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The EU, the US and partnership in development cooperation: Bridging the gap?

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Abstract

Internationally, there has been an increasing call for ‘partnership’ in development cooperation. This refers to development cooperation based on negotiation with the recipient government on an equal basis. While both the EU and the US have formally committed to this principle, the EU is known to be a frontrunner in partnership-based development, while the US was found to be rather slow in implementing this agenda. This paper investigates the degree to which EU and US development policies reflect partnership, particularly regarding general features, aid characteristics, conditionality and aid selectivity and aid motives. It finds that, while EU development cooperation has traditionally been stronger focused on partnership than it is the case for the US, in recent years the gap is narrowing. On the one hand, EU development policies have increasingly resembled those of the US, as EU development assistance is becoming more focused on security and there are increasing conditions on budget support. While US development policies are still strongly driven by security motives, the US has recently made efforts to increase country ownership.

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I. Introduction

The European Union (EU) and the United States (US) have been compared in many areas, including diplomacy (Kagan 2002), democracy promotion (Magen et al. 2009; Kopstein 2006), the death penalty (Manners 2002), humanitarian aid (Steets and Hamilton 2009), commitment to human rights treaties (Manners 2006), trade (Babarinde and Faber 2007) and environmental policies (Kelemen and Vogel 2007). These studies have found the EU to be more willing to follow international norms and to work in partnership with third countries. The US, on the contrary, is usually seen as an international actor that prefers to go it alone and defines policies based on its own preferences.

Can a similar difference be found when comparing the EU and the US as donors? Thus far, there have not been any comparative studies of the EU and the US as donors. Recent studies have been inconclusive on whether the EU or the US is the most effective donor. In a 2008 study on the 'best' and 'worst' aid agencies, Easterly and Pfutze (2008) find that the US (16) ranked higher than the EU (29). In a 2011 follow-up study, however, scores were almost inverted: this time, the EU (16) scored higher than the US (28) (Easterly and Williamson 2011). However, this paper does not focus on the effectiveness of development assistance, but on the implementation of international principles in development cooperation. More particularly, the paper investigates how the EU and the US have incorporated partnership in their development policies. Although partnership is often associated with the aid effectiveness agenda, partnership-based development is not necessarily more effective. In this paper, partnership describes the relationship between donor and recipient rather than the result of their cooperation. It follows Hyden (2008:260) in defining partnership as a 'social contract' between 'development partners' (donors) and 'partner governments' (recipients), on an equal level and based on a thorough level of trust. Based on this idea, partnership has often been associated with ownership, the idea that recipient countries take the lead in the formulation of development strategies.

Partnership has become a standard reference in the international development community. The 2005 Paris Declaration on Aid Effectiveness, signed by both the EU and the US as members of the Development Assistance Committee of the Organisation of Economic Cooperation and Development (OECD-DAC), recommends a partnership-based approach to development. However, while the EU has been a strong defender, the US has paid lip service to the Paris Declaration (Fraser and Whitfield 2009: 2). Partnership has been a key principle of EU development policies, which are based on mutual agreement and ownership. In the case of the US, however, development cooperation is strongly donor-led rather than based on an agreement with the recipient.

There are several possible explanations for this difference. First, there is a huge difference in public support for foreign aid across the Atlantic. In the 2002 Gallup International poll, the US had the lowest percentage of respondents who found that more aid should be given: 45%. Only Japan matched the scepticism of the Americans. In every European country, support for aid was

higher, for example in Germany (68%), Denmark (53%), Spain (91%), the United Kingdom (69%), Italy (83%) and the Netherlands (50%) (Knack 2012: 44). Second, there are enormous institutional differences between the EU and the US. The European Commission has been known to be relatively autonomous in formulating development policies. In comparison, the US Agency for International Development (USAID) has been strongly influenced by the Congress, President and State Department, which makes it more difficult for USAID to implement an approach based on partnership. Third, the idea of partnership responds to the EU's foreign policy practices, which are strongly focused on dialogue, incentives, tolerance and patience (Kagan 2002; Manners 2008). The US is usually seen as more direct, unilateral and prone to imposing its own model in accordance with American exceptionalism, the view that the US is predestined to spread its model worldwide (Cox 2000).

This article will show how, while the principle of partnership has been crucial in EU development cooperation since the 1970s, the US has had a more unilateral approach in development cooperation. Looking at recent evolutions, however, it is shown that EU development cooperation is becoming less in line with partnership, while the US is increasingly applying this principle. This analysis is based on secondary literature, policy documents and 17 interviews, including with former and current officials of USAID and Congress staff members (held in Washington DC, May 2013), officials at the European Commission, the European External Action Service, the Belgian Technical Cooperation and the Permanent Representation of one EU Member State to the EU (held in Brussels, in 2012-2014), and two representatives of the government in Ethiopia (held in Addis Ababa, in January 2011).

