THE EUROPEAN UNION AND DEVELOPMENT AID

A Case Study of the Republic of Latvia

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Introduction

This paper analyzes the process of Europeanization, focusing on a particular institution[1] – development aid[2]. Conceptualizing 'Europeanization' as a process of structural change through which states adopt the European Union [EU] rules (Feathersone and Radaelli 2003; Schimmelfennig and Sedelmeier 2005), the paper analyzes how the Republic of Latvia [Latvia] adopts and internalizes EU norms, rules and values concerning development aid.

Latvia, as a former Republic within the Soviet Union, underwent fierce transition period of restructuring its economy, democratization and human rights implementation after gaining independence in 1991. As a result of this intense period of transition, she was able to join the EU in 2004. Parallel process to structural changes in the state governance patterns and economy, Latvia also experienced substantial transition in its own identity. Emerging from her previous status as a poor aid-receiving country, upon entering the EU Latvia joined the 'developed countries bloc', which implied Latvia becoming an aid-provider. Aid providing at EU level is seen as a non-military means of peace and stability promotion in the world, which is consistent with the 'civilian power' role the EU plays in the international arena. And in this respect, development aid is "one of the main components of the EU's "civilian power'" (Freres, 2000:5). Therefore, in the scope of this paper I state two main research questions: How has the EU facilitated development aid policies in Latvia? And: To what extent has Latvia internalized the role conception of 'civilian power' as a result of socialization process with the EU?

[1] In order to avoid confusions in the analysis process, I want to emphasize that I understand the term 'institution' as it is defined by Keohane (1989) that "international institutions are commonly defined as complexes of norms, rules and practices that 'prescribe behavioural roles, constrain activity and shape expectations'" (Keohane cited in Reus-Smit, 2005: 351).

[2] Development aid in this paper is understood as official development assistance [ODA] when international institution (the European Union [EU]), state (Latvia), municipality and its executive body assist to developing country with the aim to foster their economic development and welfare (*Ministry of Foreign Affairs of the Republic of Latvia* [*MFA] Homepage,* Development Cooperation, The main definitions).

The evolution of Latvia's development aid policies and the changing role of Latvia -from an aid-receiver to an aid-provider country – can be analyzed from the perspective of social constructivism, which provides the main theoretical framework of this paper. Though, in order to capture both - institutional change of Latvia's development aid, as well as change in its identity and role in the international arena, two different theoretical frameworks are required – sociological institutionalism and role theory in international relations are combined as explicitly described in the Chapter 1.

Studying the Europeanization process from sociological institutionalism perspective allows understanding on how certain norms, values and practices are spread to the EU member states through the process of socialization and learning. From the perspective of sociological institutionalism, Europeanization is understood as "the emergence of new rules, norms, practices, and structures of meaning to which member states are exposed and which they have to incorporate into their domestic practices and structures" (Boerzel and Risse, 2003:66). Adding to the sociological institutionalism perspectives of the role theory of international relations, it is possible to operationalize changes in Latvia's identity by researching transition how Latvia perceives its role in international arena. Furthermore, looking at development aid at the EU level, it should be viewed in accordance to the EU perceived role in the international arena, which as I demonstrate in this paper in Chapter 2 is that of a 'civilian power'.

While I heavily base my analysis on constructivist theoretical framework it should be noted that strategic calculations can play some role in the socialization process as well (Checkel, 2005:809). For this reason I include a condensed analysis of rational choice institutionalism which views the Europeanization process as bargaining, where as the result of the EU impact certain actors are empowered by re-distribution of resources (Featherstone et al, 2003).

Although extensively used in this paper, the Europeanization research agenda covers a broad spectrum of analysis and thus "runs the risk of conceptual stretching" (Featherstone et al, 2003:27). According to Heather Grabbe, a "major methodological problem in all

studies of Europeanization is trying to build a test of EU influence" (Grabbe, 2006:49). Relationships between dependent and independent variables, and thus the ability to trace causal relationship brings major difficulties to Europeanization scholars (Olsen, 2002; Bulmer and Radaelli, 2004, Goetz, 2000, Featherstone et al, 2003, other). Being unable to fully escape this analytical challenge, I have tried to solve it by introducing intervening variables, which puts the process of Europeanization into a broader context. Thus in testing the influence of the EU, additional causes of change are identified and accounted for in analysis. As intervening variables, which influence the EU impact on Latvia's development aid, I have determined democratization, the raising level of prosperity of Latvia and her own historical experience, and which are extensively analyzed in the Chapter 3, where basing on theoretical perspective provided by Europeanization research, I test the following hypothesis: *as the EU (through socialization and learning process) engages in forming Latvia's development aid, its institutional and policy framework transforms towards the EU norms, values and ' ways of doing things' related to development aid. These changes are interlinked with the perceived role Latvia plays in international arena, which transforms towards the EU role of 'civilian power'.* Here Latvia's development aid institution and policy, the same as its perceived role in the international arena are considered dependent variables while the EU (development aid policies and institution) is considered as an independent variable.

While the research scope is narrow, and it analyzes one institution in-depth, and focuses on a small EU country (which is not a significant aid-provider, and is unlikely to become one), in a broader context the research contributes to Europeanization research in several ways. First, the paper contributes to the 'top-down' Europeanization research, which tries to capture the impact of the EU on domestic policies and institutions and which is "desperately needed in order to fully capture how Europe and the European Union matter" (Boerzel and Risse, 2003:57). Second, studying Europeanization process in Latvia contributes to the study of this discipline in Eastern Europe as "the study of the Europeanization of Central and Eastern Europe has the potential to cover empirical blind spots in the study of enlargement, EU governance and Europeanization" (Schimmelfennig and Sedelmeier, 2005:7). Finally, analysis of European development

aid is required in academic scholarship as well as “the history of the foreign assistance policy of European countries has received comparatively little attention from economic, political or diplomatic historians. There is a remarkable lack of archive-based historical studies of intergovernmental and intragovernmental discussions about the aims, methods and priorities of foreign aid and its compatibility with national interests and capabilities” (Schmidt and Pharo, 2003:387). With my research I have responded to these inquiries, and contributed to the field of Europeanization studies.

The paper is structured as follows: Chapter 1 introduces the theoretical framework, and presents a combined analytical model, which is extensively used for pursuing a case study analysis of Latvia. Chapter 2 introduces historical and current status of development aid at the EU level. Chapter 3 provides a case study of Europeanization dynamics of Latvia’s development aid, which is followed by concluding remarks.

Chapter 1: Theoretical Framework

This chapter will present the theoretical framework which I will use to pursue my analysis of the institutional and policy changes of Latvia’s development aid, as well as changes in the role that Latvia plays in the international arena as an ‘emerging donor country’. In this regard, the chapter will provide an outlay of the theoretical model, which I have developed by combining two approaches in the realm of social constructivism – sociological institutionalism and role theory in international relations. After introducing the theoretical perspectives, a rationale for the usage of this theoretical framework will be provided, followed by a short overview of the research methods applied.

Sociological Institutionalism

In Europeanization research, ‘new institutionalism’ is one of the main theoretical approaches and is divided into several branches, of which I use ‘sociological institutionalism’. This is based on premises of social constructivism, within which a nation state is conceptualized as an actor whose preferences are influenced by the cultural and normative environment. Scholars such as Thomas Risse (1996), Jeffrey Lewis (1998)

and Jeffrey Checkel (2001) examine those process by which the EU and other institutional norms diffuse and shape the preferences and behaviour of actors in both domestic and international politics" (Risse, 1996, Lewis 1998 and Checkel 2001 cited in Pollack 2004:139). Thus conceptually, the behaviour of a nation state in the international arena is seen as determined by 'logic or appropriateness' (March and Olsen, 1998), when nation states act not only as 'utility maximiser' (as regarded by rationalists) but also according to what it considers as appropriate and expected behaviour from other actors in the international arena.

Sociological (or constructivist) institutionalism as a theoretical perspective emerged along with the development of a "second generation in Europeanization research", dividing into Europeanization research into two branches - one dealing with the concept of 'institutional isomorphism' (which is heavily criticised for its inability to explain why there are variations in institutional adaptations to a similar environment (Boerzel and Risse, 2003:66)), and the other including 'agency' in its theoretical concept, emphasizing learning and socialization process, on which I further base my own research.

The socialization/learning perspective placed more emphasis on the process of a nation state's voluntary adaptation to the EU's 'ways of doing things' through policy transfer, socialization and learning processes, as well as placing explicit emphasis on interests, beliefs, values, ideas and identities as important units of analysis from the Europeanization research perspective (Dyson and Goetz, 2002; Bache and Adam, 2004). Within this theoretical perspective, the role of political elite should be noted as "the capacity to adopt or implement the *acquis*[3] requires not simply transposition through a domestic legislative gallop, but also a cognitive adjustment by elites who must not only learn to 'speak European', but also become acculturated and assimilated into European norms and 'ways of doing things'" (Hughes, Sasse and Gordon, 2004:141).

[3] Here with *acquis* is meant *Acquis Communautaire* or legislative framework of the EU (Hughes, Sasse and Gordon, 2004).

While sociological institutionalism provides me with the main assumptions and considerations for analyzing changes in domestic institutions and policies as a result of the process of socialization with the EU, it lacks specific mechanisms for analyzing 'domestic policy and institutional change' in nation states foreign relations field. In order to adjust the sociological institutionalism approach to an analysis specifically concentrated on a nation state's foreign relations (development aid policy being part of it), an additional theoretical perspective - that of role theory from international relations- is introduced.

Role Theory in International Relations

Since I argue that Latvia's development aid policy, and its foreign relations in general, are connected with how Latvia perceives itself in the international arena, I introduce role theory in order to better account for the identity change Latvia has experienced due to the impact of EU ascension (the thematic accounted for already in sociological institutionalism, but not operationalized in a methodological approach).

Role theory in behavioural studies has a long history, but in international relations research it was only introduced in 1970 by K.J.Holsti in his publication on "National Role Conceptions in the Study of Foreign Policy." Holsti (1970) developed a typology and research methodology to classify and analyze various national role conceptions [NRC] of the nation state by analyzing statements from the highest-level policymakers (presidents, prime ministers, foreign ministers), which is well applicable also to my research methodology in general as "theories of European integration, Europeanization, and indeed post-communist transition, attach great importance to the role of elites, and, in particular, to the process by which elites acquire new attitudinal and behavioural norms and practices which may progress the desired outcome, namely integration and transition" (Hughes, Sasse and Gordon, 2004:142).

The basic premise of role theory is that the perceived NRC forms the nation state's identity and shapes its actions in the international arena. Conceptualizing the role of the

nation state as a normative concept, it comprises notions of nation state identity and perceptions of how the nation sees itself in the international arena. According to Krotz (2002) NRCs are "an internal element of state and national identity. Yet, they do not exhaust identity. On the one hand, there are other internal domestic features, most notably institutional characteristics of the political system. They, too, may condition interests, but also regulate the access of organized society's interests to political power centers – and are an important aspect of state identity. On the other hand, there are external-relational identity attributes which affect interests and policies. In this way, NRCs can be viewed as part of a constructivist institutionalist research agenda" (Krotz, 2002:32).

As such, the addition of role theory to the sociological institutionalism should be seen as specifying the analysis for focusing on policy and institutional change concerning foreign relations of the nation state. Both theoretical frameworks – sociological institutionalism and role theory - heavily rely on the social constructivist research paradigm, which includes the component of 'identity' as a factor influencing outcomes. Before introducing to the combined theoretical model, in the next subchapter I provide justification for my choice of constructivism approach to analysis over other approaches.

Social Constructivism in Explaining Change

The rationale behind my choice of sociological institutionalism and role theory in international relations as a theoretical model, both of which rely on premises of social constructivism, is based on the following considerations:

1) Together with changes in development aid policies, there is a parallel process of formation of new identity and role that Latvia plays in the international arena. This constructivist theoretical framework offers the means to analyze these processes,
2) Development aid is normative by nature, and includes certain norms and principles based on certain values,
3) There is low level of conditionality and emphasis on voluntary adaptation to the EU prescribed change in development aid policies,

4) There is a significant level of uncertainty about preferences and strategy options with regard to development aid from Latvia's side.

First, changes in development aid policies should be viewed in the context of a changing identity and national role conception of the nation state. Becoming a donor country (with history of being an aid receiver) has led to changes in how Latvia conceptualizes itself in the international arena. It is not only its development aid policies that change, but it is its new role in the international arena that forms together with changing development aid policies. When a nation state has to re-orientate itself from 'poor aid-receiver' to 'rich aid-provider', it should include a re-consideration of its identity, and thus, a process of development aid policies change should be viewed from the perspective of social constructivism, which allows me to look at this identity change.

Second, development aid policies include a normative component, and certain values relating to it (helping less developed countries, promoting integrated economic development, human rights, democracy, etc.), and thus, consequently there should be dialogue or a socialization process to communicate those values and norms to the new EU member states in order to explain the necessity and functioning of the development aid institution. This leads to the conclusion that there should certainly be a process of socialization, where the EU communicates its stand regarding development aid to the new EU member states.

