The European Union, good governance and aid effectiveness: in search of a role in international development

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Abstract: The European Consensus on Development and the Code of Conduct on Complementarity and Division of Labour commit Member States and the European Community to a common view and strategy on international development. While the European Union has often been accused of following trends set by international organizations, by adopting these two acts it put forward its own views in international development, as an alternative to the US and to the Washington Consensus. The common EU approach to governance is an attempt to operationalise these common views. The pledge by the European Commission and the Member States to joint programming, complementarity, and division of labour, with the view to promote a common understanding and application of the principle of good governance, tested against the results coming from the first generation of common country strategy papers and application of the Code of Conduct on Complementarity and Division of Labour, has however given mixed results.

It is often said that the European Union (EU), when the efforts of the European Community (EC) and the 27 Member States are combined, is the most generous donor in international development, providing more than half the world’s total foreign aid. Over the years, however, the amount of resources administered at the EC level has significantly increased but a large chunk is still managed autonomously by the Member States. The poor record in coordination and complementarity not only has reduced the effectiveness of the EU’s aid, but has also jeopardised its role and visibility in the international arena. The European Consensus on Development (ECD) – signed by the European Commission, Parliament and Council in December 2005 – for the first time ever committed Member States and EU institutions to a common vision of international development. This was only one of the various efforts, allegedly the most significant, to strengthen the EU’s dimension as a unitary and distinctive actor in international development, in alternative to the prevailing Washington Consensus (including its revised forms). In fact, the European Union has often been accused of following trends set by international organizations, particularly the Bretton Woods Institutions (BWIs). The adoption of an ambitious agenda on aid effectiveness, which followed the pledged made collectively by the Member States to increase their volume of aid, further qualifies the EU’s ambitions to voice its messages in international development.

The case of good governance is used here to test these lofty ambitions. Good governance can be treated as both a condition and a goal in development
In the first case, support is granted for specific projects, with the aim to improve the governance structures of aid recipient countries. In the second case, it is a way to impose sanctions in situations of ‘bad governance’, with the aim to enhance the effectiveness of aid. In both events, the World Bank, which introduced the concept in the late 1980s, has played a leading role, influencing the policy of most international donors. For instance, a number of EU Member States have literally followed the World Bank’s directions. EC development policy, which had taken an original approach to the structural adjustment programmes (SAPs) in the 1980s, integrated both economic and political conditionalities in its external assistance programmes. But with the new century, the European Commission began to challenge the leadership of the World Bank. In particular, the European Consensus on Development – including the subsequent communication published by the European Commission in August 2006 and endorsed by the Council in October 2006 – called not only for a common, but also for a distinctive European vision on good governance.

This paper concentrates only on the link between good governance and aid effectiveness. For this, it is divided into two broad sections. The first section introduces the concept of good governance and its trajectory in international development. In particular, it analyses the approach taken by the World Bank and other international organisations and the global agenda on aid effectiveness. The second section concentrates on the European Union. It first sketches the evolution of the EU as a single development actor. Then, it examines the proposal made by the European Commission for a harmonised approach to good governance, the negotiations within the Council and the reactions of civil society organisations (CSOs). Finally, it discusses the links between the EU’s agendas on good governance and aid effectiveness, focusing on the issues of joint programming and division of labour. By using the case of good governance, this paper argues that the European Union, instigated by the European Commission, may have attempted to challenge the development paradigm of the Bretton Woods Institutions. However, the gap between these lofty ambitions and the practise is wide, which can be explained not only by the amounts of changes introduced but also by the resistance of various Member States.

**Good governance and international development**

The concept of good governance emerged in the circle of donor agencies at the end of the 1980s and has since become one of the most used (and misused) terms in academic and policy debates. Despite its proclaimed apolitical nature, the World Bank re-invented this concept so much so that within a few years it became the sole reference point for donors. Its approach evolved from initially encouraging the implementation of programmes that promoted policy reforms to making it a condition for allocating aid: in other words, from demanding good governance *ex ante*, it passed to *ex post* selectivity. Various donors, often unsure on how to proceed, decided it was more convenient to follow the World Bank’s leadership. Other international organisations tried to complement those views,
but the World Bank’s approach prevailed. For instance, the final Communiqué of the G-8 meeting in Gleneagles in 2005, when a substantial increase of volume of aid was announced, stated that development assistance would be focused on those countries that are “committed to growth and poverty reduction, to democratic, accountable and to transparent government, and to sound public financial management”.  