The paper will proceed as follows. In the first section, the principle of partnership in development cooperation is discussed. After elaborating on the evolution and definition of the concept in the context of development, we operationalise partnership in relation to general features, aid characteristics, conditionality and selectivity, and donor motives. The article then studies EU and US development cooperation using this analytical framework. In the subsequent section, recent evolutions are described that show that the gap is narrowing. The conclusion draws on these evolutions to show that differences in public opinion, institutions and foreign policy culture only go some way in explaining the transatlantic gap.

II. Development as partnership

The principle of partnership in development dates back to 1969, when the influential report *Partners in Development* by the Pearson Commission of International Development called for 'a new partnership based on an informal understanding expressing the reciprocal rights and obligations of donors and recipients' (Commission of International Development 1969: 127-128). The ideas of the Pearson Commission remained dead letter in the 1970s and 1980s, when aid was often conditioned upon Structural Adjustment Programmes. Nonetheless, the failure of structural adjustment, which was seen as symptomatic of the paternalistic and unequal way in which aid was provided (Barnes and Brown 2011: 169), led in the 1990s to a revival of the

partnership discourse (Crewe and Harrison 1998: 70). In 1995, the OECD-DAC adopted the document *Development Partnerships in the New Global Context*. One year later, the OECD report *Shaping the 21st Century: The Contribution of Development Cooperation* proposed a partnership model in development cooperation: 'Acceptance of the partnership model, with greater clarity in the roles of partners, is one of the most positive changes we are proposing in the framework for development co-operation'.

In 2005, the Paris Declaration on Aid Effectiveness was signed by donors and developing country governments at a High-Level Forum convened by the OECD. The Paris Declaration was strongly based on the idea of partnership and included five 'Partnership Commitments' for donors and 'partner governments': ownership, alignment with national development strategies, harmonization between donors, managing for results and mutual accountability.

Based on this international agenda on partnership to which both the EU and the US have subscribed, we can place aid practices and characteristics on a continuum according to which they reflect the principle of partnership. These are then schematically represented in the table below. It should be noted that these examples are ideal types, and that concrete donor practices can take many positions in between.

First, partnership should be reflected in the way aid is negotiated. As outlined by the OECD (1996): 'In a partnership, development co-operation does not try to do things for developing countries and their people, but *with* them. It must be seen as a *collaborative effort* [...]. In this context, country ownership is often mentioned: 'In a true partnership, local actors should progressively take the lead while external partners back their efforts to assume greater responsibility for their own development'. Budget support is often seen as an aid modality that is in line with country ownership. With budget support, donors transfer aid directly to the recipient government's budget. Partner countries favour budget support because it reduces transaction costs and provides a predictable and stable form of income (Koeberle and Stavreski 2006: 16-23; Unwin 2004: 1510-1512). As budget support gives donor countries less control over spending, it is mostly provided when there is substantial trust between donor and recipient (Hayman 2011: 680). On the other side of the spectrum is tied aid, which is linked to the spending of a percentage of the amount on the donor country's goods or services. Tied aid has been discouraged by the OECD-DAC, as it is contrary to principles such as ownership and alignment (Carbone 2014).

Second, it has been argued that conditionalities and aid selectivity can compromise a partnership agenda. Conditionality reflects the power difference between donors and recipients. As the donor has the 'power of the purse', it will set the conditions and monitor whether these are fulfilled (Crewe and Harrison 1998: 70-71). These conditions are based on a Western model that, in their eyes, is universal (Rutazibwa 2010: 219). Economic conditionality in the form of Structural Adjustment Programmes was seen as symptomatic of a donor-recipient relationship, as they were imposed by the donors with little regard of the local context (Fowler 2000: 2; Whitfield and Fraser 2009: 29). After the end of the Cold War, political conditionality was

introduced by most donors, which emphasized that the need for accountable governments and the rule of law were 'developing country responsibilities' in the partnership (OECD 1996). However, the political model that was promoted was based on the Western model focusing on elections and political freedom (Barya 1993; Sorensen 1995: 396). Aid selectivity is a form of ex-post conditionality whereby donor policies are based on the previous performance of developing countries (Molenaers and Nijs 2011). The same criticisms about conditionality can apply to aid selectivity. In most cases, donors decide on which criteria should measure 'aid performance', which is often based on the liberal democratic model of the 'post-Washington consensus' (Soederberg 2004: 281; Molenaers and Nijs 2011: 565). While aid selectivity and political conditionality apply to all aid, there has also been the tendency to apply conditionality specifically to budget support. In some cases, budget support was suspended unilaterally by the donor, arguing that in the case of a breakdown of democracy, the trust-based relationship between donor and recipient is challenged (Hayman 2011: 680).