Third, there is no conditionality or punishment associated with those serious constraints that the new EU member states would suffer when refusing to change their development aid policies. Therefore, changes in development aid policies occur largely as a result of normative pressure from the EU rather than as a result of conditionality. This indicates appropriate usage of "second generation Europeanization research", which is based on social constructivist premises, and focuses more on norms and value transfer rather than on processes initiated by conditionality.

Fourth, the socialization and learning analytical framework is most likely to be followed "if actors are uncertain about their preferences and strategy options" (Boerzel and Risse, 2003:74). Therefore in re-thinking this statement, it appears that sociological institutionalism as an analytical framework is more likely to be used for analysis when change caused by the EU occurs in a novel or new policy area that the nation state has not (yet) build and defined its own position rather than in those already existing policy structures with well established practices. The history of Latvian development aid stretches back to 1999 (mostly in form of humanitarian aid donations and payments to multilateral aid organizations) but a more sophisticated approach development aid policies has been a recent phenomenon after joining the EU, and as later demonstrated in Chapter 3, comprises a considerable level of uncertainty about Latvia's position with regard to development aid policies. This allows me to conclude that this level of uncertainty indicates appropriate use of the socialization and learning model.

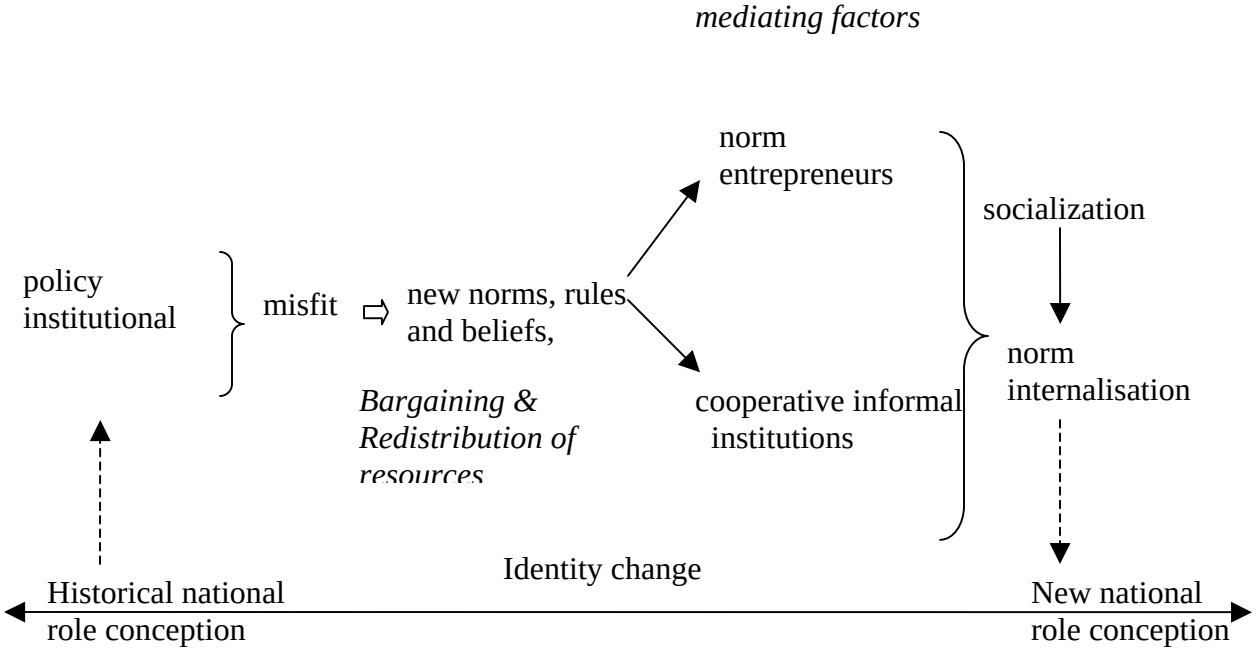
To conclude, the conceptual framework of social constructivism provides the most appropriate theoretical approach when analyzing change in development aid policies in Latvia and consequently change in Latvia's identity and perceived role played in the international arena when turning from a 'poor aid-recipient' country to 'aid provider'. In order to concretize how sociological institutionalism and role theory will be composed into combined analytical framework, a description and explanation of analytical model is given in the next subchapter.

Combined Analytical Model

As can be observed in Figure 1 below, the analytical model[4] in use is based in sociological institutionalism and role theory and can be divided into three layers of analysis.

[4] This model has its foundations in "Model of the Domestic Impact of Europe as a Process of Socialization" developed by Boerzel and Risse (2003).

Figure 1: The Domestic Impact (on Policy, Institutions and National Role Conception) of Europe as a Process of Socialization



First the model starts with conceptualizing 'goodness of fit'. Boerzel and Risse (2003) distinguish two levels for analyzing misfit: policy level[5] and institutional level[6], I must add that the national role conception misfit should be included in the analysis in order to more fully comprehend the change occurring as a result of the EU impact on Latvian development aid policies.

Second, according to Boerzel and Risse (2003), misfit is "a necessary albeit not sufficient condition of domestic change", therefore they introduce such categories as "norm entrepreneurs"[7] and "cooperative informal institutions"[8] conceptualizing these as

[5] "Policy misfits essentially equal compliance problems. European policies can challenge national policy, goals, regulatory standards, the instruments or techniques used to achieve policy goals, and/or the underlying problem-solving approach." (Boerzel and Risse, 2003:61).

[6] "Europeanization can cause institutional misfit, challenging domestic rules and procedures and the collective understanding attached to them" (Boerzel and Risse, 2003:62).

[7] *"Norm entrepreneurs* mobilize at the domestic level to persuade actors to redefine their interests and identities in light of the new norms and rules by engaging them in processes of social learning. There are two types of norm- and idea-promoting agents. *Epistemic communities* are networks of actors with an authoritative claim to knowledge and a normative agenda (Haas 1992). They legitimate new norms and ideas by providing scientific knowledge about cause-and-effect relationships. *Advocacy* or *principled issue*

catalysts for change, which (one or both) act as mediating factors for inducing change. While Boerzel and Risse (2003) explicitly do not distinguish between a local/international divide for norm entrepreneurs, Acharya (2004) criticises the traditional emphasis in constructivist scholarship places on transnational moral entrepreneurs, which operate in the international arena, and proposes a new 'localization perspective', which shifts focus towards 'insider proponents' or locally/regionally based actors who are involved in the process of 'norm entrepreneurship' (Acharya, 2004). Importantly, local norm entrepreneurs do not only passively take on new norms but reinterpret and reintroduce the 'global' norms in accordance to the local normative order (Acharya 2004:244).

This leads to a discussion concerning the third 'analytical level' of the model, which is norm internalization through the process of socialization. Though, referring to Acharya's (2004) 'norm localization' concept, it is implicitly stated that norm entrepreneurship at local level constitutes processes of norm internalization, modification and transformation. Indeed, in the case of development aid formation, Latvia's political elite in large can be seen as 'norm taker', learning from the EU and internalizing its norms into Latvia's domestic systems. But it can also be regarded as a local 'norm entrepreneur' that fosters the spread of these new norms further into society, and thus shapes the norm internalization processes at various levels of governance. Viewed in this light, the norm internalization process becomes simultaneously a process of 'norm entrepreneurship'.

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networks are bound together by shared beliefs and values rather than by consensual knowledge (Keck and Sikkink 1998). They appeal to collectively shared norms and identities in order to persuade other actors to reconsider their goals and preferences. Such processes of complex or 'double-loop' learning (Agyris and Schön 1980), in which actors change their interests and identities as opposed to merely adjusting their means and strategies, occur rather rarely" (Boerzel, 2003:20).

[8] "A cooperative political culture and other *cooperative informal institutions* exist which are conducive to consensus-building and burden-sharing. Informal institutions entail collective understandings of appropriate behaviour that strongly influence the ways in which domestic actors respond to Europeanization pressures. First, a consensus-oriented or cooperative decision-making culture helps to overcome multiple veto points by rendering their use for actors inappropriate. [..] Second, a consensus oriented political culture allows for a sharing of adaptational costs, which facilitates the accommodation of pressure for adaptation. Rather than shifting adaptational costs upon a social or political minority, the 'winners' of domestic change compensate the 'losers'" (Boerzel, 2003:20).

The model developed by Boerzel and Risse (2003) does not distinguishes the possible overlapping of the processes of 'norm entrepreneurship' and 'norm internalization', and hence does not provide a way to overcome this dualism of norm entrepreneur and norm taker (this is a critique I address to their model). Therefore Acharya's (2004) considerations on process of 'norm localization', which within Europeanization studies could also be seen as phenomena where the Europeanization process is integrated within the local and historical context of the nation state, are of utmost importance to overcome this methodological dilemma. In a certain aspect by including the intervening variable – historical context, I also address the dynamics of 'norm localization' in this paper, accounting for process of transformation of 'transnational' or 'global' norms in accordance to historical context of the nation state.

Continuing on thematic of norm internalization process, it should be noted that within academic literature, there are multiple analytical approaches to determine gradation of norm internalization within domestic structures (see Boerzel and Risse 2003, Checkel 2005, Acharya 2004). Instead of analyzing norm-internalization process itself, I chose to rather focus on norm internalization dynamics, and the connection between this dynamics in Latvia's perceived role in the international arena and development aid institution and policy. I leave out concluding statements of the level norm internalization process, and focus my analysis instead, on what norms have been more eagerly (faster) internalized and what norms have been more unwillingly (slower) internalized as a result of the EU – Latvia socialization process.

While I base my analysis heavily on the social constructivist branch in new institutionalism, strategic calculations can play some role in socialization process as well (Checkel, 2005:809). A reference to rational choice institutionalism[9] must therefore be made in analyzing empirical data for the following reasons. Firstly, identification of actors, which are empowered as the result of resource redistribution, might provide an insight into structural division of 'norm entrepreneurs' as I hold the assumption that those

[9] "The logic of rationalist institutionalism suggests that Europeanization leads to domestic change through a different empowerment of actors resulting from a redistribution of resources at the domestic level." (Boerzel and Risse, 2003:58).

who obtain benefits from resource redistribution might raise their voices and 'speak louder' in implementing norms than those not receiving direct benefits from the resource redistribution process. This simple logic is used as a cross-checking method for identifying and conceptualizing 'norm entrepreneurs' from the model of socialization. Secondly, by reviewing the rationalist institutionalist perspective, I am provided with insights into the bargaining process which takes place when the new EU member states negotiate the share of Gross National Product [GNP] to be channelled towards the institution of development aid. My choice to include a condensed analysis of the rational choice institutionalism analytical approach (observing bargaining process and looking at resource distribution outcomes) is due to the increasing consensus among institutionalism scholars concerning the complementary nature of both approaches – sociological and rational institutionalisms (Boerzel and Risse, 2003:74, see also Checkel 2005).

Research Methodology

In order to trace the impact of the EU on Latvia's development aid and NRC, where "the level of analysis is the domestic system and the main analytical construct is exploring the impact of the EU" (Grabbe, 2006:45), the research combines a micro-level sociological research and policy document analysis in Latvia with an academic literature review and policy document analysis at the EU level. The research design for the case study, as has already been stated, is based on the analytical model developed by Boerzel and Risse (2003), which conceptualizes domestic change as an impact of the EU on the process of state socialization. Additionally the model includes the notion of the changing national role conception. Using data triangulation method, the following data sources for the case study were used: literature review (mainly works by Latvia's researchers), analysis of speeches by the President and Foreign Affairs Minister (in time span from 1992 till 2004), Latvia's development aid policy documents analysis (2003 – 2007), and personal interviews. Rationale for choosing these research methods is provided below.

The objective of personal interviews was to trace those who are 'norm entrepreneurs' for development aid in Latvia at the domestic level, how these 'norm entrepreneurs' interacted with the EU and what were the methods of influence they used in order to pursue change in development aid institution in Latvia. For identifying 'norm entrepreneurs', a snow-ball sampling method, as well as results from rationalist perspective analysis of redistribution of resources was used. In total there were 8 semi-structured interviews pursued with 'norm entrepreneurs' in non-governmental sector (5 interviews) and state sector (3 interviews) with the leading people of the accordant organization – Heads of Units, Directors and Programme Directors. The main questions in the interviews focused on the way local norm entrepreneurs cooperate with the EU level, what are the socialization practices, and how the new norms are negotiated further to Latvia's society.

In order to trace change in the discursive practices of NRC, analysis of politicians' speeches was pursued. In total 30 speeches of the President of Latvia were analyzed in time span 1999 – 2007, publicized in the Homepage of President's Chancery, where speeches were chosen in two categories: 1) the President's speeches in SAEIMA[10] and 2) the President's speeches related to international institutions, such as the EU, United Nations [UN] and North Atlantic Treaty Organization [NATO], thus gaining perspectives of 'internal' and 'external' positioning of Latvia's role and tasks in international arena. In time period 1999 – 2004, twenty speeches, and in time period 2004 – 2007 ten speeches of the President were analyzed. Additionally major statements of Minister of Foreign Affairs concerning Latvia's foreign policy 1999 – 2007 were examined, including "National Strategy for integration into the EU, 2000", "Latvia in the European Union Strategy", "Latvia's Foreign Policy Guidelines 2006-2010", as well as statements of Prime Ministers in Year Books (2000 – 2005). This approach for analyzing NRC is consistent with Holsti's (1970) developed research, which analyzes the highest level politician's statements and speeches of at least 10 sources.