From conditionality to selectivity
The end of the Cold War was a favourable time for the World Bank, as well as the IMF, to become more political, but at the same time, it could be argued, launching the good governance agenda was a survival strategy for the BWIs, in a period in which their development paradigm was in crisis. In 1989, in one of its reports on sub-Saharan Africa, the World Bank identified Africa’s development problems as a ‘crisis of governance’. That report spurred a debate on what good governance was about and on what donors could do to promote it. The World Bank itself published two other important documents, in 1992 on Governance and Development and in 1994 on Governance: The World Bank’s Experience. In this sense, to achieve its objective of reducing poverty, recipient donors were urged to promote reforms of their public sectors. This new type of conditionality had a clear policy message: replicate in the developing country context a state-market relationship that has characterised the Western neo-liberal context.

The IMF articulated its views on (good) governance only in 1997, when it published a document called Good Governance: The IMF’s Role. Despite the attempt to cover behind its economic mission, the strong political tone was clear: ‘Poor governance would have a significant current or potential impact on macroeconomic performance in the short and medium term and on the ability of the government credibly to pursue policies aimed at external viability’. The governance agenda in the IMF, according to Thirkell-White, was driven by financial technocrats, who have narrowly focused on macro-economic considerations in the formulation and implementation of the IMF’s aid policy. Similarly, for Taylor the concept of good governance was used by the IMF as ‘an ultimate attempt to reconfigure territories in order to make them most attractive to international capital’.

This debate received a crucial stimulus when the World Bank in 1998 published a seminal report, called Assessing Aid: What Works, What Doesn’t, and Why. The report, based on a series of econometric studies conducted by a few economists, showed that aid boosts economic growth and alleviates poverty only in those countries that carry out sound economic policies, but has no measurable effect in countries with poor policies. By sound policies, it was meant essentially open trade regimes, fiscal discipline, and low inflation rates. As for good governance, the report took a narrow view, referring to respect of the rule of law, the quality of the bureaucracy and the pervasiveness of corruption. A reallocation of aid to “good policy-high poverty” countries, the argument run, would lead to large reductions in poverty. These conclusions were contested on a
number of fronts. Nevertheless, the World Bank and various donors, including in the EU, shifted from inducing governments to promote good governance into requiring good governance as a condition for receiving aid.

A number of governments in developing countries were unwilling to carry out these reforms because the conditions were felt as inappropriate for their society. In addition they lamented that World Bank representatives set contents of lending without their direct involvement. Taylor, for example, sees the issue of good governance as a ‘hegemonic discourse pursued by the North in an attempt to define the South in its own image’. This led to a new emphasis on ownership of the reform process by the recipient country’s government. The World Bank launched the Comprehensive Development Framework (CDF), seeking a better balance in policy-making by highlighting the interdependence of all elements of development: social, structural, human, governance, environmental, economic, and financial. This holistic approach to development also emphasised partnerships among governments, development co-operation agencies, civil society, and the private sector, as well as country ownership of the development. Within this framework, the World Bank and the IMF launched in September 1999 the Poverty Reduction Strategies Papers (PRSP) for low-income countries, which should be developed through participatory and be tailored to individual country circumstances.

Another important contribution given by the World Bank concerns the governance indicators. Initially developed by Daniel Kaufman of the World Bank Institute at the end of the 1990s, it has received its latest development in Governance Matters V: Governance Indicators for 1996-2005. The project covered 209 countries and territories over five time periods: 1996; 1998; 2000; 2002; 2004. Six dimensions were included: 1) voice and accountability; 2) political instability and violence; 3) government effectiveness; 4) regulatory quality; 5) rule of law; 6) control of corruption. The conclusion of the study is that good governance leads to better development. This project has been very influential among donors.