Third, the motivations for aid should be taken into account. A partnership-based agenda does not only mean that donors work closely with recipient governments, but also that they do this mainly to satisfy recipient needs rather than to defend their own interests. Indeed, the allocation of aid based on donor interests has been criticized as contradicting a partnership-based approach (Krassowski 1968; Rutazibwa 2010: 218; Crawford 2003: 140). During the Cold War, the main purpose of aid was to contain communism (Zimmerman 1993). Some have argued that the Global War on Terror has led to a situation comparable to that of the Cold War, as aid is now provided to support the hunting down of terrorists (Christian Aid 2004: 3). Similarly, donors have continued to focus their aid on countries that have similar voting patterns in the UN, on former colonies and on important trade and investment partners (Alesina and Dollar 2000; McKinlay and Little 1977; Maizels and Nissanke 1984).

There are several reasons why partnership has often remained a paper commitment in development cooperation. Partnership-based development requires a recipient-centred approach, which is often not possible because of competing domestic factors. Donors are often led by an upward accountability towards their home base, rather than by a downward accountability towards the recipient (Bossuyt and Laporte 1994: 3). This can explain why national security interests and domestic pressure from donor constituencies to justify aid spending often hamper partnership in development (Fowler 1998: 138).

	More partnership	Less partnership
General features	Based on negotiation, ownership, trust	Based on donor priorities, no ownership, no trust
Aid characteristics	Long term, predictable, budget support, untied	Short term, unpredictable, project-based, tied
Conditionality & selectivity	None or agreed with partner	Unilateral, focused on donor model
Motives	Recipient needs	Donor interests

III. The European Union: frontrunner of partnership in development?

As neither a bilateral nor a fully multilateral donor, the EU has a peculiar position on the international development scene. It has been argued that the European Commission is a particularly autonomous development actor (Molenaers and Nijs 2011: 420-421). The influence of the European Parliament is limited, especially for the European Development Fund (EDF, for the group of African, Caribbean and Pacific or ACP countries). The EDF is extra-budgetary, meaning that it is not subject to the same level of scrutiny by the Parliament than budgetary instruments. Member States contribute to the EDF based on a specific contribution key (Holden 2009: 32-35). Member States are represented in the comitology committees, where National Indicative Programmes and projects above 8 million euros are approved (*Ibid.*: 133). Although in some cases indicative programmes have been blocked in the committees (Eritrea, Zimbabwe), overall the Commission has managed to establish its own policy without too much pushback from Member States (Furness 2013).

EU development assistance dates back to the Treaty of Rome (1957), which established a form of association between the 22 African colonies of France, Belgium and Italy and the European Economic Community (EEC) based on trade preferences and technical and financial assistance via the newly created European Development Fund. After decolonization, the relationship evolved from unilateral association towards a contractual and negotiated agreement. In 1962, the Yaoundé Convention was signed with eighteen of the newly independent countries, which formed the Associated African and Malagasy States (AAMS) (Carbone 2011). The choice of associated countries clearly illustrated that development cooperation at the time was based on historical ties rather than recipient need (Holland 2002: 27-32). Indeed, it was found that projects in this period were primarily decided on a political basis (Claeys 2004: 114-115).

Against this background, the 1975 Lomé Agreement aimed to break with colonial history and to build a relationship based on partnership and equality (Holland 2002: 40). The beneficiaries of the agreement had widened to the former colonies of EU Member States, including the United Kingdom which acceded in 1973, in sub-Saharan Africa, the Caribbean and the Pacific. These countries had formed the ACP group. The Lomé Convention was founded on the principle of 'equality between partners, respect for their sovereignty, mutual interest and interdependence' (Art. 2). The Convention provided that the Community's development assistance was based on an 'exchange of views' and decided by mutual agreement. The Convention foresaw predictable development assistance, which could only be adapted in response to a change in the economic situation of the ACP state (Art. 51). For these reasons, the Convention was seen as an example of partnership in development (Cosgrove-Twitchett 1978; Maxwell and Riddell 1998: 260). In line with the aid effectiveness agenda that had gained ground in the late 1990s, the Cotonou Partnership Agreement (2000-2020) put country ownership central. Ownership was introduced as a fundamental principle of the Agreement: 'the ACP States shall determine the development

strategies for their economies and societies' (Art. 2). A representative of the Government of Ethiopia, one of the main beneficiaries of EU development assistance, confirmed that this has not limited to mere rhetoric: 'The good things about European Commission cooperation is the ownership [...] The Ethiopian government has a say in every single penny that the EU spends [...]' (personal communication, 26 January 2011).