[10] Unicameral parliament of Latvia with 100 members elected in general, equal, direct, secret and proportional elections for a four-year period (*SAEIMA Homepage*).

Although, I do not pursue mass media discourse analysis of Latvia's development aid due to limited time resource and also low publications activity on Latvia's development aid thematic, when speaking about mass media discourse formation in Latvia, one should take into account that these might be parallel different discourses depending on mass media language (Latvian or Russian), especially when concerning Latvia's and Commonwealth of Independent States [CIS] cooperation issues (see Denisa, 2006).

Chapter 2: Development Aid in Europe

This chapter aims to demonstrate the influencing factors that have historically fostered change in development aid policies in the 'old' EU member states and consequently at the EU level (therefore giving a basis for considerations when analyzing change in Latvia's development aid policies) as well as provide a framework for understanding the norms, rules and 'ways of doing things' of the EU development aid at its current stage (in order to be able to indicate which changes in Latvia's development aid policies are the result of transformative power of the EU). The chapter will initially provide a historical overview of development aid formation in various European countries, before discussing contemporary development aid in the EU (current ideology related to it, norms, rules and 'ways of doing things'). The chapter will conclude with a focused discussion on the dynamic change in development aid institutions in the new EU member states[11].

History of Development Aid in Europe

The history of development aid in Europe[12] is an inherently complex area of study. Due to high diversity of development aid across Europe, time constraint, and limited available

[11] Here with the term 'the new EU member states' is referred to those ten countries, which joined the EU in 2004.
[12] Here when speaking of Europe, I refer to 'Western Europe'.

previous academic researches[13]; I cannot provide a comprehensive overview of development aid in Europe. Yet, the main processes that influenced development aid formation in Europe were somehow homogenous, and thus I form my analysis by dividing the influencing factors into 'external' and 'internal', where external factors refer to those processes, which occurred at international level, while internal factors account for pressures 'from below' or at nation state society level. Furthermore, European development aid history goes hand in hand with multilateral development aid formation and thus when analyzing dynamics and change in European development aid, I include in my analysis general dynamics of development aid as it was in the international arena.

'External' Factors Influencing Development Aid Formation

The emerging institution of development aid is traditionally seen as a post WWII phenomenon, which according to Hjertholm and White (1998), is "fuelled by the inertia of institutions created in the aftermath of the war" (Hjertholm and White, 1998:4). Yet, several historians (Frey, 2003; Tomlinson, 2003) emphasize that the roots of development aid institution in Europe trace back to the 19th century. As Frey (2003) points out "development efforts have antecedents which precede the landmarks of mid-20th century development schemes such as the British Colonial Development and Welfare Act [CDWA] of 1940, which, for the first time, included 'welfare' and notions of 'aid' as aims of development, the various United Nations institutions set up in the wake of the Second World War [..] Development policies in the modern sense have antecedents which go back, roughly speaking, to the turn from the nineteenth to the twentieth century" (Frey, 2003: 396; see also Tomlinson, 2003:414).

Furthermore, according to several key analysts "there was considerable continuity from colonial to post-colonial institutions (an obvious example being the renaming of the Colonial Development Corporation as the Commonwealth Development Corporation in the sixties) and aid-financed efforts drew from the experience of both British and French

[13] Most available literature on history of development aid in European countries is in national languages of those countries, and there are few academic research sources in English.

authorities (as in the case of the Community Development Movement)" (Hjertholm and White, 1998: 11). This colonial legacy of later development aid can be demonstrated not only by institutional continuity but also by continuality of aid financing patterns. As Tomlinson (2003) notes, "throughout the years 1958–71 at least 80 per cent of British aid was channeled bilaterally to Commonwealth countries, including both dependent and independent members" (Tomlinson, 2003:413).

Thus, institutional evolution of development aid in Europe could be seen through a prism of its historical experience with the 'developing countries': on one side there were those European countries with a colonial history, on other side – the 'like-minded' Nordic countries with no colonial experience. This division frequently became analogous with dividing development aid into strategic, political and commercial (France, United Kingdom, Germany) in opposite to altruistic (Sweden, Denmark, Finland) aid. While "the United Kingdom is usually rightly bracketed with France among the major aid givers as focusing policy attention on an imperial and ex-imperial arena" (Tomlinson, 2003:413), the development aid programmes of Netherlands[14] and the Nordic countries (the 'like-minded' donors) are seen as emerging from "an altruistic and developmental vocation, linked to the desire to build political bridges to developing countries. Some analysts have called this 'real aid'" (see Browne, 1997:5). Due to this divide of Europe into two blocs – those countries with a colonial history and those without a colonial history – Europe fundamentally cannot be viewed as a homogenous unit of analysis with regard to development aid. Despite this, the main processes in the international arena, which I regard as 'external factors influencing formation of European development aid' can be viewed as common to all European countries.

Being aware of the continuity of 'colonial development aid' among some European countries, the emergence of development aid as it is understood today can be seen as post WWII phenomena. Most academic literature account the Marshall Plan, Cold War rivalry

[14] But according to Hoebink (1999) "Dutch bilateral aid programmes began in 1960s in response to pressure from the employers' federation. [..] the establishment of the bilateral aid programme could be seen as a victory of the economic/commercial motive behind foreign ad over the humanitarian/ethical motive" (Hoebink, 1999: 187).

and the independence movements of the colonies in the 1940s as the major factors facilitating emergence of development aid (Hjertholm and White 1998; see also Hewitt 1994; Browne 1997). Cold War rivalry was the key element behind the dynamic growth of development aid among Western countries, and it became essential in the context of the independence movements within the African and Asian colonies. During the Cold War, development aid essentially internalized ideological rivalry between the Soviet and Capitalist worlds. In this ideological rivalry, the Marshall Plan (the most notable and successful foreign aid example from the United States of America [US] to Europe in 1940s) was seen as one of such ideological foreign/development aid examples since "at the end of WWII, US foreign assistance programs were shaped by the emergence of the Soviet Union as an increasingly powerful and aggressive nation" (Grant, 1979:4). Therefore, in the context of the Cold War, it can be concluded that "aid is essentially political" (Duffield, 2002:1050).

In order to maintain the power balance during the Cold War, the impact of the US on Europe did not end with granting Europe financial aid under the Marshall Plan. It was rather seen as an investment seed that would grow into a wider political and economic alliance between Europe and the US which would become a complement to its development aid efforts later. Thus, development assistance programmes in various European countries started in 1950s (Freres, 2000:68) as a result of external promotion from the US side, with "pressures for burden sharing were one factor behind the establishment of bilateral aid programmes at the end of the fifties and in the 1960s, and was the impetus behind the formation of the Development Assistance Group in 1960 (becoming DAC in 1961) to monitor aid performance and the later adoption of the 0.7 per cent volume target" (Hjertholm and White, 1998:12).

There was another essential factor which fostered emergence of development aid programmes in various European countries, and that was "the second wave of independence in the 1960s," (Hjertholm and White, 1998:12) which motivated Europe to become an active player in the field of development in order to prevent "the former colonies from falling into the communist orbit in their search for 'independent' ways of

development" (Schmidt, 2003: 475). Interestingly, Europe's development aid efforts in its former colonies were not limited solely by ideological Cold War battle but included also a new element – that of a combating underdevelopment. As Schmidt (2003) observes, besides the Cold War battle motivation "there was a genuine desire to create a long-term development strategy that would provide a solution to the problems of underdevelopment and to integrate the newly independent countries [NICs] into the global economy of the Free World" (Schmidt, 2003: 475). Thus, "the process of decolonization partially changed the nature of the Cold War. To the East–West conflict was added a North–South confrontation – a struggle over who would influence 'the rest of the world', representing two-thirds of the world's population" (Schmidt and Pharo, 2003: 388).

Parallel to this Cold War rivalry and de-colonization processes, was the birth of the multilateral governance system for development aid, which also shaped thinking and ideology behind development aid. "Between 1958 and 1962 the major international institutions – the International Monetary Fund [IMF], the World Bank [WB] with the International Development Agency [IDA] and the International Finance Corporation [IFC], the General Agreement on Trade and Tariffs [GATT], the Organisation for Economic Co-operation and Development [OECD] with its Development Assistance Committee [DAC], and the European Economic Community [EEC] with its Development Fund – developed special aid agencies. These institutions were the outcome of intensive intergovernmental discussions between potential donor countries at the highest political level. During the 1960s the DAC acted as a forum to co-ordinate bilateral aid policies, to formulate criteria for the level and terms of aid and to review the performance of the member states according to the agreed aid policy. Attempts to evaluate on the impact of aid and the relative contribution of different countries comparability of aid was a constant topic of discussion among the donor countries" (Schmidt and Pharo, 2003: 389). These international institutions formed a multilateral basis for development aid and development aid philosophy, which in large, divided the world artificially into two camps – into 'donors' and 'recipients' (Browne, 1997:20).

The multilateral system for development aid became a 'competitor' to bilateral programmes of development aid, which incorporated national economic and political interests. Again the 'international norm setter', the US encouraged European countries to increase their multilateral share of aid (Tomlinson, 2003:419), and met with resistance that led to continuous bargaining and negotiation processes about the share of multilateral aid in relation to bilateral aid. For example, France "rejected multilateral aid because this would have meant abandoning France's former territories and bringing the new countries straight into a market economy" (Bossuat, 2003:459). Also as demonstrated in case of the Britain "desirability of the expansion of aid via the International Bank of Reconstruction and Developmetn [IBRD] was a matter of controversy in London, first, because of the view that Britain's 'special responsibility' lay with the Commonwealth, and it was feared that multilateral aid would weaken this link" (Tomlinson, 2003:420). Thus, multilateral aid was a "fear" for those European countries, which pursued strategic (political and economic) development aid with specific developing countries (usually their former colonies), and could not leave those strategic issues in the realm of multilateral system of development aid governance.

This obvious connection of development aid to national interests, and signs of remaining colonial legacy, led to a situation where "mass media and communications revealed striking discrepancies between the European 'civilising' mission and the appalling conditions in the colonies. Moreover, colonial governments felt that they needed to create a balance between social concerns and profitable investment climates to exploit local markets and raw materials. Taken together, these issues propelled metropolitan governments and colonial administrations to conduct development policies in a contemporary sense" (Frey, 2003:396-97). Contemporary sense implied striving for democratic regimes, human rights and poverty alleviation.

Thus, although framed by colonial continuity, European development aid was influenced by changes in multilateral system of governance, as well as by the US as norm setter and proponent for increasing amounts of European aid. Within this context, Europe was forced to re-define its role in the international arena leading to a situation in which

Europe favored the establishment of development aid institution. For example, in the immediate post-war period, "foreign aid was seen from the perspective of how a 'new' Germany presented itself to the world. Germany had no ambitions to establish spheres of influence; this added to the credibility of its economic assistance to the Third World, as did the fact that it was not tainted by colonialism" (Schmidt, 2003:487). Also as the case of Italy has illustrated by its willingness to establish development aid programmes despite its own domestic development problems, "the desire not to remain outside a Western collective initiative and the need to cultivate national interests - that is to increase Italian exports and to cultivate relations with other Mediterranean countries and those of the Middle East" (Calandri, 2003:513). In the case of Britain "aid-giving was perceived as important to the United Kingdom's reputation in the world" (Tomlinson, 2003: 429). Finally, "the newly established European Economic Community [EEC], in trying to find a role of its own in the international system, considered development assistance to be a natural field of action" (Calandri, 2003:509).

To conclude, the emergence of European development aid programmes should be viewed in the light of the Cold War environment and independence movements of the former colonies. Also an influential norm setter – the US should not be forgotten when conceptualizing evolution of development aid policies in Europe. These were the changes in the international environment in general that urged Europe to define new role, and develop itself into a 'civilian power', and in the realm of raising multilateralism to present itself in line with international norms and conventions that evolved after the post WWII period.

'Internal' Factors Influencing Development Aid Formation

The emergence of development aid in Europe was influenced by 'external factors' or processes and events in the international arena. Though, one should not disregard the importance of 'internal factors', which are factors stemming from processes and events at national level. Within the institutional system of development aid, the world is divided into 'donors' and 'recipients' (Browne, 1997), where donors are the developed countries

but recipients are classified as so called developing countries. Thus, to become a donor, the country must be wealthy or at least relatively wealthier than many others. Indeed, this trivial statement holds true when looking at how Europe engaged in development aid activities. In the immediate postwar period Europe recovered quickly due to aid received in the form of the Marshall Plan, and with growing level of prosperity got increasingly involved in providing development aid to developing countries. As Calandri (2003) concludes, the fact "that aid is connected with raising level of prosperity is well demonstrated by the case of Italy. As soon as its economic situation improved, Italy was to create a legal framework from which to re-launch aid through public funds" (Calandri, 2003:520). This is further demonstrated by OECD/DAC statistics study, which shows a positive correlation between the level of prosperity of the country and amount of (foreign) development aid (*DAC Homepage,* Documents, Statistics). Also the fact that development aid budget is usually seen as a certain percentage of GNP of the country indicates its connectedness to the wellbeing of donor country itself.