Enhancing the quality of foreign aid
It is so far clear that ‘credit’ for the appearance of the good governance agenda is due to the Bretton Woods Institutions. The Development Assistance Committee, played a secondary role. Being the ‘donor club’, is often seen as reflecting the thinking within bilateral agencies and for this reason, it has been argued, it may present some comparative advantage over other actors in any discussion of good governance. The central concern for the DAC, however, is linked to the issues of volume and efficiency of aid. Already in the early 1990s, the DAC endorsed the DAC Orientations on Participatory Development and Good Governance, which called for a shift towards aid relationship based on local initiatives and partnership between several actors (governments, civil society, NGOs, donors). The 1993 High-Level meeting established an ad-hoc working group on participatory development and good governance. Considering that donors had already started to integrate the promotion of good governance in their
development cooperation programmes, the aim of the DAC was to seek ‘lessons from experience’ and ‘best practises of operational relevance’. The group reached an impasse because of the difference between donors about the notion of good governance; the positions of development ministries and agencies diverged also on how to implement the good governance agenda. A pilot exercises which involved four countries had very limited success.\(^{12}\)

But the DAC has been active in promoting coordination of donors, for better harmonization and alignment of procedures. Over the past fifty years, the number of actors – both public and private donors – providing foreign assistance has significantly increased. It was calculated that, in 2006, there were about 225 bilateral donor agencies and 242 multilateral agencies working in development co-operation; to these figures we should add the so-called “emerging donors” and an ever-growing number of private donors, such as foundations and other business corporations, which provide aid to a larger number of developing countries. This proliferation of donors has led to a system that often lacks coherence: “Taken together, the combined effort adds up to less that the sum of its parts”.\(^{13}\) The fact that most of the traditional donors have significantly reduced their priority countries does not help, as they but have still kept operations, often marginal, in a large number of countries.

The Paris Declaration on Aid Effectiveness, adopted on 2 March 2005 by the representatives of ninety-one developed and developing countries, laid down a practical, action-oriented roadmap to improve the quality of aid and its impact on development. It included fifty-six commitments organized around five principles: (1) ownership: developing countries will exercise leadership over their development policies and strategies and co-ordinate development efforts; (2) alignment: donors will base their overall support on partner country’s national development strategies, institutions and procedures; (3) harmonisation: donors must reduce the administrative burden of the recipient countries; (4) managing for results: donors and recipient countries will manage resources and improve decision-making processes; (5) mutual accountability: donors and recipient countries pledge that they will hold each other mutually accountable for development results.

**The European Union and democratic governance**

The European Union has come relatively late to the debate on governance and development, failing to achieve a coordinated approach not only on this but also on most development issues. Some Member States followed the lead of the World Bank; others continue to base their aid allocation process on different criteria. The European Commission itself, from implementing a very distinctive and progressive development programme, was criticised for having sacrificed its specificities to the altar of economic and political conditionality, ultimately compromising the idea of lost partnership. More generally, as a consequence of the failure to coordinate and effectively divide tasks among various actors, the EU has generally punched below its weight.
The EU as a single development actor

The idea of the EU as a single development actor dates back to the origin of the EU itself, when a ‘symbolic’ European Development Fund (EDF) was established for a small number of countries in Africa. The amount of resources transferred to the supranational level gradually increased, but the process towards a communitised development policy stalled. After a long break, the debate restarted with the Treaty of Maastricht (1991), which introduced a new title on development cooperation. The three new principles for EU development policy – complementarity, coordination, and coherence – seemed to show that attitudes were changing and that European donors were more willing to coordinate. Little was nevertheless achieved for the rest of the decade. The European Commission issued a number of communications, which were generally followed by resolutions of the Council, and set up various pilot projects. The conclusions of all these initiatives were similar: coordination and complementarity worked poorly, mainly because of the resistance of (a large majority of) Member States. On the contrary, an overstretched and fragmented development policy generated significant criticism to the European Commission. As a result, a number of Member States started questioning the added value of a development policy conducted at the supranational level and threatened to repatriate their share of EC aid.

