like with other forms of democracy aid, party aid is viewed as highly electoralist and therefore, often linked to a very short time-frame. Kumar (2005) notes that party aid from bilaterals is usually linked to a one- or two-year donor project compared with the five-year time-frame often used for initiatives aimed at strengthening the media and civil society. This is problematic given that donors need to establish trust with parties over time in order to avoid suspicion that donors are supporting a particular political agenda. Finally, co-ordination within donor agencies is a major challenge. A review of USAID's and the US State Department's democracy assistance revealed that neither agency had much information about party strengthening programmes implemented by the US-based National Endowment for Democracy (GAO 2009: 28).

Development assistance is not intended to affect political parties but, it can have some unintentional and indirect influences on the competitiveness of the party system, mainly by augmenting existing advantages for the incumbent. For example, incumbents can take credit for donor projects around elections through ribbon-cutting ceremonies and other media stunts. Moreover, aid delivered as general budget support can reinforce the political business cycle by allowing governments to increase expenditures right before

elections (see Dreher and Jensen 2007; Faye and Niehaus 2010). In such cases, aid can be used to augment expenditures for developmental needs but ones that provide private pay-offs rather than broader public goods. One example is Malawi's Fertilizer Input Subsidy Programme (FISP), which experienced more than a twofold increase in the year of the 2009 elections, which the finance minister claimed was largely funded by general budget support from AfDB, DfID, and the EU (see Dorward et al. 2010). As Dorward and Chirwa (2011: 16) observe, 'Political pressures to expand the programme and to use it for patronage were evident in the run up to the election'. Moreover, if general budget support is relatively fungible, then incumbents can use the resources to fund the purchase of vehicles, advertisements, and handouts that give them a campaign advantage around elections. Some non-traditional donors have more overtly engaged in support for the opposition. In fact, a large part of the campaign by Zambia's ruling Movement for Multi-Party Democracy (MMD) for the 2011 elections is believed to be funded by the Chinese (see Mbao 2011). At a more abstract level, Wollack and Hubli (2010) point out that the donor discourse on 'country ownership' often uncritically equates the priorities of the ruling government, or a narrow elite, with those of the country at large. This can be detrimental to enhancing the legitimacy and voice of other stakeholders, including opposition parties.

5 Conclusions

Overall then, we can gain a better understanding of aid's potential channels of influence by disaggregating between development and democracy aid as well as examining different elements of the democratization process, namely transitions and consolidation. Quantitative, cross-country analysis on aid and democracy has proved relatively inconclusive due to a mixture of time-frames, measures of democracy, and country samples. In the specific African context, the review of case studies and literature on the transitions of African countries in the 1990s reveals that in some cases, aid played an instrumental role in facilitating the rise of multi-partyism. Three types of influence were identified, including the use of economic aid as leverage via political conditionalities, the precipitation of domestic discontent through aid's economic conditionalities, and a facilitation role whereby both economic and democracy aid ensured that multiparty elections occurred as smoothly as possible. With respect to leverage, a number of necessary conditions were highlighted, including a high level of aid dependency and concerted action by all donors.

In terms of consolidation, three key areas were examined: avoiding erosion of democratic gains, enhancing vertical and horizontal accountability, and contributing to competitive party systems. I argued that development aid could have the most direct influence over government attempts to erode democratic gains. Yet, donor behaviour in this domain remains erratic and poorly understood. Democracy aid can more directly influence agents of accountability and the competitiveness of party systems. However, such aid remains decidedly oriented around elections and excessively focused on civil society to the detriment of other actors. More worryingly, the initiatives sponsored by democracy aid can be undermined by some of the indirect impacts of development assistance. Indeed, the trend towards bypassing legislatures and reinforcing incumbent advantages that occurs through some donor modalities contradicts many of the aims of democracy aid.

While development aid might therefore have exerted larger direct effects on transitions in some African countries, the impact is perceived to be smaller, more indirect, and sometimes negative with respect to consolidation. By contrast, it is relatively difficult to imagine that the same number of elections, media outlets, and civil society organizations would be functioning within the region today without some democracy aid over the past thirty years. The cumulative impact of such democracy interventions still remains hindered by the fact that democracy aid is small compared to other types of assistance, often spread across a wide range of issues and stakeholders, and requires reform-minded actors to already exist within the system (Carothers 1999). Few democracy aid donors have even attempted to evaluate their assistance, and USAID appears to be the only major bilateral one that has done so (see Moehler 2010).

An unresolved issue that emerges from this review is the lingering tension between development and democracy aid. While the gap in goals between development and democracy aid is smaller than in the past (Wollack and Hubli 2010), practitioners in these two areas still remain disconnected in their priorities. By adhering to the aims of the Paris Declaration and the Accra Agenda for Action, development assistance has been harmonized, especially through budget support, and developing country governments are more frequently viewed as partners rather than just recipients. The attendant emphasis has been on *economic* governance, including combating corruption and enhancing public sector management by working closely with ministries of finance and other key public institutions. In the realm of democracy aid, however, the aim is to engage a much broader range of stakeholders and promote more responsive, responsible, and representative *political* governance.

Under normal circumstances, such dual objectives are rarely problematic, other than by spreading scarce donor resources in a wide array of directions. Yet, when governments with good macroeconomic performance and well-managed public financial institutions begin threatening the media, harassing opposition leaders, or persecuting minorities, the proper donor intervention is less clear and involves favouring one objective over another. Improving the collective positive impact of aid on democracy, in both Africa and beyond, therefore will require aligning the influences of development and democracy aid in a much more consistent manner.

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