Thus theoretically, a raising level of prosperity would translate into a raising level of aid, although this has not always been the case in reality. As Pogge (2001) observes, in the post-Cold War period, the developed states actually cut their aid budgets despite the fact that they already enjoyed a significant decrease in military spending (Pogge, 2001:7). Relationships between the raising level of prosperity of the country and aid is not a simplistic linear affair but rather involves more complex considerations. As academic research reveals, one way to explain fluctuations (raise and fall) in development aid is the economic relationship that the "donor" state has with the "recipient" country.

As a factor that influences aid, Sobhee and Nath (2002) consider trade, since "trade policy has been an important basis for aid allocations" (Sobhee and Nath, 2002:1). In this respective development aid can be more seen as a strategic investment, which should bring fruits in form of trade. Again examples of Britain and France, best illustrate this connection between aid and trade. Although in Britain as described elsewhere demonstrates the rhetoric of philanthropic motives for providing aid, there was a notion from politicians of "'enlightened self-interest', and their 'behind the scenes' calculations

tended to assume that to be popular, aid needed to be demonstrably favourable to Britain's interests. [..] Finally, aid was inextricably interwoven within Britain's powerful commitment to the international economy" (Tomlinson, 2003: 429). The same is true of France, as French aid has typically gone to "support French overseas trade" (Bossuat, 2003: 445-446). Therefore, French aid was targeted only to those previous colonies that France considered as important in trade relationships. In addition it can be advanced that "the (very relative) 'globalisation' of French aid to the developing countries was also fostered by the expansion of French trade with those countries" (Bossuat, 2003: 445-446). But it would be simplistic to claim that it is only trade that influenced French development aid, the European Community [EC] (at that time the Common Market) could also substantially influence dynamics between trade and aid. Inter-related trade issues are well demonstrated in the analysis of the curious paradox of why French aid was decreasing despite growth in national wealth. This was because "the development of the French economy was integrated into that of the Common Market and the world economy, which meant that its interests were shifting away from the franc zone" (Teresa Hayter cited in Bossuat, 2003: 449). Mirroring French and British aid policies, which were clearly linked to trade targets, we see that, for example, Swedish development aid was not connected with its trade interests. While concentrating on Sub-Saharan Africa, Sweden had no colonial history in this region, and its trade links with aid receiving countries were and remained low (Danielson, 1999). As such (together with a few other 'like-minded' donor countries) it can be regarded as exceptional since most researchers have demonstrated clear connections between the aid and trade policies of European countries.

Relation of aid to national economic interests is especially well demonstrated by the phenomena of tied aid. Despite the recognition among donor countries that the tying of aid is not an example of "good praxis", in relation to aid receiving country there was still an ongoing bargaining and negotiation process which led to tied aid in many occasions of European development aid practice. As demonstrated by the case of Italy "as it became clear that tied aid was not a temporary anomaly, but a permanent feature of many North – South financial relations, Italy gave up granting concession of untied aid" (Calandri,

2003: 522). Aid tying helped to persuade domestic public of strategic necessity of development aid. This is demonstrated by the case of Britain, in which "the question of tying was, of course, a contentious one, because tied aid was undoubtedly less favourable for the recipient, but tying appealed to governments because not only did it favour their own economies, it was also seen as a way of increasing political support for the aid programme" (Tomlinson, 2003:420). Traditionally tying of aid is connected with the private sector of an aid giving country, which provides it with market opportunity to pursue projects in an aid receiving country, which are in turn funded by an aid providing country. But there are also 'echoes' of tying of aid in the so called third sector or non-governmental sector. For example, many Northern non-governmental organizations [NNGOs], which received governmental budgets, were able to create employment positions for those working in the development aid 'industry'. By examining the sharp growth of number of NNGOs in OECD (Lewis, David, 1998:502) and the fact that NNGOs received large share of funding from governments (In Sweden NNGOS received 80% of funding from the government (Lewis, David, 1998:508)), one can conclude that the non-governmental sector of a donating country was active in managing provided funds for development aid.

To sum up, besides raising levels of prosperity, which was a pre-requisite for establishment of development aid programmes in Europe, remarkable forces were found also internally in European countries in both the corporate and non-governmental sector, which accordingly saw development aid as a 'market opportunity' for realizing tied aid projects or as niche for employment opportunity[15] (at domestic level and also for expats[16]).

[15] "While there was no substantial increase in aid flows, official development assistance remained quite buoyant during the 1980s. One stimulant was the channeling of more resources through non-governmental organizations in both donor and recipient countries" (Browne, 1997:14).

[16] As demonstrated by the Netherland's case "…sombre pragmatism played a role in the decision to participate in the new technical assistance programme of the United Nations at the beginning of the 1950s. Prime Minister W. Drees of the Social Democrats (Partij van de Arbeid, PvdA) saw a chance to put to work the many experts and technicians who continued to return from Indonesia" (Arens, 2003:458).

Dynamics of Development Aid

The international system of development aid is both complex and dynamic, in this system there have been many changes related to aid governance, aid thematic, aid philosophy and ideology over the years. Since the dynamics of European development aid cannot be viewed in isolation to changes in the international institution of development aid, I will now provide a general outlook of the change processes in development aid in the post WWII period.

First, there were considerable changes with regard to the type of aid, as "early development policy aimed primarily at improving infrastructure and increasing the production of tropical commodities" (Frey, 2003:397). In this way, aid was incorporated into the continuity of the colonial legacy when development aid was meant to promote the necessary trade components for the developed world. Large infrastructure projects to "extract resources" from the developing countries did not always reach the development objectives but were successful to support trade opportunities. Later in development aid thematic, issues of social well-being, such as education, and health were integrated, turning 'construction-based aid industry' into 'world of projects and programmes for improving education standards and health care system'.

Second, governance of development aid went through substantial changes. Initially aid was governed by nation state, though, due to the fact that development aid failed to bring development, nation state was blamed for being an inefficient and stagnant entity for managing aid. Therefore, a new field of action was created for fast growing non-governmental sector. This so called 'NGOization' phenomenon occurred when the non-governmental sector took responsibilities that the state used to manage. Proponents for NGOization saw opportunity for more flexible and elastic working style, as well as decentralization of the state's power over aid distribution, while opponents saw danger in scattered and fragmented projects of NGOs. In Europe it was the Cotonou agreement that pushed forward the process towards non-state actors' involvement, thus "contributing to EU's objective of "aid decentralization"" (Freres, 2000:69). In general, the postwar international arena was characterized by the growth of supra-national and national NGOs,

which made a substantial impact on how the aid programmes were managed and implemented in developing countries.

Third, philosophy or ideology of development aid was and still is relatively dynamic and in its history has seen numerous transformations, revolutions and modifications. The period since 1980 can be characterized by the WB and IMF trial to implement neo-liberal ideology strategically outlined within the programme of Structural Adjustment [SA]. These programmes expressed in some keywords implied cutting government spending, import reduction, export growth, and adjustment of foreign exchange rate (usually local currency devaluation), and above all privatization, thus letting market forces work in order to establish equilibrium in the economy. A decade later in 1990s, international organizations such as the United Nations Economic Commission for Africa [UNECA], the United Nations Children's Fund [UNICEF] and the United Nations Economic Commission for Latin America and the Caribbean [ECLAC] outlined the need for "Managerial State" and for "Adjustment with a Human Face" (Brown, n.d.). In other words, neo-liberal strategy imposition as "the right medicine for development, in which one size fits all" is being revised and more complex structures of aid developed.

Currently, the focus of international organizations such as the UN, WB and IMF (and similarly the EU, which is strategic partner of the WB, and forms its development aid in lines with the UN principles) is 'poverty reduction'. This implies implementing change at a grassroots level and combating poverty through correcting the structural problems of society. This focus involves an understanding that there are tasks to be done first before conditionality imposition. The focus on poverty reduction has been complemented by the term of 'good governance', which is now widely used in almost any international aid programmes. Furthermore, the underlying aims for combating poverty and ensuring good governance, is to ensure a secure world order. As Duffield concludes "the link between the development and security is now a declaratory position in mainstream aid policy" (Duffield, 2002:1065). Also as stated in the EU Consensus on Development (2005) "combating global poverty is not only a moral obligation; it will also help to build a more stable, peaceful, prosperous and equitable world…" (*EC Homepage*, Development).

Thus, neo-liberal market model accompanied with good governance ('democracy', 'rule of law' and 'human rights') are ultimate aims of contemporary development aid policies, which strive to bring security and peace in the world.[17]

The EU Development Aid Today

As the previous subchapter demonstrated, the institution of development aid in Europe has gone through major changes in such areas as governance of aid, philosophy behind aid and others in a relatively short history. Within the contemporary framework, this institution is not any less fluid than in previous periods and is still subject to ongoing debates in on both the societal and political level. Currently, the ideology of development aid in Europe is in flux as ongoing dialogues between national and international levels over development aid issue demonstrate.

In order to capture the features of the EU development aid of today, I look at certain domains where the institution of development aid takes place and operates. First, I contextualize development aid of the EU within the larger picture of EU foreign relations, and analyze how the institution of development aid is integrated into the role that the EU plays in the international arena. Second, I explicitly explore the norms, rules and 'ways of doing things' of the EU development aid in an effort to provide insight into the governance of EU aid at both the supranational as well as the national level.

The EU Role as a Civilian Power

Development aid is one of the institutions within the realm of the EU's foreign relations, and therefore is interconnected with the EU's foreign policies. Thus, in order to understand how the institution of development aid is operating in the EU and what this

[17] This section to a large extent is based on a paper written in the course of African Economic History and Development Issues, University of Kwa-Zulu Natal, Durban, South Africa, 01.08.2005 – 01.12.2005

means for the EU itself it is important to view it in accordance with the role the EU plays in the international arena.

The role the EU plays in the international arena is that of a civilian power or "a nonmilitary superpower"; when being a civilian power implies: "a) the acceptance of the necessity of cooperation with others in the pursuit of international objectives, b) the concentration on non-military primarily economic means to secure national goals with military power left as a residual instrument serving essentially to safeguard other means of international relations, and c) willingness to develop supranational structures to address critical issues of international management" (Maull, 1990/91:92-93). From an extreme point of view the EU is seen as a 'military worm', which as an international actor is "unable to exert influence by means of traditional instruments but wanting to assert an identity separate from that of the member states and therefore left with 'co-operation' and 'civilian' instruments as means of defending its interests" (Kohnstamm and Hager, 1973; Rummel, 1990 cited in Koulaimah-Gabriel, 2003:347). This self-definition of 'civilian power' translates into an obligation for the EU to share 'world responsibilities' by addressing critical international issues (Freres, 2000:73). Being defined as a "community of destiny, a community of values, a community of shared ways of life, an economic and social community, and a community of global responsibility" (Kuehnhardt, 2003:53), the EU has to face the challenges of globalization, and "develop an appropriate role as a global power" (Kuehnhardt, 2003:160). Thus, "the more the EU develops as a global economic and political actor, the more it will be confronted with the hopes and interests of developing countries who want a fair share in the overall pursuit of globalization" (Kuehnhardt, 2003:145). As stated in the 'EU Consensus on Development' (2005) "development policy is at the heart of the EU's relations with all developing countries" (*EC Homepage*, Development). In this respect, development aid is "one of the main components of the EU's 'civilian power'" (Freres, 2000:5) since it directly concerns the issues caused by globalization.

The role the EU wants to play in the international arena determines the manner in which the EU forms and pursues its development aid policies. Viewing the EU's development

aid in line with the role of the EU as 'civilian power', one can better understand the 'philosophy' of the EU's aid (the norms, values and 'ways of doing things' as defined by the EU and its member states).

Norms, Rules and 'Ways of doing things'

Derived from the role the EU plays in the international arena are norms, values, rules and 'ways of doing things' related to development aid. In this subchapter, I first give the normative and legal framework of EU aid, and second, provide insights into EU development aid governance structure, which indicates in what 'ways' the EU takes action related to its development aid policies implementation.

Normative Framework (Norms and Values)

The EU harmonizes its development aid institution with the norms and values of international and supranational organizations, such as the UN, IMF, WB and the World Trade Organization [WTO]. According to Manners (2002), within the historic context that the EU operated in, its hybrid polity and legal constitution "has, in the post-cold war period, accelerated commitments to placing universal norms and principles at the centre of its relations with its member states and the world" (Manners, 2002: 241). The main norms are human rights and democracy, which are promoted both internally within and externally by the EU.