In light of these criticisms, the European Commission began an extensive reform process, which involved the management and the overall thrust of EC development policy. For instance, a new development policy statement established that poverty eradication was the primary goal of EC development policy; areas of interventions were reduced to those in which the EU was deemed to have a comparative advantage; more responsibilities were devolved to the external delegations; aid was committed and then disbursed following the adoption of a Country Strategy Paper (CSP). As for the long-standing EU-ACP relations, the Cotonou Agreement introduced a number of fundamental changes to the economic – in the areas of aid and trade – and political chapters of the relationship – in the areas of international security, migration, good governance and participatory development. But the new season involved also the EU as a single development actor. In particular, in the context of the Financing for Development conference, held in Monterrey in March 2002, the Member States for the first time collectively committed themselves to increasing their volume of aid from 0.33 to 0.39 as a percentage of their Gross National Income (GNI). In May 2005, they committed to a more ambitious target, that of reaching 0.56 per cent by 2010 and 0.7 per cent by 2015. More changes occurred in the following few years, including an ambitious agenda on aid effectiveness and the adoption of the European Consensus on Development. With this, the reform process did not focus only on ‘the technical dimensions of aid effectiveness, overlooking critical strategic considerations’, as it has been argued, but it did try to enhance its political and strategic thrust.
The European Consensus on Development, signed in December 2005, provided a policy platform setting out common objectives and principles. The novelty of the ECD, therefore, was that it committed the Member States not only as part to the common development policy but also as bilateral donors. This new ‘European vision of development’ reaffirmed that the primary objective of development policy is poverty eradication. It also reiterated the commitment made by all Member States to delivering more and better aid, and to promoting policy coherence for development. It established, moreover, that the EU promotes a number of values, which include respect for human dignity, freedom, democracy, equality, the rule of law, and human rights; that it encourages gender equality, participation of non-state actors, political dialogue and ownership; that it promotes multilateralism and, within the framework of the United Nations, contributes to a system of rules, institutions, and international instruments set up and implemented by the international community.\(^{21}\)

The commitments on quantity of aid mentioned above were complemented by those on quality of aid. Proposed by the European Commission in March 2006 and endorsed by the Council in October 2006, they can be grouped around three pillars: first, transparent and knowledge-based mapping of activities, including an atlas of all EU donor activities; second, implementing the commitments on aid harmonisation and alignment taken in the context of the Paris Declaration on aid effectiveness, such as joint programming frameworks, roadmaps for concrete harmonisation issues in a given developing country; third, promoting more co-financing and division of labour among all EU donors. Of particular interest is the idea of a Joint Programming Framework (JPF), which builds on the Country Strategy Papers developed for EC development cooperation programmes, with the aim to: facilitate the gradual alignment of donors on the multiannual programming cycle of the recipient country; increase the possibility of synchronising the programming processes of the Member States and the Commission.\(^{22}\)

A central component in the aid effectiveness agenda was the Code of Conduct on Complementarity and Division of Labour, adopted by the Council in May 2007. The Code of Conduct was presented as a voluntary, ‘self-policing’ document, open to non-EU donors. One of the most important components is that Member States committed themselves to concentrate their activities in a limited number of priority countries, making sure, through dialogue with their EU peers, that adequate funding would be allocated to those countries that are generally overlooked (‘aid orphans’) and to those countries that represent a threat to regional stability and international security (‘fragile states’).\(^{23}\) The commitment to ‘take care’ of aid orphans was not only meant to avoid overlapping of efforts and prevent waste of resources, but was also a way to show that the EU cared about all developing countries, regardless of their colonial past or strategic importance. Similarly, the new approach to good governance, analysed in next section, can be seen as a way to operationalise the
idea of a common EU identity in the international arena, as suggested by the European Consensus, but at the same time as a way to enhance aid effectiveness.

Towards a harmonised approach to good governance
While the Lomé Convention, which for many years represented one of the most important expressions of the EU’s identity in international affairs, did not include any democratic governance clause until 1995, the Development Council in the early 1990s adopted a number of resolutions that elevated democracy promotion as an overarching objective of both EC and MS development policies. In 1991, in fact, good governance made its first appearance in an official document, establishing that the EU would ‘support efforts of developing countries to advance good governance’. The influence of the World Bank’s agenda on the link between governance and development was clear. The three larger Member States had included democracy and good governance (as well as human rights) as considerations for allocating aid between 1989 and 1991. The Nordic countries had an established tradition in this field. Only the Southern EU Member States lagged behind. Subsequently, the Treaty of Maastricht included democracy and the rule of law as an objective of both development and foreign policies. In the context of the negotiations for the Cotonou Agreement, the Member States and the European the EU wanted good governance to be included as an ‘essential element’ of the Partnership, whose violation could lead to suspension of aid, but after extensive discussions it was included only as a ‘fundamental element’: only serious cases of corruption constitute grounds for suspension of aid.