The EU's commitment to ownership was put into practice by increasing budget support. General and Sectoral Budget support rose from 30% of total funding under the 9th EDF to 48% under the 10th EDF (European Court of Auditors 2010: 11). There was a strong partnership rationale behind the focus on budget support. Budget support was seen as 'a question of mutual trust', which would enhance the relationship between the EU and the recipient country (Michel 2008a: 3). Importantly, eligibility criteria for budget support were objective and clear, including: (1) effective, transparent and accountable public finance management, (2) well defined macro-economic or sectoral policies and (3) open and transparent public procurement mechanisms (Article 61). Moreover, EU regulations on the untying of aid went well beyond what other DAC donors had done. They stipulated that only ACP and European companies can bid for contracts and that ACP countries are guaranteed a price preference of 10-15% to promote local industries (Carbone 2014: 109).

Critics have argued that the introduction of economic and political conditionality in the 1980s and 1990s represented an end to partnership in the Community's development policies (Crawford 1996; Raffer 2001). Like most donors, the EEC supported the Structural Adjustment Programmes. Despite ACP demands that the EEC should take a different approach from that of the International Financial Institutions, the Convention referred to reform programmes acknowledged and supported by the principal multilateral donors (Brown 2002: 87-99). However, regarding political conditionality, the EU took an approach that strongly emphasized the importance of mutual decision-making and dialogue. It is important to note that the conditionality clause introduced in the Lomé Convention in 1995 was mutually agreed by the EEC and the ACP group. Moreover, the EU tried to keep the spirit of partnership alive by making the suspension of aid conditional on dialogue. Hence, the Lomé Convention designated democracy, the rule of law and human rights 'essential elements' of the Convention and stipulated that, when one Party considers that the other Party has violated one of these essential elements, it may call for 'consultations' with the violating Party. Only if these consultations do not lead to a satisfactory solution, appropriate measures may be taken, with the suspension of development assistance as a 'measure of last resort'. The Cotonou Partnership Agreement (2000-2020) continued this trend. Article 9 described the essential elements and Article 96 held the provisions on the consultation procedure. After a heated debate with the ACP group, the principle of 'good governance' was introduced as a 'fundamental element' of the partnership. The EU had wanted to add this principle to the list of essential elements, so that development aid could be suspended in corrupt countries. The difference in notion was a compromise between the EU's position and that of the ACP group, which was reluctant to accept an additional essential element. The difference with the 'essential elements' entailed that only very serious breaches could lead to the suspension of development assistance (Fierro 2003: 314-315).

Although extra conditions were added, it was also ensured that conditionality should be a measure of 'last resort'. Hence, the Cotonou Agreement established regular political dialogue under Article 8 of the agreement, which became the preferred venue to discuss the essential and fundamental elements (Mackie and Zinke 2005: 4-5).

While the introduction of conditionality was clearly a request of the EU which was regarded sceptically by the ACP group, the particular focus on legality (based on a legal clause), dialogue and mutual agreement make the conditionality clause more in line with the idea of partnership than most other examples. As Youngs (2001: 42) notes, the emphasis on dialogue and consultations in the clause symbolized 'a commitment to partnership'. The contractual aspect of the EU's human rights clause is appreciated by partner governments. As was mentioned in an interview with an Ethiopian representative: 'With the EU, we have a good relationship because it is contractual. [...] Even the human rights clause that is in the Cotonou Agreement, is not a problem for us, because it is predictable, there is this mechanism of consultations' (personal communication, January 2011).

The EU does not apply aid selectivity in a strict sense, which would mean that only well-performing countries receive aid. Rather, the EU's approach to aid selectivity is based on the idea of incentives, whereby more aid is provided in the case of good performance. The first step in this direction was taken in 1995, when a system of rolling programming was introduced. From then onwards, aid was disbursed in two tranches, the second (30%) of which was dependent on performance (Crawford 1996: 509-515). In 2006, the European Commission introduced the Governance Initiative for the 10th EDF. The Governance Initiative implied that a Governance Incentive Tranche of €2.7 billion was set aside to award countries that committed to improving governance. ACP countries that presented action plans on governance reform were rewarded with a 10 to 30% top-up to their original aid allocation under the 10th EDF, depending on the quality of the action plan (Molenaers and Nijs 2011). Given its focus on nationally owned strategies, the Governance Incentive Tranche corresponded to the European Commission's aim to 'apply the Paris Declaration principles to governance' (European Commission 2006a: 10).