Being a strategic partner of the WB and IMF, the EU participates in poverty alleviation programmes (which are based on liberal capitalism promotion as the main developmental paradigm). Since the 1990s these programmes have been accompanied by 'good governance' principles[18]. While placing principle of 'good governance' at the centre of its development aid approach, a specific framework for the EU's development aid values

[18] As a participant of the WTO, the EU has been a key proponent of a new development-oriented round of multilateral trade – the Doha Development Agenda, where "the EU is pursuing a comprehensive strategy, which includes trade liberalization within the WTO Doha negotiations and by preferential schemes, such as the "Everything But Arms" initiative for least developed countries This is combined with enhanced trade related technical assistance and capacity building, as well as other concrete measures to facilitate exports from developing countries" (*EU Homepage*, EU in the World, EU @ UN).

and guiding light for EU's development endeavors, is provided by the UN Millenium Development Goals [MDG] declaration in which context overall objectives of poverty eradication and sustainable development are set at European level.

The recently signed 'European Consensus on Development' (2005), which provides "for the first time, a common vision that guides the action of the EU, both at its member states and Community levels, in development co-operation" also reinforces the EU's commitment to norms and standards in development cooperation agreed at multilateral level, mainly referring to the UN[19], as well as OECD/DAC postulated basic principles related to development aid (*EC Homepage*, Development). As stated in the 'EU Consensus on Development' (2005) "EU partnership and dialogue with third countries will promote common values of: respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice. The EU is strongly committed to effective multilateralism whereby all the world's nations share responsibility for development" (*EC Homepage*, Development). As common principles behind development aid policies are: ownership, partnership, in-depth political dialogue, participation of civil society, gender equality and addressing state fragility. Connecting trade and aid, the EC Soft Law on development also requires untied aid, and untying of aid is also permanently on agenda in OECD/DAC meetings (see *OECD/DAC Homepage*, *EC Homepage*, Development).

With respect to budgetary targets, the EU has decided to comply with the UN target for developed countries to channel 0,7% of GNP to development aid by 2015. However to date, "EU member states provide an average of 0.33% GNP in official development assistance [ODA] (data of 2000) and only four EU countries have met the target of 0.7% GNP: Denmark (1.06), the Netherlands (0.82), Sweden (0.81), and Luxembourg (0.7). While this is above the average for donor countries globally (0.22% of GNP) it falls short of the target necessary to reach the Millennium Development Goals" (*Gateway to EU Homepage*, Press Releases, 13.02.2002). The EU has systemized towards reaching this

[19] "The primary and overarching objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including pursuit of the Millenium Development Goals (MDGs)" (*EC Homepage*, Development).

target, setting the Monterrey (2002) target, which implies that "those EU member states below the 0.7% target reach at least the current EU average of 0.33% till 2006 [..] this should be considered as an intermediate target towards reaching the 0.7% final target"(*Gateway to EU Homepage*, Press Releases, 13.02.2002). The 'European Consensus on Development' (2005) also reconfirms the commitment to increase finance for development assistance made in May 2005, when the EU member states agreed on a plan for the eventual de facto doubling of their ODA. The 'old' member states embark on a strategy to set aside 0,51% of their GNP for ODA by 2010 and 0,7% by 2015. [..] Targets for the new EU member states are 0,17% by 2010 and 0,33% by 2015" (*EC Homepage*, Development).

To conclude, the normative framework of the EU development aid is derived from international standards, norms and values within the realm of development aid institution. The current focus on poverty eradication and good governance promotion (seen as a democratic system with well operating 'rule of law' and a 'participating civil society') as well as untying of aid are the main principles on what the EU basis its contemporary 'philosophy' of development aid.

Legal Framework

The activities of the EU and its member states in the field of development co-operation started in 1957 with the signing of the Treaty of Rome, which provided for the establishment of the European Development Fund [EDF] with the aim of extending technical and financial assistance to African countries. The Lome Convention, which defined the goals and principles of co-operation with the partner states, was signed in 1975. At that time, co-operation with Asian and Latin American countries, as well as with African, Caribbean and Pacific States [ACP], based on the equality principle, was started. However, the Lome Convention was unable to prevent economic recession. Therefore in order to make development co-operation more efficient, a new agreement,

the 'Cotonou Agreement'[20], was signed. This new agreement is designed to strengthen co-operation between developing countries and the EU, as well as to define and articulate clear strategies and methods for reducing poverty and hunger in the world (*MFA Homepage*, Development Cooperation). Although the beginnings of the Community's development policy date from the signature of the Treaty of Rome, it is only since the Treaty of Maastricht came into effect in 1993 that Community development cooperation has enjoyed a specific legal basis. According to Hewitt (1994), the Maastricht Treaty had "major implications for developing countries outside the Union and for the aid policy of the Union because for the first time the European Community, now formally Union, has a development policy"(Hewitt, 1994:20). According to Article 3 of the Treaty establishing the European Community: "the activities of the Community shall include…. a policy in the sphere of development cooperation". Article 177 denotes that the Community policy for development co-operation shall foster: "the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them; the smooth and gradual integration of developing country into the world economy, and the campaign against poverty in the developing countries". It will also contribute to developing and consolidating democracy, as well as guaranteeing respect for human rights and fundamental freedoms. The Community and the member states will comply with the commitments approved in the context of the United Nations and other competent international organisations. In addition[21], the Community shall take account of the above while implementing its other policies that are likely to affect developing countries. The Community and the member states will also coordinate their policies on development co-operation and consult each other on their aid programmes[22] (*The Forests and the European Union Resource Network [FERN] Homepage*, Development Aid).

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[20] The Cotonou Agreement provides for a revision clause which foresees that the Agreement is adapted every five years. In accordance with this clause, negotiations to revise the Agreement were launched in May 2004 and concluded on 23rd February 2005. The overriding objective of revision process was to enhance the effectiveness and quality of the ACP-EU partnership (*EC Homepage*, Development).

[21] Article 178, Title XX, Development Cooperation, Nice Treaty, 2003.

[22] Article 180, Title XX, Development Cooperation, Nice Treaty, 2003.

As demonstrated above, norms of democracy and human rights are incorporated in the legal framework of EU development aid. Those remain the main milestones for combating poverty and enhancing the greater integration of underdeveloped countries into the world economy.

Governance Structure or 'Ways of Doing Things'

Governance structure, or in order words, the 'ways of doing things' in relation to EU development aid should be viewed in a larger context of EU foreign relations or Common Foreign and Security Policy [CFSP] since the institution of development aid can be regarded as one of its components. Despite the assumption that "the European Union's added value, or raison d'étre, both in development policy and in CFSP, is to bring about the convergence or even 'fusion' of the policies of the member states" (Koulaimah-Gabriel, 2003:347), one should be aware that in contrast to other policy areas, such as agriculture, development cooperation has not become a common policy within the EU. Although Maastricht Treaty has determined Europeanization in many policy fields, development cooperation remains essentially bilaterally focused, where the EU only complements development cooperation activities of its member states. Furthermore, despite endeavors towards CFSP, development cooperation in Amsterdam Treaty remains a separate activity among the EU member states (Ignatane, 2006:187).

Thus, the EU development aid governance is dispersed among various member states within the EU, leading to 25 different bilateral development programmes[23], which are not coherent and harmonized with one another and which are complemented by supranational level development aid instruments governed by the EC. Coexistence of 25 bilateral development cooperation programmes that include national strategic interests of the member states (which "remain strong and divergent" (Hugon, 1999: 125)) creates environment where "EU members compete with one another and bilateral aid is an instrument of commercial competition" (Hugon, 1999:122).

[23] Development cooperation activities of Member States are defined as ODA, as agreed by the OECD/DAC

Despite the official reliance on multilaterally defined development aid aims, the budgetary share of bilateral aid remains high in most of the EU countries and in the EU in general. Out of all provided ODA in the EU, 83% regard bilateral development cooperation, and only 17% - the multilateral. 'EU Donor Atlas' (2006) data show that balance between bilateral and multilateral share of aid can vary substantially among the EU member states. (Sweden channels 24% to multilateral aid, France 34%, Germany 49%, while Lithuania's multilateral aid share is 79%, Poland's 91% and Latvia's 97%) (*EC Homepage*, Development).

In this environment of highly divergent bilateral aid programmes, and without a mechanism, which would foster harmonization process of development aid among the EU member states, other tools are used to promote change towards coherence and coordination of EU development aid. One of such is the EU Consensus on Development (2005), which strives for harmonization of EU member states development aid policies.

European Community [EC]

Reviewing development aid governance at the EU level, the analysis reveals that coordination and implementation of CFSP is the responsibility of the EU. However, in the policy field of development cooperation "responsibility falls on the European Community and not on the European Union: This is a fundamental distinction meaning that the common foreign and security policy does not have to take into account the development objectives of title XVII" (Koulaimah-Gabriel, 2003:352). The EC is distinctive among other aid donors, since it constitutes a supranational institution which could be described as a meta-national participant in development cooperation (Rudner, 1992). EC aid[24] is separately governed by three aid groups: 1) Budgetary aid[25], 2)

[24] EC development cooperation is based on Articles 177 to 181 of the TEU

[25] Budgetary aid or aid funded through the EC budget is managed by DG External Relations and is divided along geographic and thematic/sectoral budget lines. The main geographic budget lines are ALA (Asia and Latin America), MEDA (Mediterranean countries), and TACIS (Eastern Europe and Central Asia). Thematic budget lines include a number of sectoral programmes such as environment and tropical forests, democracy and human rights, NGOs, food aid, and health (*FERN Homepage*, Development Aid).

Cotonou aid[26] and 3) Humanitarian aid[27]. Projects and programmes are established by two directorate-generals[3] ('DGs'): DG Development and DG External Relations. Nevertheless, implementation of projects and programmes (from identification and preparation of financing decisions to evaluation, which ensures the achievement of the objectives established by the DGs in charge) is handled by one single Commission department: the Europe Aid Cooperation Office (except for the humanitarian projects and programmes – which is handled by humanitarian aid office (ECHO)) (*FERN Homepage*, Development Aid).

European Development Fund [EDF]

With regard to EC development cooperation, the European Parliament has a privileged position. But the exception is EDF, "which finances the most important development programme of the EC: the Lome Convention between the EC and countries of ACP. The EDF is constituted through national contributions by the member states, and thus falls outside the sphere of competence of the Parliament" (Koulaimah-Gabriel, 2003:359). Even though a heading has been reserved for the Fund in the Community budget since 1993 following a request by the European Parliament [EP], the EDF does not yet come under the Community's general budget. It is funded by the member states, and is therefore subject to its own financial rules and is managed by a specific committee. The aid granted to ACP States and overseas countries and territories [OCTs] will continue to be funded by the EDF, at least for the period 2008-2013 (*EDF Homepage*).

Organisation for Economic Co-operation and Development/ Development Co-operation Directorate [OECD/DAC]

[26] Cotonou aid is managed by DG Development. It is funded from outside the EC budget through the European Development Fund (EDF), which is resourced by specific contributions of member states. Cotonou aid is available only to 78 ACP (Africa, Caribbean, Pacific) states that have signed successive conventions (Lomé and Cotonou) (*FERN Homepage*, Development Aid).

[27] Humanitarian aid projects and programmes are developed and managed by the humanitarian aid office, ECHO, a Commission service under the direct responsibility of DG Development's Commissioner Poul Nielson. ECHO is currently active in some 30 conflict zones and more than 85 countries throughout the world. Most operations are financed under budget headings specifically devoted to humanitarian aid (*FERN Homepage*, Development Aid).

Another important organizational framework for the governing and monitoring of EU aid is OECD/DAC, which evolved as a monitoring mechanism, providing opportunity to compare and combine statistics of development aid channeled through developed countries. The DAC is the principal body through which the OECD deals with issues related to co-operation with developing countries. The DAC is a key forum of major bilateral donors. They work together to increase the effectiveness of their common efforts to support sustainable development. Members of the DAC are expected to have certain common objectives concerning the conduct of their aid programmes. To this end, Members periodically review the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies (*DAC Homepage*, Development Cooperation Guideline Series).

The 'New EU Member States' and Development Aid

Those ten EU member states, which joined the EU in 2004 were obliged to accept the EU position with regard to development aid. This comprised of certain values, standards and norms related to development aid as well as the determination to gradually increase the share of GNP channeled to development aid as all the new EU member states were far away from the 'old' EU member states in this regard. While in most new EU member states there was certain level or experience of multilateral aid (Rudner, 1996) before joining the EU, the establishment of bilateral cooperation programmes with developing countries, which "was a requirement for the EU accession, as development policy is part of the *acquis communautaire* "the common achievements of the EU"" (Grimm, 2006:3), was a new activity and a new task to fulfill for most of the new EU member governments.

Interestingly, although requirements for progress in development aid activities and budget aims were not binding or conditional but rather recommendation type suggestions, the new EU member states engaged actively in this activity. As Harmer and Cotterrell

(2005) observed when researching change in development aid policies in Poland and Czech: "although international aid was only a minor issue on the EU accession agenda, officials maintain that EU expectations in this area were a motivating factor in the creation of an assistance policy. Additionally, an aspiration to participate in the EU 'aid market' and compete on an equal footing was seen as important" (Harmer and Cotterrell, 2005:18). This willingness to follow the EU suggestions with regard to development aid coincide with Central and Eastern European Countries [CEEC] participation in multilateral aid, which has the same effect on change in development aid policies after accession to the EU. This was a sign of "an aspiration to be seen as part of the regional economic and security union of Western European states, rather than as members of a fading 'Eastern bloc'" (Harmer and Cotterrell, 2005: 18).