In October 2003, the European Commission adopted a communication offering what was defined a ‘pragmatic’ approach to good governance. The starting point was a critique of the prevailing ‘one size fits all’ approach. Interestingly, the then Commissioner for Development Poul Nielson stated: “We need to reinvent the notion of good governance in its original meaning... Our approach to governance must be characterised by dialogue and capacity building and not by preaching, prescribing and dictating”. In this sense, the communication stated that decisions would be made on a country-specific basis and would be based on dialogue and capacity building. Yet, it distinguished between three different situations: effective partnership, difficult partnership and post-conflict situations. The link between governance and development was also part of the European Consensus on Development, which not only identified ‘good governance, democracy and respect for human rights as integral to the process of sustainable development and as a major objective of EU development policy’, but also established that allocation of aid should be based on transparent and objective criteria.

The European Commission then launched a consultation, issuing a paper on the topic. The intention was to see more visible results in return for increased aid budgets – in fact volume of EU aid went from 0.32 in 2001 to 0.42 in 2006 as a percentage of the collective GNI – as well as to align with the general agenda on
aid effectiveness adopted by the Council in April 2006. The ensuing communication published in August 2006 substantially changed the parameters of the debate. Three points are relevant for this paper.

First, the European Commission put forward some general principles for ‘democratic governance’. In particular, it confirmed that poverty eradication is the central goal of EU development policy and that democratic governance is only a means towards that end. It reiterated that democratic governance must be approached holistically, taking into account various dimensions – political, economic, social, cultural, inter alia; and that it cannot be imposed from the outside (ownership over conditionality) and must not lead to the imposition of new conditions (dialogue over sanctions): “New opportunities have arisen in the dialogue between development partners. There is now a political desire for change in many countries. There is also a growing awareness on the part of all donors that they need to promote innovative and more effective cooperation methods”.

Second, the European Commission advanced the idea of “a harmonised political approach at EU level”, with the aim that dialogue be conducted jointly by the Commission and those Member States that are active on the ground. This would imply “a need to pursue EU-level implementation, which presupposes joint analysis and dialogue in the partner countries, and to work within a common programming framework”. Moreover, the European Commission strongly encouraged Member States to make more use of budget support as their aid modality. Interestingly, Commissioner for Development Louis Michel in a speech at the World Bank in April 2006 had stated that:

‘governance is one of the keys to development. If there is one area where harmonisation is needed, it is this. We may differ on some aspects of governance, but it seems to me these divergences are not sufficiently large to generate a system of additional and chaotic layers of successive and disparate conditionalities, even contradictory ones’.

Third, the European Commission proposed that the EU should create a number of incentive mechanisms to reward recipient countries for their governance commitments. A central component was the Governance Initiative for ACP countries. The partner country must show some progress in order to receive further funds, but the Governance Profiles represent a way to factor in country-specific conditions. There is also another strand of EC governance policy in Africa, which is the support to the Africa Peer Review Mechanism (APRM) process. Resources should not come only from the EDF, but also from the budget of the Member States.

The discussion within the Council – in the Development Working Group and the Coreper in September-October 2006 and at the ministerial level at the General Affairs Council on 16 October 2006 – confirmed that the Member States were willing to pursue a unitary approach. In the past, Member States had resisted any attempt of the European Commission to interfere with their development policies. Moreover, the European Commission has generally
pursued a ‘positive measures’ approach, while the Council had been more inclined towards a “negative measures” approach. Some divergences existed only on the link between the EU and other donors: a few Member States (UK and Denmark) wanted the link between the EU’s programming process and existing international processes, such as the PRSPs and JAS, be made very clear. Other Member States (France, Italy and Spain) accepted this link in principle, but wanted to downplay this element. The final version was, as often in EU negotiations, a compromise. More generally, the Council endorsed all the points made by the European Commission. This included underlining the multi-dimensionality and holistic nature of governance and stressing the principles of ownership and dialogue. But it also confirmed that the implementation of governance should be done through shared analyses, joint assessment tools, harmonised dialogues and common programming frameworks, ‘with a view to providing coherent, complementary and harmonised support to in-country democratic processes’.