EU development assistance is known to be strongly focused on poverty reduction, at least for the ACP region. The structure of the European Commission has allowed the EU's development policies to be shielded from foreign policy objectives. Development cooperation with the ACP region was the responsibility of the Commission's Directorate-General for Development. DG Development was the primary place for new ideas in EU development policy, and generally had a strong focus on poverty reduction (Carbone 2007: 48-49; Holden 2009: 41). Development aid under the 9th and 10th European Development Fund was allocated on the basis of an aid allocation model that determines the amount of aid per country based on a number of needs-based criteria. Dearden (2008) found that commitments and payments to ACP countries strongly correlated with the model, as well as with indicators reflecting recipient needs such as the Human Development Index, population and GDP.

Nonetheless, from the mid-1990s onwards EU aid shifted towards wealthier and strategically more important countries in Central and Eastern Europe, the Middle East, Asia and Latin America. This shift was motivated by the desire to become an influential global actor (Olsen 2004). Projects in these regions were monitored by other DGs in the European Commission, namely DG External Relations in the case of Asia, Latin America and the Middle East, and DG Enlargement for Central and Eastern Europe. These DGs were more geared towards strategic interests (Holden 2009: 41). Aid allocation in non-ACP countries was not based on a rigorous aid allocation model, and was found to be less needs-based, with the exception of Latin America and Asia where more aid was given to countries with a low Human Development Index (Dearden 2008). In the case of the Mediterranean countries, there has been a strong tendency to focus aid on countries that introduced neoliberal market reform rather than on the poorest countries (Reynaert 2011).

IV. The United States: a bad pupil in the partnership class?

US foreign assistance is strongly driven by domestic factors. This should be seen in the light of the rather negative attitude that Americans have towards foreign aid. A 1995 survey found that a strong majority was of the opinion that the US spent too much on foreign aid. This attitude was influenced by a misperception on the amount devoted to foreign aid: the median perception was 15% of the total budget, 15 times the actual amount (Program on International Policy Attitudes 2001). This scepticism, together with the strong parliamentary system in the US, can explain why US development assistance is strongly scrutinised by the Congress. As the Congress needs to approve the budget, its members have extensively used this power of the purse to impose earmarks and directives. Such earmarks direct US foreign assistance to specific activities favoured by Congress members and their constituencies. Another crucial actor is the President, who proposes the budget, can create new institutions, start Presidential initiatives and impose earmarks (Lancaster 2009: 36-41).

As a result of USAID's dependence on the Congress and the President, US development assistance is strongly donor-driven and little in line with international agreements such as the Paris Declaration. First of all, there is no overarching agreement with developing regions that sets out the principles of US development assistance. The main document of reference is the unilateral Foreign Assistance Act, which was adopted by Congress in 1961. Secondly, the US is not required to have aid agreements co-signed by the partner government. While in some areas, USAID used to sign Strategic Objective Agreements with partner governments, this was no requirement and there was still a large part of aid flowing outside of these agreements (personal communication, 15 May 2013). The Strategic Objective Agreements were replaced by the Country Development Cooperation Strategies, which were drafted by the field missions in cooperation with the partner government. However, it has often been difficult to follow these strategies as a result of pressure from Washington, DC to spend money on certain sectors (personal communication, 20 May 2013). Despite having signed the Paris Declaration, the US

has found it difficult to respect country ownership in development cooperation. Budget support is difficult to defend in Congress. First of all, Congressional scrutiny makes that aid is often focused on sectors and methods of which results are easily measurable, which is not the case for budget support (OECD 2006: 35 and 65). Secondly, the practice of earmarks leads to a focus on sectors that are easy to defend to the media and public (Natsios 2010: 7). For example, one of the large Presidential Initiatives on aid under President George W. Bush was the President's Emergency Plan for AIDS Relief (PEPFAR, USD 15 billion). The choice for HIV/AIDS was primarily driven by domestic concerns: there was growing support among a variety of groups across the US political spectrum for the fight against HIV/AIDS (Lancaster 2008: 23). The respect for country ownership and alignment is further obstructed by the practice of tied aid, which is obligated by law, although exceptions are allowed under certain circumstances for non-food aid. In 2002, tied aid was estimated to represent 75% of USAID's aid package (OECD 2002: 57; Easterly and Williamson 2011: 1939).

In addition to the Congress and the President, the influence of the State Department has made it difficult for USAID to abide to partnership in development. Already in the 1990s, USAID had increasingly been placed under the control of the State Department (Hyman 2010: 6). This evolution was accelerated under the George W. Bush administration, when a direct reporting line was established between the USAID administrator and the Secretary of State (Hyman 2010: 18; Lancaster 2008: 30-34). In 2006, Secretary of State Condoleezza Rice introduced a number of changes in US development policy that came to be known as 'the F process'. Central to these changes was the elimination of USAID's Policy and Program Coordination Bureau and the establishment of the F bureau within the State Department, which would have oversight over all foreign assistance. The F process introduced a new framework for guidance of foreign assistance based on a complicated set of indicators and objectives. This framework increased the direction from Washington and made it difficult to pursue development strategies drafted by the USAID mission in cooperation with the partner government (Hyman 2010: 25).