While development aid was a relatively minor issue within the background of larger debate over issues relating to the EU accession agenda, it can be described as a proverbial iceberg. A substantial part of the debate lingered below the surface or in so called (EU level) civil society, which strived for policy changes with regard to development aid in the new EU member states. The most notable member of this debate was CONCORD[28], and its related projects - TRIALOG[29] and DEEEP[30], which fostered change in favour of bilateral development aid programme development, providing platforms for lobbying and networking activities for members of the new EU member states' civil society. The new EU member states were also obliged to report their amount and type of development aid

[28] CONCORD is the European confederation of relief and development NGOs. Its 22 national associations and 19 international networks represent over 1.800 NGOs, which are "in turn supported by millions of people across Europe" (*CONCORD Homepage*).

[29] TRIALOG is a project in association with CONCORD to raise awareness of development policies in the enlarged EU; to integrate development NGOs in the new member states and accession countries into the EU NGDO-community by strengthening "trialogue" and partnerships with the global South. TRIALOG facilitates the inclusion of NGDO Platforms from new member states and acession countries into CONCORD, the European NGO confederation for relief and development; TRIALOG increases awareness and understanding in new member states/accession countries of development issues and the role of NGDOs in EU development policies. Financed by: European Commission (84,10%), Consortium partners and CONCORD (15,9%) (*TRIALOG Homepage*).

[30] DEEEP is a 3-year project initiated by the Development Education Forum of CONCORD that aims at strengthening capacities of NGDOs to raise awareness, educate and mobilise the European public for world-wide poverty eradication and social inclusion. (*DEEEP Homepage*).

to OECD/DAC, which in most cases appeared to be the first substantial statistical record of development aid activities in the new EU member states' histories.

Today the development aid policy in the new EU member states is shaped and formed both by the EU, as well as their own development history. Analogous as Schmidt (2003) in her research on Germany's aid policy, advances the notion that "it can be reasonably argued that a concept of development mirrors to a certain extent the way a community thinks about itself" (Schmidt, 2003:482), the same can be appropriated to the new EU member states. Migliorisi (2003) concludes in their research on the new EU member states "the main focus of development cooperation is precisely in those areas where their countries most suffered before 1989: democracy and human rights and the environment" (Migliorisi, 2003:22). Security interests for the new EU member states "have also been important in shaping the direction and scope of aid programmes" (Harmer and Cotterrell, 2005:17), paying a lot more attention to "near abroad" rather than to countries in the Global South suffering from poverty.

Placing development aid and development cooperation in a wider context of CFSP, several analysts try to reveal "clash" between the 'old' and the 'new' EU member states. Horky (2006) notes that "some argue that there is a divergence in opinions between "new" and "old" Europe, and even a crisis of European identity. Many cleavages appear at time along the former Iron Curtain between EU-15 and the new member states. For example, the Union did not manage to find a common position towards the US invasion in Iraq" (Horky, 2006:1).

While there is no substantial academic analysis done with regard to development aid policies formation in the new EU member states, there are guesses made on how to conceptualize the differences which appear between the 'old' and the 'new' EU member states. Dauderstaedt (2002) links development aid with foreign policy interests: "new countries….do not concentrate on Africa/Latin America because their foreign policy interests lie in Caucasus and former friendly republics of the Soviet Union – Yemen, Viet Nam" (Dauderstaedt, 2002:10). Horky (2006) sees these differences in light of a

European identity crisis: “indeed, a consensus on the positions toward the “other” in developing countries, whose voices are seldom heard, could be used as an indicator of the unity of European identity. Central European and Baltic States, members of OECD, the “rich countries’ club”, provide assistance to developing countries in lesser extent than experienced donors, but there are high differences also between EU-15 countries, taking Netherlands and Greece for example. In spite of that, only the Central European and Baltic countries have shifted so quickly in their foreign policy orientation and undertook ambiguous double donor and recipient experience” (Horky, 2006:2).

Summary

The colonial history of Europe largely shaped the geographical focus of its aid. According to Freres (2000) “as such EEC aid focused mostly on Sub-Saharan Africa, where France and Belgium colonies used to be”(Freres, 2000:68). As Hugon (1999) noted (1999) “Lome convention was much more advantageous to former colonial powers than they were to European states with no colonial history”(Hugon, 1999:119). Also today “with respect to the ‘rest of the developing world’, outside the Mediterranean and the ACP, the European Community has no real strategies” (Koulaimah-Gabriel, 2003:366). Thus, taking into account the EU’s geographical focus of development aid as well as the practices connected with it, the EU can be contemporary described as a ‘selective global civilian power’. At the same time, in order to escape the colonial legacy associated with several European countries, the EU has deliberately complied with international norms and values regarding development aid and closely formed its development policies and programmes in line with international standards and norms set by the UN, IMF and WB. While the EU sets rhetoric regarding norms and standards related to development aid in line with international aid institutions, the share of bilateral aid in proportion to total aid amounts remains high in European countries. Thus, regardless of rhetoric development aid remains connected and proportional to the strategic motivations of the EU (trade issues, ideological issues, historical and cultural links).

Still, development aid in the EU is not static. Due to enlargement and integration dynamics of the EU, it goes through continuous changes that are reflected in development aid policies. As Hewitt (1994) regards "unlike its member states, and indeed unlike most of the bilateral donors, changes in the European Union's aid programme are the result of major developments internal to Europe. This is a fundamental difference which is likely to result in the EU's aid policy becoming stronger as it is reformed, even as the bilateral programmes and policies of some of its members show difficulty in adapting to change" (Hewitt, 1994:19). Indeed, although maintaining strong focus on ACP countries, the geographical scope of the EU does not remain unchanged. As borders of the EU change due to new members joining, so does the geography of development aid, Spain and Portugal focusing on Latin America, and new member states turning towards Caucasus and Balcans (see Koulaimah-Gabriel, 2003:367, Gur, 2006).

It is not only with respect to geographical focus of the EU aid that we notice changes in the EU development aid policies and practices. There are also changes with respect to governance of development aid. Since signing the 'Cotonou Agreement' (2000), the EU has opened up increasing participation opportunities from the non-state sector, which is part of objectives to 'decentralize' the EU aid. Finally, the newly signed 'European Consensus on Development' (2005) signifies the willingness of the EU to form more harmonious development aid philosophy among its member states. As Koulaimah-Gabriel (2003) note, "two observations could be made on the reorganization of EU relations with developing countries through the adoption of comprehensive strategies: the decline in importance of the development co-operation motivation and the tension between the struggle for coherence in external relations and partnership" (Koulaimah-Gabriel, 2003:369). Thus, the EU is attempting to both turn away from the 'selfish national strategic' considerations related to development aid in the past while sustaining the role of 'global civilian power' that the EU desires to play in the international arena.

Chapter 3: A Case Study of Latvia's Development Aid

After reviewing the complex dynamics of development aid evolution at the European level, let us consider the changes in Latvia's development aid policy and institution, as well as its perceived role in the international arena. In line with my developed analytical framework, I test the following hypothesis: *as the EU (through socialization and learning process) engages in forming Latvia's development aid, its institutional and policy framework transforms towards the EU norms, values and ' ways of doing things' related to development aid. These changes are interlinked with the perceived role Latvia plays in international arena, which transforms towards the EU role of 'civilian power'*. Here Latvia's development aid institution and policy, the same as its perceived role in the international arena are considered as dependent variables while EU development aid policies and institutions are considered as independent variable. As has already been introduced, the intervening variables are democratization, raising levels of prosperity, and the historical experience of Latvia. This chapter is structured to present a theoretical model, which first identifies 'misfits', further views socialization process of norm entrepreneurs and cooperative informal institutions, and finally analyzes dynamics of norm internalization process.

Historical Overview: Contextualizing the Impact of the EU and Identifying the 'Misfits'

In this subchapter, a short overview of Latvia's history will be provided, and its role in international relations before accession to the EU will be analysed. Within the context of Latvia's historical development, intervening variables are identified that together with the EU influence Latvia's actions in the international arena (and consequently also its development aid as a component of Latvia's foreign relations). Finally, by focusing on institutional and policy framework of Latvia's development aid, 'misfits' between Latvia's and the EU level are stated.

Short History of Latvia and Its Role in the International Arena before Accession to the EU

Being a former Soviet Union Republic, following the collapse of Soviet Union, Latvia became an independent state in 1991 and sought immediately to secure her new found freedom through a range of political, social and economic policies. Immediately after the collapse of Soviet Union, the foreign relations course of Latvia together with other two Baltic countries reoriented towards the 'West' and 'Western institutions'. In 1991 Latvia became a member of the UN and initiated negotiations for joining the NATO and the EU.

The main justification for such a drastic reorientation away from its Eastern neighbours towards more Western agencies such as the EU and NATO was the issue of Latvia's security. Ensuring its own security (most notably from Russia) was the major and only paradigm for Latvia's actions in the foreign affairs field. As stated by President Vaira Vike-Freiberga "geographically and also mentally Latvia has always belonged to Euroatlantic space, but historical circumstances have prevented our physical participation there. We are returning to our true place and will not leave it. Today, as it has always been, our first priority is national security" (*Chancery of the President of Latvia Homepage,* Speeches, 20.06.2002). In fact during accession negotiations in NATO and the EU, it was considered that "symbolically Latvia already has become a part of the new security" (*Ministry of Foreign Affairs [MFA] Homepage,* Year Book 2001), in other words Latvia was already part the new security paradigm of NATO and the EU.

In her reorientation towards the West, another new priority soon emerged for Latvia that rivalled even her national security, that of market competitiveness. Latvia's shift towards the 'Western side' implied its willingness to gain competitive position in the increasingly globalized world economy. As the President Vaira Vike-Freiberga stated "it is essential for Latvia to understand globalization because we are still in the transition period from Soviet system to free market and political arena...The future will bring competition, and we will have to learn to live with it" (*Chancery of the President of Latvia Homepage*, Speeches, 14.02.2000). Thus within the political discourse came the notion that it was of

the utmost importance to reach competitiveness in the global area and also among the EU countries (*Chancery of the President of Latvia Homepage*, Speeches, 20.05.2003).

As a 'post Soviet country' with aims towards security and competitiveness in the world economy, Latvia had to undergo a substantial process of reforms. Most notably these reforms took place in the areas of democratization, human rights and economic restructuring from planned to market economy, all guided and encouraged by that much valued future article of promise: EU membership. Thus, it was emphasized at the Latvian political level that "integration into the EU secures orientation and motivation of the reform process of Latvia" (*MFA Homepage*, National Strategy for integration into the EU, 2000). As emphasized by President Vaira Vike-Freiberga with regard to integration into the EU: "we want to overtake those laws that they have created and harmonize them with our laws as foreseen in SATVERSME[31], so that we can co-live together and together also form the future of Europe" (*Chancery of the President of Latvia Homepage*, Speeches, 15.02.2002). Therefore, Latvia experienced substantial changes in its legal system and consequently in its governance style.

The reform process that begun in 1991 was considered successful and completed in 2004 when Latvia joined NATO and became a full-fledged member state of the EU. This celebrated occasion was declared a 'coming home' by Minister of Foreign Affairs, Sandra Kalniete (*MFA Homepage*, Year Book 2003).

Institutional and Policy Framework of Development Aid before Accession to the EU

The formation of the institution of development aid as it is understood today (in the Post Cold war institutional environment) began in Latvia after it gained independence in 1991. Since 1999 Latvia has been providing humanitarian aid and development assistance to neighbouring countries on a case-by-case basis (*EC Homepage*, Development). An important aspect of this aid was that it was mostly multilateral aid, which was transferred

[31] Constitution of Latvia

to international organizations. Until now multilateral aid has been predominant within Latvia as demonstrated by her payments to international aid organizations between 2002 and 2004 which have formed more than 90% of the total amount of aid. In 2004 it even reached 97% (Rostoks, 2006).

With regard to bilateral development cooperation programmes, Latvia has stated in 'The EU's current agenda for Development Policy and Enlargement' that she "has not been involved in development co-operation since independence. The country has mainly focused on its own transition towards democracy and a market economy. Moreover, unlike the Czech Republic or Poland, Latvia does not have any past development co-operation experience" (*EC Homepage*, Development).

Furthermore the term "development cooperation" did not exist in Latvia's foreign relations discourse until it was translated in 2003. Also with regard to the organizational set up, with non-existent development aid policy, there was no separate unit in the Ministry of Foreign Affairs [MFA] to deal with development aid, and payments to international organizations were governed through the MFA department responsible for investment and international economic issues (MFA representative, PC, 26th August, 2006). Also important is that there were no non-governmental development organizations [NGDOs] in existence at this time, usually seen as natural component in the governance system of development aid.

Summary: Operationalizing Intervening Variables and Identifying 'Misfits'

After considering this short introduction to Latvia's actions in the international arena after 1991, and consequently the emerging institution of development aid, in this section I will now summarize the intervening variables under investigation. These variables include the process of democratization, the raising level of prosperity and finally historical experience. Together with the EU, these variables influence Latvia's actions in foreign relations (notably within the realm of development aid).