The line taken by the European Commission was criticised by various civil society actors. At one level, the European NGOs complaint was about the lack of effective consultation with non-state actors: “the European Commission has not consulted the various stakeholders but imposed its own definition of governance, the tools to monitor it (the governance profile and indicators) and the financing mechanism (the incentives)”. The lack of consultation, it was argued, was due to the fact that the European Commission wanted to have clear guidelines in view of the 10th EDF programming exercise (2008-2013). Similar conclusions were also reached in a survey of about fifty southern NGOs. Consultation with civil society was quick and superficial, at best, and Parliaments were not involved, leading to the paradoxical conclusions that a communication on democratic governance was not democratic! More generally, civil society actors accused the EU not only of imposing its views, but also of using “the promotion of ‘good governance’ as a way to push new conditionalities on partner countries”. In particular, they criticised the fact that the governance profile would not be necessarily drawn up jointly with, but will be simply shared with the partner country. Moreover, the credibility of the EU as a good governance actor was also seriously questioned, and not only for its byzantine decision making processes. In fact, the EU, it was claimed, must take some responsibility for its own governance problems, whether on corruption practises or on aid policy, most notably the unpredictability of the delivery of aid commitments.

**From good intentions and to bad practices**

There are little doubts that the intentions of the European Union in proposing a new agenda on democratic governance were in theory good. The stated message, harmonisation of donor practises whilst guaranteeing dialogue with partner countries, was in line with the principles of aid effectiveness agreed at the Paris summit in 2005 and confirmed at the Accra summit in 2008. The non-stated
message was that of strengthening the EU’s identity vis-à-vis other dominant actors in international development. The two targets were the US and the World Bank. The European Commission has on many occasions insisted that its approach represent a significant change from traditional conditionality into a more ‘collaborative approach’, based on persuasion rather than coercion. This emphasis on dialogue made it different from US development policy, which has continued to use foreign aid strategically in the programme managed through USAID or has used the principles of selectivity for the countries included in Millennium Challenge Account. As for the governance profiles, though the indicators are drawn from World Bank indicators, there are substantial differences between the two. The World Bank uses to compare countries and to do rankings. The EU governance profiles were meant to be more qualitative than quantitative. The information is meant to be used by partner countries to draw their own Action Plans and submit to the European Commission. On the basis of this evaluation plan, the European Commission would be able to allocate additional aid to countries.

But there was, as often, a gap between rhetoric and reality. The first assessment of the 2006 aid effectiveness package, released in May 2008, produced mixed results, at best. While joint analysis and multi-annual programming seems to be accepted in principle by the Member States, the use of the Common Format for CSPs has been limited only to a very few cases (i.e., Somalia, Sierra Leone and South Africa). In general, the experience on the ground shows that this process is complex, with insufficient communication between headquarters and local staff, the heterogeneous nature of donor programming and mechanisms, and the potential tension with other donor-wide harmonisation processes. In summary, “whilst it was developed to build a comprehensive and exhaustively coherent approach, it also tends to make the process more complex and demanding for the donors participating in the joint programming exercise”.40 The situations did not change significantly in 2009. While confirming, in principle, their willingness to participate, “Capacity constraints limit the scope for some EU donors to join on a regular basis”.41

Not very positive news also came from the report published by the European Commission in May 2009, which particularly focused on the application of the Code of Conduct on Complementarity and Division of Labour. Two years after its adoption, progress was very limited. The reasons for the lack of progress on division of labour, given by the Member States themselves, are the following: a) consultation fatigue – division of labour creates additional bureaucratic burden for donor aid agencies, b) loss of visibility, particularly in the case of delegated co-operation; and c) perceived hesitations by recipients, who fear a potential loss of resources and the imposition of stricter conditionalities, and, in some cases, have limited capacity to lead the co-ordination process. While several Member States significantly reduced the number of their priority countries, their decisions were taken before 2007 or autonomously, with no dialogue with other European partners.
A report on the governance initiatives for ACP and ENP countries, however, showed that the Governance initiative had the merit of fostering discussion between Member States; moreover, some Member States have drawn from the government profiles for their own cooperation strategies. Nevertheless, “apart from information sharing and joint analysis, in general discussions of the governance profile and Action Plan has not yet led to enhanced donor coordination, joint action, joint monitoring or joint dialogue”.

Good intentions are confirmed for the future: “The Governance Initiative process should further develop its potential for contributing to a comprehensive approach to aid effectiveness, donor coordination and harmonisation of EU Member States’ policies, strategies and programmes to support democratic governance.” Similar conclusions are reached by Molenaers and Nijs, who argue that commitment to reforms widely substantially among ACP countries and the Governance Initiative seem to assume that all countries will engage in reforms in order to get the tranche, despite the fact that the small amount promised did not lead most countries to put considerable efforts in drawing compelling action plans. Nevertheless, the authors admit that this exercise meant that the ‘governance profile has managed to gather EU-donors around a common issue and establish useful discussion about the partner country’s governance among them’.