The US was one of the first donors to introduce political conditionality, namely in the 1970s. The main drivers were domestic. The Congress and the American public believed that US foreign policy should reflect moral principles. They were supported by those who sought reasons to cut aid or to condemn the Soviet Union (Apodaca 2005: 64). The introduction of political conditionality was unilateral, based on legislation made in Congress. In 1974, an amendment was introduced by member of Congress Tom Harkin, which prohibited the provision of economic assistance to 'any country that engages in a consistent pattern of gross violations of internationally recognized human rights' (Forsythe 1988: 10).

In 2002, President Bush announced a new aid selectivity mechanism at the Monterey Conference on Financing for Development: the Millennium Challenge Account (MCA) (Lancaster 2008: 16). With the MCA \$5 billion in aid would be distributed to developing countries that passed criteria on 'ruling justly', 'investing in people' and 'promoting economic reform' (Carbone 2004). Recipient governments would take the lead in developing the 'compacts' spelling out how the money should be used, in consultation with the private sector

and civil society (Lancaster 2008: 20). However, critics argued that the strict selectivity criteria of the MCA obstructed its partnership-based nature (Carbone 2004). As a result, only a few compacts were signed (15 in 2007) and aid disbursement was slow (Lancaster 2008: 21). Moreover, the conditions of the MCA were set unilaterally by the US and fully reflected the neoliberal view that development requires the opening of markets, privatization and good governance reform (Mawdsley 2005; Soederberg 2004).

US development assistance has always been strongly driven by security objectives. The 1961 Foreign Assistance Act clearly distinguished between aid provided for security reasons, designated Security-Supporting Assistance, and other foreign aid. Security-Supporting Assistance was generally one third to one half of US bilateral aid. This part of assistance was strongly correlated with arms sales or military aid (Lumsdaine 1993: 90-93). During the Cold War, the primary aim of US development assistance was to contain communism. Studies investigating the motivations for US development assistance found security interests to be more dominant than recipient needs (Alesina and Dollar 2000; McKinlay and Little 1977; Zimmerman 1993; Schraeder et al. 1998). Currently, the Economic Support Fund, which is managed by the State Department, is used to pursue foreign policy needs and priorities. For example, US allies such as the Philippines, Turkey and Egypt have received substantial amounts from the Economic Support Fund (Hyman 2010: 6-7). Under the Bush administration (2001-2009), security interests remained the overarching purpose of development assistance. The 2002 National Security Strategy elevated development as one of the three strategic areas of 'transformational diplomacy', along with defence and diplomacy, arguing that including the world's poor in an expanding circle of development would make the world safer (*Ibid.*: 16). While US foreign assistance increased tremendously in this period, the main beneficiaries were strategic allies (Pakistan) and countries where the US needed to support its military intervention (Afghanistan, Iraq) (Lancaster 2008: 4-6; Fleck and Kilby 2010).

While the Obama administration (2009-present) strived to elevate development and to strengthen USAID's capacity as a development agency, the subordination of development to foreign policy did not change in any fundamental way. Under Obama, the USAID administrator was given greater representation in the interagency policymaking process, USAID's Bureau of Policy, Planning and Learning was re-established, more USAID foreign service officers were hired and diplomats were offered development training (The State Department and USAID 2010: xi-xii). However, whether it was the 2010 Policy Directive on Global Development, the 2010 National Security Strategy or the 2010 Quadrennial Diplomacy and Development Review, all documents echoed the instrumentality of development assistance for diplomacy. According to the Quadrennial Diplomacy and Development Review, development assistance and diplomacy are the 'twin pillar of America's civilian power' (The State Department and USAID 2010: ix). The ambassador remained the main responsible individual for the work of all US government agencies. The F bureau remained in the State Department rather than being moved to USAID. The direct reporting line between USAID and the State Department was maintained. Staff found interference of the national security staff to be increasing (personal communication, 29 May 2013). The appointment of Rajiv Shah - a

relatively junior person with limited expertise in development - as head of USAID was believed to further reflect the lack of prioritization of development assistance. These beliefs were further strengthened by his late appointment, almost a year after the administration had taken office (personal communication, 20 May 2013).

V. Bridging the gap?

In recent years, the EU has moved closer to US practices in development. In particular, EU development cooperation has become more explicitly focused on security objectives, and the EU has become more restrictive in providing budget support. While US development policies are still strongly focused on security, there have recently been noticeable efforts to make US development assistance in line with ownership and alignment.

