Hartmann, Simon

Research Report

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**Good Governance and Ownership: A Mismatch in the New EU Development Policy Agenda**

Simon Hartmann

The new EU development agenda is an adaptation of an old mismatch in development policy, which is the effort to join, on the one hand, donor-driven demand for good governance and democracy, and on the other hand, a commitment to the ownership of development strategies by the recipient countries. This is an ambiguity because the two approaches oppose each other. We recommend to dissolve this mismatch by promoting a new global partnership with a specific emphasis on ownership. This entails context-sensitive analyses of the political and economic environment of the transition process in partner countries.

**Introduction**

Based on the Green Paper "EU development policy in support of inclusive growth and sustainable development" of 2010 (EU 2010) and the ensuing consultation process, the EU Commission recently presented the Agenda for Change as a new development policy approach. This approach is a commitment to supporting political and economic change, moving towards more inclusiveness. The work at both levels is meant to be a recipe for fostering progress in poverty alleviation. The EU development policy will look at "partners' commitments to human rights, democracy and the rule of law and to meeting their peoples' demands and needs." The Commission aims to support actors with "programmes or project-based interventions" and decided to link general budget support "to the governance situation and political dialogue with the partner country" (EU 2011: 5). The text basically follows two purposes: promoting good governance and increasing growth. Our essay concentrates on a fundamental mismatch between the good governance commitment, other agenda commitments, and the new aid architecture.

**The Mismatch**

Apart from some of the agenda's deeply rooted conceptual problems (for information on the problem of making change the catchphrase for a donor-driven agenda, see Hartmann 2012), there is an easily detectable, yet very problematic, mismatch. Looking at the text, the problem of conflicting goals quickly comes to mind. The authors of the Agenda for Change write: "As long-term progress can only be driven by internal forces, an approach centred on political and policy dialogue with all stakeholders will be pursued. The mix and level of aid will depend on the country's situation, including its ability to conduct reforms" (EU 2011: 5). A few lines below, the document reemphasizes this commitment and literally proclaims to "support the change needed in partner countries to bring about faster progress towards poverty reduction and the MDGs" (EU 2011: 12). It repeatedly says that change can only come from within the recipient countries and that the EU donors contribute to the transformation process only if they are needed. But at the same time, it claims it is committed to imposing human rights and democracy with stricter conditionality in cases where they are violated. Moreover, the agenda says it shall further "key elements of good governance" (EU 2011: 4-5).

Within the same twelve pages, the EU admits first that internal forces are most important for change and that they only support what recipient countries need. Later, it rigorously imposes stricter conditionality for cases where recipient countries do not respect what the EU thinks most important for development: democracy, human rights and good governance. Leaving human rights aside (as they are a central element of international law and universally applicable), there is a major mismatch between key aspects of the agenda. On the one hand, it promises to respect what is happening within recipient countries, and on the other hand, it externally imposes normative ideas such as good governance and democracy. The co-existence of these conflicting ideas is not a recent problem. They have a long history and have repeatedly been part of development programs and policies (see Table: "The recurrence of old ideas" – next page).
The new EU development strategy shows us yet again that ownership and the perpetually lived development policy of donors do not fit together. On the one hand, as Easterly (2002) suggests, ownership has been a part of the concepts for a very long time, but it is usually – as we argue – not as recognized by donors during implementation processes. Additionally, ownership in the sense of leaving recipient countries alone with their own problems and exploiting it as principle to blame recipients for their problems is also a problem. First, this is because the political embeddedness frames and determines how development policies are implemented. Development is inherently political, but the fact that development policy strategies and policy-making neglect the politics of aid has long been recognized as a problem. It is deeply rooted in the role that development policy plays in the political systems of donors and the lifecycle of aid experts. The “politics” of the development process has, to a large extent, been omitted from development studies curricula. This is a problem because University education is an important time that helps shape the attitudes of upcoming development experts. Bates (2010: xi) laments this in the preface to the new edition of his book "Prosperity and Violence. The Political Economy of Development":

“[I am dissatisfied …] with the ways in which undergraduates study and professionals approach the practices of development. They conceive of development as an international activity and one that is technical, or at least apolitical. While conceding that development is indeed an international endeavour […] and while conceding that there is indeed a technical side to development, I insist that the process is deeply political.”

The political aspect is that ensuring visibility of donor actions for key constituencies in donor countries (for example, special interest groups like businesses or NGOs in terms of policy concessions, or the taxpayer for effective tax revenue spending), clearly has priority over letting recipient country governments or their stakeholders experiment with what they think is best for themselves. As in most cases the donors have been democracies, it is not surprising that they first and foremost want to satisfy those who will potentially support their staying in power.