For this reason, the governance profile is a potentially powerful harmonising instrument. In fact, already the governance profile in some countries was a joint effort of the EU donors, which contributed, in a sort of division of labour, on the basis of their experience and expertise in a specific sector of the governance field.

**Conclusion**
Since the beginning of the 2000s, the European Union has entered a new season in its development policy, which has been built around two interlinked goals: more and better aid; a unitary approach to international development. On the one hand, the European Union has decided to substantially boost its volume of aid. Moreover, it has taken a number of steps towards better aid. On the other hand, the adoption of European Consensus on Development, together with the ideas of joint programming and division of labour, have sent the message that the EU not only has a common vision on international development but has agreed on concrete guidelines for action. The case of good governance exemplifies this new season. Introduced by the Bretton Woods Institutions (particularly the World Bank), it initially implied putting pressure for reforms, but then it became a condition for receiving aid. This evolution of thinking did not achieve the results that were imagined, and actually created a group of aid darlings and aid orphans. The new emphasis on partnership and ownership was an additional criticism to this approach.

The European Union was initially divided and mostly reactive: a majority of Member States supported the good governance agenda (both ex ante conditionality and ex post selectivity); a few Member States and the European
Commission questioned it. With the agreement of a harmonised approach to good governance, a change of attitude was seen. The new EU discourse on good governance, in fact, combines some forms of ex-post conditionality (rather than selectivity) with ownership. It prescribes that donors and recipients negotiate aid and reforms by engaging in policy dialogue, jointly agreeing on actions and targets. The implementation deficit of the first two years is not surprising, considering the amount of transformations required. But the number of specific commitments has locked in the Member States and there is little room to go back.

More generally, the change was a consequence of the new season in EU development policy, notably the decisions on quantity and quality of aid and the adoption of the European Consensus on Development. This would certainly have implications to bolster the EU’s identity in international affairs. The view of the Commission leaves little room for interpretation: ‘A concerted approach is the only way for the EU to make itself heard in the international debate on governance. The EU must make a stand on this key issue of international development’. Like any other policy, development policy is subject to influences coming from the external environment. Of course, the evolution of the relations between the EU and the developing world has been shaped by the end of colonialism, the emergence of the New International Economic Order (NIEO), the end of the Cold War, the supremacy of the Washington Consensus, the establishment of the Millennium Development Goals. This opens the door to a controversial debate, which concerns the extent to which the EU is a leader or a follower in international development. A number of authors argue that while initially the Lomé Convention represented a unique approach to international development, the EU has gradually compromised its policy identity to follow trends set by the various international organisations, particularly the World Bank and the WTO (Arts and Dickson, 2004). In this sense Farrell (2008) argues that the inclusion of progressive concepts such as ownership, participation, capacity building in the European Consensus on Development and the new strategy for Africa adopted in 2005 (and then upgraded in 2007), which should offer a ‘European alternative’ to dominant international practises, in reality resonates with the language found in the publications of the Bretton Woods Institutions. Holland (2008: 360) takes a slightly different approach when he looks at the link between EU development policy and the Millennium Development Goals (MDGs), arguing that the EU may have traded some policy autonomy for a more effective collaborative approach by engaging with other global actors, but this is not necessarily negative: “While this may create a tension with the EU’s foreign policy aspirations to be autonomous global actor, from the perspective of recipient states such global coherence is welcome and long overdue”. My own view is that since the beginning of the 2000s the European Union, by acting as a unitary actor, has been able to significantly shape the pace of international development: the commitments on volume of aid, the decisions on aid harmonisation and alignment, the ambitious agenda on policy coherence for development, confirm that the EU may have imported these ideas from
somewhere else, but by taking firm commitments it has considerably conditioned
the behaviours of other international actors, which had not other choice than
following the EU’s lead.

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‘International Cooperation for Democracy and Good Governance,’ European Journal of
Reduction and Reform in Developing Countries, Governance: An International Journal of Policy,
Administration and Institutions, 17, 2004, pp. 525-48; Marilee Grindle ‘Good Enough Governance

3 Doornbos, “Good governance”; Nanda, “The Good Governance concept revisited”.

372-87; Graham Harrison, “The World Bank, Governance and Theories of Political Action”,
British Journal of Politics and International Relations, 7 (2), 2005, pp. 240-60; Rita Abrahamsen,
2000.