Previously it was explained that in the 1990s EU development assistance became more focused on strategically important regions. In line with this trend, EU development cooperation has become more explicitly focused on security objectives from 2005 onwards. This reflects a broader trend in which the EU has strengthened its capacities as a security provider. In 2003, the first European Security Strategy was issued. As can be derived from the strategy and other EU documents, the EU has increasingly become aware that security in developing countries has an impact on European security, for example via illegal migration, organized crime and international terrorism (European Commission 2006b; Michel 2008b). In this context, the Cotonou Agreement was revised in 2005 to introduce clauses in which the parties confirm their cooperation on security issues such as migration, weapons of mass destruction and the fight against terrorism (Hadfield 2007). While the ACP group formally agreed to these amendments, it was noted to be rather sceptical (Mackie 2008: 150; Carbone 2008: 222). In line with this trend, aid allocation has increasingly become responsive to the EU's trade and security interests from 2002 onwards. Del Biondo et al. (2012) found a sharp increase in aid to upper-middle-income countries in the EU's neighbourhood (Belarus, Croatia, Turkey, Serbia) and to countries that are perceived as either security threats or allies in security-related issues. It is notable that Afghanistan pops up in the top ten of beneficiaries of EU aid in 2004-05 and 2007-08.

Institutionally, the EU has also increasingly resembled the American example, in which the foreign office has a strong say in development. After many years of criticism on the absence of a European 'foreign minister', the Lisbon Treaty (2009) created the post of High Representative of the Union on Foreign and Security Policy and the European External Action Service (EEAS) as a diplomatic service to assist the High Representative. The EEAS consists of Member State diplomats, European Commission officials and Council officials. When the EEAS was created in 2010, it was granted joint responsibility with the European Commission over the first three stages of the programming cycle of development aid. As a result of its partial loss of responsibilities over programming, the main role of the Commission came to be the implementation of development assistance (Furness 2013: 122; Del Biondo et al. 2012). This

fuelled the fear that EU development policy would further shift from poverty reduction to 'less altruistic foreign policy' (Furness 2013: 122).

A second evolution to be mentioned is the reduced enthusiasm about budget support, which has resulted in increased conditions on its provision. This should be seen in the light of the change in leadership in the European Commission, with Andris Piebalgs taking office as Development Commissioner in 2010. While Commissioner Michel had been a strong proponent of budget support (personal communication, 15 February 2012), Piebalgs had a less outspoken preference (personal communication, 25 January 2012). There were also some leadership changes at the level of the Member States. In the light of the financial-economic crisis that led to several cuts in the development budget, conservative governments such as the one that took office in the Netherlands in 2010 took the lead in calling for a more restrictive budget support policy (personal communication, 24 January 2011; 15 February 2012). Moreover, several instances in which the EU provided budget support to non-democratic regimes were criticized. When the European Commission released a tranche of budget support in the midst of the post-election violence in Kenya at the end of 2007, this was heavily criticized by the European Parliament (personal communications, 25 January 2012; 15 February 2012). The Arab spring further fed this criticism: there was severe concern about the EU's provision of budget support to some of the authoritarian governments in the Middle East and North Africa (Faust et al. 2012: 2). EU budget support was also critically examined by the European Court of Auditors, which released a report in 2010 in which it argued that the criteria set for direct budget support were rather general, making it difficult to measure results (European Court of Auditors 2010: 17).

In this context, the European Commission released the Agenda for Change and a Communication on Budget Support in 2011. The Agenda for Change called for an 'enhanced importance of human rights, democracy and good governance trends in determining the mix of instruments and aid modalities' (European Commission 2011a: 4). General Budget Support would be substituted by 'Good Governance and Development Contracts' which could only be agreed with countries that respect 'fundamental values': democracy, human rights and the rule of law. With these proposals the Commission reformulated the idea of partnership to include donor-led goals. The principle of trust continued to be emphasized, but it was argued that there should be 'trust and confidence that aid will be spent pursuing the values and objectives to which the EU subscribes' (European Commission 2011b: 3-4).

At the same time, the US has recently made efforts to increase the use of country systems. During the administration of George W. Bush, USAID had already called to do more to implement the Paris Declaration. However, there was little follow-up due to the above-mentioned sensitivities in the Congress. The Obama administration realized that the weakening of USAID and the overemphasis on results had led to a development policy that was largely divorced from the situation on the ground (Natsios 2010; Veillette 2011; personal communication, 11 April 2013). In his 2010 Policy Directive on Global Development, President Obama declared that he wanted to rebuild USAID as 'the U.S. Government's lead development agency' and to increase country ownership in development assistance (The White House 2010).