For Latvia to enter the EU, a democratic system of state governance, together with 'human rights' and 'rule of law' were essential prerequisites for membership in that illustrious organisation. Thus Latvia's 'democratization endeavours' can actually be seen as an enabling variable for it to become an EU member state and thus involve into further process of Europeanization. This process of democratization, which implied also the formation of non-governmental sector (which did not exist during the period in Soviet Union), should be considered as an essential intervening variable for influencing Latvia's emerging development aid.

As the timeline of development aid (described in the previous subchapter) indicates, after gaining independence in 1991 Latvia involved herself in a certain type of 'development aid' only in 1999. The key to understanding this is to understand the relationship between 'development aid' in Latvia and the gradual increase in Latvia's level of prosperity. While in the initial years after gaining independence Latvia underwent fierce transition, experiencing low levels of national income but gradually as its income rose Latvia became a participant in multilateral aid institution. With regard to the connection of raising level of prosperity and development aid, 'The Basic Principles for the Development Cooperation Policy of the Republic of Latvia' states that "the year 2010 could be defined as a point of reference – according to the "graduation policy" of the World Bank and the respective forecasts, in 2010 the income level per capita (which currently is USD 5225 as per year 2000 price level) in Latvia could exceed the benchmark, according to which the Bank reviews the country's overall economical situation in order to verify its ability to maintain long-term development program without the Bank's financial support. This date of reference could also be used to as a date from which Latvia could become a full fledged donor country" (*MFA Homepage*, Development Cooperation, Basic Documents). Thus, currently Latvia does not consider itself as a full-fledged donor country due to its 'yet insufficient' level of prosperity but implies a gradual change towards a full-fledged donor.

Finally, Latvia's historical experience under the rule of 'Soviet Russia' formed ongoing Latvia's concerns for national security issues, and determined an immediate Latvia's

gravitation towards the EU and NATO. Latvia literally did not assign to herself any role to play in the international arena except that of integration into NATO and the EU, thus ensuring its national security. In this kind of paradigm there was no notion of 'global responsibilities' nor was Latvia's ability to pursue 'civilian or civilizing mission' as related to the EU's role as 'civilian power' in the world. Latvia's endeavours in multilateral aid were more seen as Latvia's solidarity with the 'aid giving countries', aligning itself with the Western world, and aid itself is not considered a factor of great importance (small amount of aid, ad-hoc based, transferred after invitation from Western countries). Therefore, the symbolic act of aid giving was more important than the kind or level of aid given and this symbolic act of giving aid had a simple objective – that of integrating Latvia into larger world picture, and preferably at the Western side.

Thus, considering the 'EU way of governance' of development aid, which implied concrete 'aid philosophy and purpose' (that of 'democracy', 'human rights', 'poverty alleviation', 'good governance', etc.), active participation of non-governmental sector or civil society, and the separate bilateral cooperation programmes (parallel to multilateral aid management system), the situation in Latvia before accession to the EU in terms of institutional and policy framework of development aid reveals multiple 'misfits' with the EU level.

Socialization and Learning Process

After identification of the 'mis-fits' between Latvia and the EU with regard to development aid and pursued roles in the international arena, this subchapter will now introduce the mechanisms from the EU side for promoting change in Latvia's development aid and will identify norm entrepreneurs and/or cooperative informal institutions at various levels of governance. For the sake of focus, I will concentrate on norm entrepreneurs and/or informal cooperative institutions in the realm of governmental and non-governmental sector. This is due to time limits of my research, and pre-research

results, which revealed that there is minor activity in other sectors (e.g. private, academic).

Norm Entrepreneurs and/or Cooperative Informal Institutions at Various Levels of Governance

Referring to the theoretical discussion about 'norm entrepreneurs', where dynamics of 'norm localization' should be taken into account when analyzing the process of 'norm transition', I structure my analysis in the following way: I first look at international norm entrepreneurs, which impact Latvia's development aid at the domestic level (in governmental and nongovernmental sectors), which accounts to the 'traditional way' in which constructivists see the process of norm transition. Furthermore, I observe how Latvia's political elite has responded to the statements of international norm entrepreneurs, and how this elite in of itself has become a 'norm entrepreneur' when presenting the new role Latvia has to play in the international arena, pushing certain norms, values and beliefs (which are 'localized') into the realm of domestic policies, institutions and wider society.

Governmental Sector

Let us now consider the Latvian government sector, in the context of her relationship with the EU and its development aid institutions. There have been various governments, personalities, as well as international institutions (most notably the EU) which have set the norms for development aid policies in Latvia. As stated in the 'Basic Principles for the Development Cooperation Policy', "Latvia's commitment to draft its foreign economic policy in full compliance with EU norms (including development policy) from the moment of accession to EU is approved by the decision of the Board on EU Integration …In addition to that, Latvian National program on EU integration defines overtaking EU liabilities in all aspects of developmental policies as one of the primary activities" (*MFA Homepage*, Development Cooperation, Basic Principles).

Besides the formal requirements and norms the EU promotes, there are also EU level norm entrepreneurs, which operate at a much more informal level. As an example let us

consider EUROSTEP[32], which actively involves itself in shaping Latvia's development aid institution and policy with 'soft law' methods (as in cooperation with the MFA organizing the event "Focus on Africa") (MFA representative, Personal Communication [PC], 26th August, 2006). Also consider the statement of Rolf Ekeus, the Organization's for Security and Co-operation in Europe[OSCE] High Commissioner on National Minorities, who positively evaluated the democratic, social and economic achievements of Latvia and propagated Latvia to "export" this experience to other countries (Kruma, 2006:142). This evaluation serves as a push for Latvia to engage in development aid activities.

Similar components on Latvia as a success case can be found at the UN level, when Kalman Mizsei, the Assistant Secretary-General and Director of the United Nations Development Programme [UNDP] Regional Bureau for Europe and the Commonwealth of Independent States, named the Latvian experience as a "phenomenal development" to the leading commentator newspaper "Diena" (Denisa, 2006:346). This has turned into more action at UNDP Latvian level, which has supported development of cooperation policy conception and normative acts, expert data base creation, the financing mechanisms development (such as grant scheme), as well as participation in employee education of MFA and other ministries involved, and finally the promotion society understanding about Latvia's development aid policy (Rudzite, 2006:204).

According to a representative of MFA, "various European donors offer educational visits for us to see how they realize their development aid - these have been governments from Ireland, Germany, Nordic countries […] but in reality it was Canada which most actively helped us in various fields – in private sector, academic sector; also SAEIMA[33] and MFA were invited to Canada for capacity gaining. Now Canada helps us in mechanism development, and they co finance 50% of our projects" (PC, 25th August, 2006). This

[32] EUROSTEP is a network of autonomous European non-governmental development organisations working towards peace, justice and equality in a world free of poverty (*EUROSTEP Homepage*).
[33] Unicameral parliament of Latvia with 100 members elected in general, equal, direct, secret and proportional elections for a four-year period (*SAEIMA homepage*).

reveals the process of emulation[34], in which Latvia learns 'ways of doing things' from other countries, including the EU member states.

Answering the question, what motivates MFA to undergo changes in development aid policies the answer from MFA representatives is the following: "there are no punishment mechanisms from the EU, still it is our political resolution to participate in development aid, and we cannot ignore this question because it is question of Latvia's status and esteem to reach those targets. (This is not a technical issue as sugar quotes of the EU, the status of Latvia in the eyes of other donors is an important issue)" (E-mail communication, 28th November, 2006). This statement demonstrates well the cooperative informal institution "logic of appropriateness" that shapes Latvia's actions in the international arena.

Thus, as can be seen, an ideational notion of 'Latvia as a success case', which is expressed at higher political levels, is intensified with notion of 'Latvia's obligation to become a donor', and followed by involvement of international institutions and nation states into the formation of a Latvian development aid institution and policies. Due to a willingness to pursue adequate behaviour in the international arena, Latvia undergoes the process of changes, and through a process of learning and socialization gains experience in development aid governance patterns from other donors.

Non-governmental Sector

In the realm of non-governmental sector in Latvia, there are only two[35] non-governmental development organizations [NGDOs] – Latvian NGDO Platform [LAPAS][36] and Global Education Network of Young Europeans in Latvia [GLEN Latvia], which are also

[34] "Emulation is a significant mechanism by which member states learn from their neirhbours and other Europeans how to respond effectively to adaptational pressures from Europeanisation" (Boerzel and Risse, 2003:68)

[35] There is also Netherland's based NGDO Foundation for European Development Assistance [EMDA], which is not a norm entrepreneur and threfore will not be considered.

[36] Latvian NGDO Platform [LAPAS] is founded in 2003 and unites 23 member organizations active (or interested in) development cooperation (*LAPAS Homepage*).

notable norm entrepreneurs. These NGDOs are embodiments of international NGDOs at the Latvian level. LAPAS is a network organization of CONCORD[37], and GLEN Latvia is part of Global Education Network of Young Europeans [GLEN][38]. Only since establishment of the LAPAS in 2004, can it be regarded that the NGO sector has formally participated in development aid institution in Latvia (Rudzite, 2006:212). Although, there was an informal requirement from the EU side to form a NGDO Platform, it was the SOROS Foundation in Latvia [SFL] that took the initiative in forming LAPAS. As regarded by Director of LAPAS, "SFL is our donor and also initiator of LAPAS. Although, CONCORD is in all Europe, it is due to SFL initiative that this platform is efficient" (PC, 26th September, 2006). Interestingly the 'East - East' programme[39] of SFL coincides with Latvia's development aid policy priorities, thus SFL can be regarded as one of the most influential norm entrepreneurs with regard to that specific development cooperation that Latvia realizes. However, there is also the CONCORD network which interacts with LAPAS, and promotes the ideas of development cooperation. LAPAS Director admits: "since we are members of CONCORD we are frequently invited to different seminars and conferences about what Europe's development cooperation politics are" (PC, 26th September, 2006). The Director of LAPAS advances the argument that "CONCORD helps us a lot because we harmonize our development cooperation politics to the EU level, and we send all our national documents and policies to CONCORD, and then experts of CONCORD comment those documents, and we can later use those professional comments for presenting our view to MFA and government" (PC, 26th September, 2006).

The other NGDO of Latvia – GLEN can also be seen as a result of EU level network power. When asked how GLEN Latvia was established, its Director replied: "I have

[37] CONCORD is the European confederation of relief and development NGOs. Its 22 national associations and 19 international networks represent over 1.800 NGOs, which are "in turn supported by millions of people across Europe" (*CONCORD Homepage*).

[38] Global Education Network of Young Europeans [GLEN] is a joint non-profit, politically independent effort of the ASA-Program of InWent (Germany) and eleven civic organizations from old and new member states of the European Union (*GLEN Homepage*).

[39] The goal of the program is to promote cooperation between Eastern European countries [..] From an SFL viewpoint, the program is a means of developing SFL priority areas of activity – social integration, and the establishment of rule of law and a civic society (*SFL Homepage*, Civil Society and Integration).

participated in several international events that are connected to development cooperation and by chance I appeared in TRIALOG[40] data basis. At that time they were searching for contacts with whom together form development cooperation in the new member states, and because of chance we met, and I agreed to take responsibility of GLEN Latvia" (PC, 29th August, 2006).

Although LAPAS and GLEN Latvia are at this time the only NGDOs of Latvia, these norm entrepreneurs (and also MFA grant budget for NGOs) have managed to foster changes in the Latvian NGO sector, as increasing number of NGOs change their statutes and include 'development cooperation' as one of the fields of their actions (Smite, 2006:8). Latvian NGO PROVIDUS[41] is an example of this; it is described as a non-governmental norm entrepreneur as it operates a specialized political portal (facilitating mass media discourse about Latvia's development aid) which emphasizes: "the fact that LAPAS was formed is the first step for organizations deliberately focus on development cooperation as their objectives. With the help of LAPAS also PROVIDUS is trying to set development cooperation as one of its priorities – "we are also planning activities in development cooperation in our future strategy" (representative of PROVIDUS, PC, 31st August, 2006). Still, as stated by the representative of PROVIDUS and also reflected in the research of Smite (2006), development cooperation becomes only 'one of priorities' and not the only focus of action.

40 TRIALOG is a project in association with CONCORD to raise awareness of development policies in the enlarged EU; and understanding in new member states/accession countries of development issues and the role of NGDOs (*TRIALOG Homepage*).

[41] Centre for Public Policy PROVIDUS was established at the end of 2002 by the Soros Foundation-Latvia and several individuals and has since developed as the leading think-tank in Latvia. PROVIDUS mission is to facilitate comprehensive policy change in areas important for Latvia's development. PROVIDUS also provides expertise to other countries undergoing democratic transformation (*PROVIDUS Homepage*).