5 The Structural Adjustment Programme, which had given a significant role to the IMF in
international development, by the mid-1990s was strongly criticised. Nevertheless, programmes
with conditionality attached not only did not decrease, but even increased. The IMF did not
question its own prescriptions, but advance the idea that for neo-liberal reforms to work there
was a need of good governance. Due to the debt issue, developing countries needed the approval
of the IMF to get more aid. The IMF, therefore, even increased its influence in the field of
international development.


7 Ben Thirkell-White, “The IMF, Good Governance and Middle-Income Countries”, The

8 Ian Taylor, “Hegemony, neoliberal ‘good governance’ and the International Monetary
Fund A Gramscian Perspective”, 2004: 124)
The literature on aid effectiveness is enormous. For a synthetic review, see Henrik Hansen, and Finn Tarp, “Aid and Growth Regressions”, Journal of Development Economics, 64, 2001, pp. 547-60.


The EDF is used to finance development in the ACP countries. Other regions are funded through the general EC budget.


For an analysis of the recent changes in EU development policy, see a special issue of Perspectives on European Politics and Society, edited by Maurizio Carbone in 2008 (9/2). This includes, inter alia, articles by Stephen Dearden on the reform process, James Mackie on the Cotonou Agreement, Maurizio Carbone on participation. Jan Orbie & Gerrit Faber on trade and development.


Carlos Santiso, “Sisyphus in the Castle”, p. 3.


Another important commitment for Member States (the EC already did that) to focus activities only on three sectors per developing country, particularly in those areas whether they could add the most value, also taking into account what other donors are doing. Leadership in this process should be taken by the partner country. European Commission ‘EU Code of Conduct on Division of Labour in Development Policy’, COM(2007) 72, 28 February 2007; Council, 2800th Council meeting, External Relations, 9471/1/07 REV 1 Press 103, Brussels 14 May 2007.

Following some discussions during the negotiations of Lomé III and Lomé IV, it was under the Lomé IV-bis in 1995 that the protection of human rights and democratic practises was included as an essential element, leading to the suspension of aid. Karin Arts, Integrating human rights into development cooperation: the case of the Lomé Convention, The Hague: Kluwer Law International, 2000.
25 Smith, Good Governance and Development, p. 150; Santiso, “Sisyphus in the Castle”, p. 11.


28 The communication made specific recommendations for three specific scenarios: a) effective partnership – in order to increase aid effectiveness, the European Commission, like most other donors, targets good performers; b) difficult partnerships - international donors cannot penalise the populations of bad performers, risking to leave them as magnets for extremism and terrorism, with regional spill-over as possible consequences; c) post conflict situations – to assist countries avoiding return to war. European Commission, Governance and Development, COM (2003), 615, 20 October 2003.


31 Ibid., p. 6.

32 Ibid., 14.

33 For instance, in line with the ECD, the European Commission substantially increased budget support substantially. For some African countries, the European Commission adopted also innovative MDGs contracts, budget support to facilitate the achievement of the MDGs.

34 Some options were advanced: a) an increase of bilateral programmes in coordination between the European Commission and the Member States; b) extra funding to be added to the NIPs and disbursed within the framework managed by the European Commission; c) contribution to trust funds to facilitate a coordinated approach at the global level. This implies that a ‘governance profile’ should be drawn up jointly, and where joint programming exists, should serve as the basis for joint analysis.


36 Hilpold, “EU Development Cooperation at a Crossroads”. This difference has been explained by Martine Fouwels. The European Commission can take a long term perspective, hence its ‘positive’ approach. The Council is more interested in visible measures, which can be sold politically to their national public opinions, hence the negative approach. Martine Fouwels, “The European Union’s Common Foreign and Security Policy and Human Rights”, Netherlands Quarterly of Human Rights, 3, 1997, pp. 291-324.


38 CONCORD, “Whose governance”, Concord Cotonou Working Group, Brussels: Concord p. 1


40 European Commission, 2008, p.16


43 Ibid. p. 11.

45 Molenaers & Nijs, “The Bumpy Road from Paris to Brussels”.