One person at the State Department was particularly influential: Richard Holbrooke, Special Envoy for Afghanistan and Pakistan. Frustrated by comments from his Pakistani counterparts that they hardly saw any results from American aid, Holbrooke declared that he wanted aid to be given directly to the government (personal communication, 23 May 2013). The new USAID administrator Rajiv Shah was more open to this idea than his predecessor, Andrew Natsios (personal communication, 20 May 2013).

The 2010 Policy Directive on Global Development includes a number of proposals to make US foreign assistance more in line with the Paris Declaration. To respect country ownership, US development assistance would be made in line with established national strategies and country development plans (The White House 2010). The Quadrennial Diplomacy and Development Review introduced a 'new approach to development', based on a 'commitment to partnership' with host governments, local organizations and other donors (The State Department and USAID 2010: 94). This process led to the USAID Forward strategy (2010), which set the ambitious goal of awarding 30% of mission funds to local institutions by 2015. The most recent progress report on USAID Forward shows that progress has been made, although the goal of 30% is still far away. Between 2010 and 2012, the share of USAID monies provided directly to local institutions (government or non-governmental) increased from 9.7% to 14.3%.

Furthermore, USAID strived to enhance the predictability of funds. In 2010, multi-year Country Development Cooperation Strategies were initiated in 25 countries, with the goal to expand these to every country by 2013 (The State Department and USAID 2010: 106-109). These examples suggest a shift in approach, whereby USAID works more in cooperation with recipient governments. The Open Government Partnership also follows this trend. This initiative was introduced by President Obama in September 2011 to promote transparency, the fight against corruption, engage citizens and increase access to new technologies. It is a voluntary partnership between governments that commit to undertake reform in these areas on the basis of an action plan in close collaboration with civil society and the business sector.² With its voluntary nature and the emphasis on nationally developed action plans, the Open Government Partnership strongly resembles the approach of the EU's Governance Initiative.

While these are important changes, their implementation has been slowed down by the persisting scepticism about aid and the continued influence of security interests. While in strategically important countries (e.g. Afghanistan, Pakistan, the Middle East), the majority of aid provided to country systems went to the government, in most of Africa, Asia and Latin America, most funds went to non-governmental organizations (USAID 2013: 14-22). This reflects a continued reluctance to provide government-to-government support on the basis of recipient needs. Most African countries are not considered of sufficient strategic importance, and their public finances and procurement systems are seen as too weak to absorb large amounts of aid. This makes it more difficult to defend government-to-government aid in the Congress (personal communication, 20 May 2013). Moreover, government-to-government

² See: <http://www.opengovpartnership.org/open-government-declaration>

assistance comes with some political strings attached. It is subject to an assessment based on the Public Financial Management Risk Assessment Framework (PFIMRAF), an in-depth analysis of public financial systems and governance (USAID 2012: 20-25). While the PFIMRAF was developed as a financial risk assessment tool, in 2011 Rajiv Shah announced that the framework would be expanded to include an analysis of the potential impact of government-to-government assistance on democratic freedom. Shah was clearly inspired by the Arab spring: he started his speech by describing the events in Tunisia, noting that people had been criticizing USAID for working too closely with governments that do not respect human rights (Shah 2011). Hence, the PFIMRAF also assesses the existence of democratic accountability mechanisms and political and security risks relevant for the sector to be funded (USAID 2012: 20-22).

VI. Conclusion

The EU and the US are very different foreign policy actors, and this is also reflected in their development policies. This paper focused on partnership in development, which means that development cooperation is based on a social contract between equal parties. Partnership has been a key principle of EU development policy, which can be seen in the contractual and legal character of the EU's aid agreements and the strong focus on country ownership. While USAID has formally signed up to the partnership agenda, it has not been able to truly implement this agenda due to the strong influence of the Congress and the President, and of a State Department that sees development cooperation as an instrument of foreign policy.

However, in recent years this gap is narrowing. The EU is increasingly providing aid based on a security rationale, and has attached political conditions to budget support. At the same time, the US has increased the use of country systems. While strong differences persist in the policies of both donors, these recent evolutions show that their distinctiveness should not be overestimated.

A number of factors were outlined in the paper that can explain the differences between the EU and the US as donors: (1) a variation in public support for development assistance, (2) institutional differences related to the influence of the legislature, executive and foreign office and (3) the gap in ideas on foreign policy.

This paper has shown that change can occur despite these differences. While public opinion about development assistance is strongly divided on both sides of the Atlantic, recent international evolutions such as the financial-economic crisis and the Arab spring have made a budget support policy with no strings attached unacceptable, even to the European public. Institutionally, the EU has made an important shift with the establishment of the EEAS. The EU's growing role as an international security provider has led to the incremental interconnectedness of development cooperation and foreign policy. The article has further

demonstrated that changes in leadership, such as those in the European Commission and the US administration, can lead to policy changes.

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