Second, not all recipient countries can solve all of their problems alone. This is because strategies for development and the obligation of implementation not only require motivation and information, but also capacities that allow the recipients to cope with their challenges. Gebrewold (2009: 99) makes an interesting point about this problem:

“Although Africans are not mere victims of the global system but rather are its co-maker, the slogan 'African solutions for African problems' papers over the complexity of its challenges. Africa's problems are too multifaceted to be solved by Africans alone. For instance, Africa lacks the capacity and resources to implement UN arms embargoes. It lacks the political will and a broader diplomatic strategy to tackle the continent’s issues. But, more important, even if it had the capacity and will, because it is a highly penetrated subsystem, its problems are not purely generated from within.”
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Varying guidelines and aid modalities, especially the accountability mechanisms donors claim towards recipient countries, overload the administrative capacity of the latter. Hence, if ownership is exploited by donors in the sense of blaming recipient countries for a failure to overcome their own problems, it is not a principle of partner-oriented development policy, but rather more of an excuse by donors for failing to deliver effective aid.

To be clear, we are not fundamentally against the idea of good governance and democracy. Our critique points directly to the mismatch in suggesting that a development agenda could do both things. Moreover, democracy and good governance are concepts of Western donor countries. The strict imposition of these concepts on developing countries has nothing to do with “dialogue” or a respect for ongoing internal processes. The EU committed to “ownership of development priorities of developing countries” (see the Busan Partnership Agreement for Effective Development Cooperation, OECD 2011: §11a), not only in its own development policy, but also in its support of the outcomes of other international agreements. Putting Western concepts at the center of a development agenda in effect leaves barely any room for alternative approaches and their priorities. When considering how the consultation process for the EU Green Paper proceeded, it becomes clear that the EU development agenda is not a partner program but another donor-driven development plan (as argued in Hartmann 2012).

What can be done about it?

First, as already suggested in the introduction, we recommend remedying the mismatch between the commitment to “support the change needed” and the rigorous imposition of a good governance agenda and stricter conditionalities. We encourage either revising the agenda for change or revisiting the aid architecture under which EU donors committed themselves to country ownership. As the two points are conflicting, the EU policy makers must make their priorities clear. Here we agree with Buiter (2007: 651):

“In conclusion, the concept of ‘country ownership’ has been used and abused in so many ways that it now is at best unhelpful and at worst misleading and obfuscating. When the statement ‘this program is country-owned’ tends to mean no more than ‘this program is supported by the people who own the country’, it is time to purge it from our vocabulary.”

Donors have to prove that their commitment to involve and support non-governmental stakeholders is more than “lip service”. Therefore, discerning and respecting the constraints in recipient countries and the reality of donor-recipient negotiations and power issues (whom and which behaviors donors actually support in developing countries) are quite important when considering the modalities of donor support. As the actual agenda is donor-driven, we suggest listening to a wider range of stakeholders in developing countries (local media, cooperatives, entrepreneurs and business organizations, trade unions …) and asking what they want for themselves.

Second, we doubt that “good governance contracts” are appropriate (for the conceptual flaws on this point, see Hartmann 2012). When analyzing which strategies work and which do not, claiming good governance or democracy for developing countries in order to develop is unlikely to work because it is, to some degree, based on circular reasoning, as Easterly (2009: 425) pointed out: “The idea that a society must have already attained good policies, good social indicators, good institutions, good law and order, etc. in order to develop is like saying you must be developed in order to develop.” Moreover, from the view of aid instruments, there has not yet existed a “clear strategy on how budget support can be used to leverage political change and promote democratic governance” (see Faust et al. 2012: 1). Additionally, we do not know about reliable criteria for discerning which countries are suitable for budget support as a development instrument or how to operationalize democratic ownership of development policies and processes (as claimed by the OECD 2011: §12a). Development experts from the EU Commission know from their experiences that it has proven difficult to support civil society in autocratic countries, “…particularly if they are agitating for political and economic change” (Faust et al. 2011). As the environment for governance issues often fundamentally differs among developing countries, we recommend to develop alternative, tailor-made contextual criteria for engaging in negotiations with recipient countries. Donors have to recognize that political systems in transition are more than either autocratic or democratic and that democracies could possibly have various viable forms.

If donors actually want to support countries with higher poverty reduction potential through more effective partnerships, they have to take into account the political and economic constraints in these countries. This means considering what kinds of reforms are feasible for gradual political and economic transformation without putting stability at stake or threatening inner security. A more flexible and realistic partnership approach stressing ownership on the one hand and considering the country specific environment of the transition process on the other hand gives more credibility to the EU development agenda than calling for good governance and democracy as a precondition for development.
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Literature


Endnotes

i Besides the fact that they are conflicting, there is an ominous record of failed implementation of country ownership and aid allocation to a good policy environment (for examples, see Easterly/Pfutze 2008). In this paper we concentrate on the mismatch of the aid concepts.

ii We could tell very different stories of how democracy has evolved in India, South Africa or the United States. A more detailed look at those countries would show us a great variety of institutional and cultural diversity.

iii For more details about this see the recommendations section in Hartmann (2012).