

# Development in Brief



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## Donor Fragmentation in Democracy Support has its Benefits

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Donor fragmentation – i.e., the parallel engagement of a multitude of donors in the same recipient country and sector – is generally considered to be problematic, due to its potential to increase transaction costs. Where many donors meet, they often address similar issues with contradictory policy recommendations and with different methods of implementation. This may put additional pressure on the limited capacities of local administrations and prevent them from completing their generic tasks. But does donor fragmentation cause exclusively detrimental effects?

### Fragmentation of democracy support boosts democratization

A new study (Ziaja 2014) examines the effects of donor fragmentation in democracy support<sup>1</sup>, a specific form of foreign aid. The analysis covers 135 countries in the period 1990 to 2008. Acknowledging methodological challenges such as the measurement of progress in democratization<sup>2</sup>, the study finds that the presence of a high number of external democracy promoters impacts positively on trends in democracy. More donors coincide with higher levels of democracy in the recipient country, and this effect is independent of the amount of funds invested.

Some of this correlation may very well be due to reverse causation, since countries that are improving their democracy levels are also likely to attract more donors. But the temporal order of changes in both variables supports the hypothesis that fragmented democracy aid leads to more democracy, and not vice versa.

Increases in the number of donors tend to precede increases in democracy levels. A

case study on Ghana supports this temporal sequence.

### Success with early participation

One potential explanation for the benefits of fragmented democracy support is its diversity. It is a well-known issue in democracy support that donors often attempt to transfer institutional blueprints derived from Western models of democracy onto the recipient countries. These attempts tend to fail, since the blueprints do not sufficiently consider the social structures in the recipient country. Improved donor coordination does not remedy this issue, given the difficulties of planning democracy in advance: Democratization is an iterative process that involves renewed attempts at institution building and learning hard lessons – “trial and error” has proven to be a more promising strategy of democratization than central planning.

From a development perspective, finding positive consequences of donor fragmentation may be surprising. But these results fit well with current research on the role of diversity in young democracies: High degrees of competition and participation have led to more sustainable transformations – for example in Eastern Europe after the end of the cold war. Where transition to democracy was managed by elites in exclusive pacts, backslides into autocratic forms of governance were more common.

These positive aspects of diversity should not hide the fact that broad participation may revert into extremist polarization (Corstange and Marinov 2012). And there is indeed empirical evidence that democratization and

political instability are related, although predominantly where strongly autocratic systems open up.

Hybrid regimes with democratic elements – as encountered in most developing countries today – are generally stabilized by additional democratization. Temporary instability short of civil war is often a sign of successful transformation rather than of imminent state failure.

### Conclusion: A market for democracy

The findings presented here do certainly not suggest that efforts to improve donor harmonization and the reduction of general aid fragmentation should be halted. In the area of democracy support, however, success is more likely by offering a “market for democracy” where many donors offer different – but in their core compatible – models of democracy.

Naturally, this market is not without flaws, and may very well be influenced by structural and geo-political donor interests. But this is not necessarily harmful, as long as different options remain and actors on the recipient side can choose from these options. Democracy can simply not be decreed – it requires domestic momentum and conviction to be achieved and implemented. ■

### Literature

Corstange, D. und N. Marinov (2012), Taking sides in other people's elections: the polarizing effect of foreign intervention, in: *American Journal of Political Science* 56: 655-670.

Winters, M. (2012), The obstacles to foreign aid harmonization: lessons from decentralization support in Indonesia, in: *Studies in Comparative International Development* 47: 316-341.

Ziaja, S. (2014), *A nudge too far? The effects of democracy aid on democratization and political instability*, PhD thesis, University of Essex.

<sup>1</sup> The definition of democracy aid employed here includes all foreign aid activities reported to the OECD under the label “Government and civil society, general” (CRS code 151). This includes inter alia the sub-sectors decentralization, anti-corruption, legal and judicial development, democratic participation and civil society, elections, political parties, media and free flow of information as well as human rights.

<sup>2</sup> The level of democracy in the recipient countries is measured with the “Unified Democracy Score” (UDS) (Pemstein et al. 2010), a meta-index based on the ten most prominent democracy indices.