Ongoing Dialogue with the EU

After considering how 'international norm entrepreneurs' interact with local actors and foster new norms related to development aid, I want to include in my analysis the ongoing dialogue between Latvia and the EU. Since this will reveal not only the 'top-bottom' process of what the EU communicates to Latvia as a norm entrepreneur, but also the 'bottom-up' process, where Latvia responds to Europe's critics, suggestions, and which is inevitable in the socialization and learning process. In order to understand the dynamics of Europeanization, this perspective of analysis can not be left out.

In beginning the discussion it must be considered that there are certain 'pressures' that the EU puts on Latvia, and in turn there are certain 'pressures' that Latvia tries to impose on the EU. The processes that the EU wants to foster is the enlargement of Latvia's (together with all new member states) involvement in the development of ACP countries, as this is a core region for the EU to 'take responsibility' of. As a representative of MFA admits "they[42] try in different ways to involve us. For the new member states, the ACP organizes events in order to increase interest. If we don't have specific interests with regard to this region, they try to create this interest, so that we support those projects that are of interest to them" (PC, 25th August, 2006). In a way generating interest and concern about Africa is not so much related to the EU concern for the 'true involvement' of the new member states in fighting poverty in ACP countries but rather it is a concern of ensuring legitimacy of European institutions. As MFA representative regards "of course, the EU knows that the new member states has little interest about the development cooperation but they emphasize that we have to participate in it because starting from year 2007 we will start our payments to EDF – the financial instrument for helping the ACP countries, and since our money will go there, we must not be ignorant but follow their activities, although, they are aware of the fact that our interest is limited in political sense" (PC, 25th August, 2006).

The non-governmental sector also faces similar pressures: "in Western Europe there are strong prejudice what development cooperation is, and we frequently have to face

[42] Various officials from the EU.

questions what LAPAS do in Africa or Latin America but our answer is “efficiency and coherence” [..] We have discussed if it would be useful to include some African or Latin American country in our priority list. These countries are very poor and we cannot ignore them, slowly we have to acquire experience there as well” (Board member of LAPAS, PC, 25th August, 2006). Representative of the other NGDO regard that “Europe has its colonial experience, and accordingly they have connections to Africa” (PC, 29th August, 2006) Europe’s responsibilities towards Africa due to its colonial experience are frequently emphasized also among other involved actors in Latvia’s development aid (PC, 25th August, 2006; PC 31st August, 2006).

The question is also debated at higher political levels, and in his speech on ‘Global Day’, the Foreign Affairs Minister Artis Pabriks emphasized that Latvia’s development aid focus would be former Soviet republics, and that this focus will not shift in the coming years (PC, 9th September, 2006). This statement is in line with Latvia’s society attitude towards priority regions in development cooperation when 29% of respondents support aid giving to former USSR republics, 17% support aid giving to African states, and only 10% to Balkans (*MFA Homepage*, Useful Information ,SKDS polls 2004 and 2005). Still, as viewed by representatives of MFA, Latvia already supports ACP countries to a large extent through international aid institutions and through its multilateral aid, which remains substantially larger than the share of its bilateral aid (PC, 25th August, 2006).

While the EU pushes Latvia to participate more in development cooperation with ACP countries due to the desire of the EU to play the role of ‘civilian power’ there and in order to ensure legitimacy of the EU politics in ACP among its members. But in this regard, Latvia is concerned about its ‘competitiveness’ in the ‘new business of development aid’. Here complaints go towards the EU side, in which system of governance Latvian NGOs and private sector representatives are unable to compete for funding for larger EU level projects in ‘development aid field’. As a MFA representative regards “looking at development cooperation in the EU and the world, we can see that the old EU member states have great experience, they write project proposals, and we can look at it as on some kind of business...our organizations lack this experience. Our secondary aim

entering sector of development aid is to strengthen the capacity of our organizations. Because, we of course look at how other countries realize their development aid – in all old EU member states the bilateral development aid is essential because it allows the particular country to be seen and not some kind of international organization, and this aspect is very important in order to justify later to our own society, our taxpayers, to explain where the money goes" (PC, 25th August, 2006). As another representative of the MFA stated "our NGOs are not competitive, they do not have the required experience in development cooperation field. There are additional Euro 10 mill given to increase participation from the NGOs but criteria are not decreased. Thus , NGOs only from the old EU member states will apply for these funds, our NGOs will not get this money because of the criteria" (PC, 25th August, 2006).

The NGDO representatives themselves claim that: "obviously we are such a competitors from which is worth to be afraid of at European level" (PC, 25th August, 2006) and "I think that it is psychologically hard for the old Europe to realize that those new EU member states, which just few moments ago were in the role of a 'schoolchild', now can actually teach something, and sometimes even better than the old EU member states can do" (PC, 31st August, 2006). In making this argument we can advance the notion that it is not only Latvia which undergoes changes in its status and role in international arena but also the EU itself in relation to the new member states.

Changing National Role Conception

After reviewing how international norm entrepreneurs (and consequently local agencies of those norm entrepreneurs) foster notions of 'Latvia as a success case' and 'new obligations of Latvia', as well as reviewing the process of 'arguing' with the EU, I proceed with an investigation of the process of 'norm internalization' at the local political elite level (that could also be considered as 'norm localization'), and analyze the political elite's statements about changes in Latvia's role in the international arena after 2004.

Reviewing statements and speeches by the President Vaira Vike-Freiberga and the Foreign Affairs Minister Artis Pabriks after Latvia's accession to the EU in 2004, there is an emphasis that in entering the EU Latvia has 'crossed the line', and joined the developed countries, despite experiencing ongoing development problems herself. In 2004 President Vaira Vike-Freiberga's statements still included notion that Latvia was the poorest EU member state (*Chancery of the President of Latvia Homepage*, Speeches, 17.06.2004). However, gradually the notion of 'Latvia as a poor EU member state' changes and Latvia becomes "the fastest growing economy in the European Union" (*Chancery of the President of Latvia Homepage*, Speeches, 12.05.2006). This is emphasized by Minister of Foreign Affairs Artis Pabriks statement that "Latvia is no longer a problem region" and "we are on the way toward the status of a developed country" (*MFA Homepage*, Year Book 2005). Therefore, although initially seen as a relatively poor EU country when becoming a full-fledged EU member state, Latvia has now been 'transformed', becoming a new part of the developed EU, and despite its own developmental challenges it is now considered as belonging to the 'developed countries bloc'.

Both in President Vaira Vike-Freiberga's as well as in Foreign Affairs Minister Artis Pabrik's speeches there is a constant emphasis on new tasks and obligations for Latvia in the international arena after becoming a member of the EU and NATO (*MFA Homepage*, Year After Joining the EU – Gains in Latvia's Foreign Policy). This recognition of new obligations that Latvia has to fulfil is accompanied by the notion of a widening horizon for the country and an increasing role for Latvia in the international arena, since she became an integrated part of larger governance structures. As stated by Minister of Foreign Affairs Artis Pabriks "Both the EU and NATO are global players; therefore during the course of this year Latvia has had to define its position on areas and international issues where its experience therefore has been limited" (*MFA Homepage*, Year Book 2004). The more active involvement of Latvia in global processes is therefore heralded as a new beginning for the country and this psychological change has been emphasized by President Vaira Vike-Freiberga: "The new EU member states including Latvia have to be psychologically ready that they can take more important decisions and

think in a wider context of Europe and the world" (*Chancery of the President of Latvia Homepage,* Speeches, 22.06.2005).

An example of a 'more important role' for Latvia is when President Vaira Vike-Freiberga mentioned the opportunity afforded to Latvia to help to less developed countries. In a speech in 2002, she claimed that "[t]oday Latvia's task is to help those countries, which are at the beginning of their way and which citizens do not enjoy the same freedoms and opportunities that we do here in Latvia" (*Chancery of the President of Latvia Homepage,* Speeches, 22.06..2002). Both the Minister of Foreign Affairs and the President always connect this help to 'other countries' with Latvia's transition experience. As the President Vaira Vike-Freiberga claim: "We have gone through the reform experience, we well understand hardships connected with reforms, and now we have started to enjoy fruits of those reforms. We are ready to share our experience, since we are strongly confident that the reforms are the only safe way towards welfare, security and stability." (*Chancery of the President of Latvia Homepage,* Speeches, 12.05.2006)

To conclude, as above analysis demonstrates, Latvia's political elite has 'localized' the international norms related to development aid. This process presents the concept of 'development' as notion of 'reforms and transition', and thus views 'Latvia's development aid' necessary as 'export of its Latvia's transition experience'. This is an important finding, which is also reflected within the scope of changes of Latvia's development aid institution and policy.

Dynamics of Norm Internalization

As demonstrated above, Latvia's development aid institution and policy have been shaped through the interaction of various norm entrepreneurs and cooperative informal institutions at both the local and international levels of governance. In this subchapter I will analyse the dynamics of the 'norm internalization' process in Latvia's development aid policy and institution. Here I also look at the process of resource redistribution

resulting from changes in Latvia's development aid institution and policy, thus referring to analytical approach of rational choice institutionalism.

Moving from a position in which there was almost a 100% involvement in multilateral aid channelled to international organizations, Latvia is starting to turn towards the establishment of its own development cooperation programmes, which have become one of the key priorities within Latvia's foreign relations. In large Latvia's main objective in this regard is to follow the major practices of the EU old member states in shaping its development cooperation policy and organizational structure. As stated in the 'Basic Principles for the Development Cooperation Policy', "by integrating EU, Latvia should be prepared to fulfil the criteria set to its candidate states by the EU, to harmonize national legislative norms according to the EU normative acts. One of the priorities of the Latvian government in this area is the process of learning the principles of EU development policy and preparation to overtake those principles as well as coordination of the national development cooperation policy with EU common development policy" (*MFA Homepage*, Development Cooperation, Basic Documents). In order to see to what values, norms and 'ways of doing things' are related to development aid at the EU level and what Latvia has internalized, I analyze Latvia's development in the following aspects: governance structure (including resource redistribution perspective), main thematic and geographical focus.

Governance Structure

Since 2003 there have been significant changes in the organizational structure of Latvia's development aid. According to a MFA representative "initially development cooperation issues were viewed together with investment and international economics issues, but in 2004 there was formed Development cooperation division, which in 2005 became a separate Development cooperation department, which has two divisions" (PC, 25th August, 2006). Following the aid governance praxis as pursued by the 'old EU member states' (for example consider Sweden and Swedish International Development Cooperation Agency also Canada and Canadian International Development Agency) the

'Development Coperation Policy Plan for 2007' projects the development of a legal basis and the establishment of a Latvia's National Agency of Development Cooperation in 2008 (*MFA Homepage*, Development Cooperation, Basic Documents).

With respect to resource redistribution and the bargaining process, it should be noted that together with other Baltic states Latvia has decided to increase its development aid budget to 0,1% of GNP instead of the planned (EU level set) 0,17% GNP till 2010. According to a representative of MFA, this negligence concerning the agreed share of GNP among new member states is justifiable, since "the EU documents imply that the new member states will *strive to achieve* the target of 0,17%, then it is up to each member state to decide what this percentage should be" (PC, 25th August, 2006).

In addition to these changes at the governance and budgeting structure level, the policy documents of MFA pay considerable attention to the non-governmental sector. As stated in the 'Basic Principles for the Development Cooperation Policy' "one of the most significant bases for successful Development policy implementation is the involvement of the civic society[...] By furthering the development policy, the opportunities of NGOs will be extended to partake in implementation of this policy" (*MFA Homepage*, Development Cooperation, Basic Documents). This is also reflected in the resource redistribution process, scheduling to grant competition (opened for NGO as well as private sector) 66% of total budget for Latvia's development cooperation activities in 2007. Referring to the 'norm entrepreneurs' enthusiasm for promoting the new norms and values related to development aid, it should be noted that MFA also channels a certain proportion of their budget to LAPAS. In 2005, the year when LAPAS first received state financing (in addition to generous financial support from SFL), the budget sum amounted to 11.9% of the total MFA budget for development cooperation but in 2006 this amount grew fourfold, and reached 43.9% of the total MFA budgeted amount (Rudzite, 2006:212).

The academic sector has not been left out of this resource distribution processes, and an increasing share of the MFA budget for development cooperation is channelled to

development research and education (MFA representative, e-mail communication, 29th November, 2006). In 2007 support for communication activities, development studies and research projects amounted to 15% of the total development cooperation budget of Latvia (*MFA Homepage*, Development Cooperation, Basic Documents), thus increasing the share of aid budget, which 'stays at home'.

An additional important feature of Latvia's development aid that should be regarded is the tying of aid. This is justified by representatives of MFA in the following way "it is true that in our tenders only Latvian companies can apply but it is done with intention because we have to strengthen capacity of our companies although from point of view of efficiency it is not good. But let us be realists – we are new in this business and state's duty is to help its citizens at first" (e-mail communication, 29th November, 2006). This is an interesting point to observe as when MFA deals with the private sector in Latvia, it accepts and even promotes tied aid options which are formally against the EU principles and norms.

To conclude, in viewing the changes in the governance structure of Latvia's development aid, one can observe that there are patterns to adjust the 'ways of doing things' in accordance to the 'old EU member states' practices. Latvia has internalized the EU 'aid governance' practices in the organisational set-up of its development aid, and largely involves the NGO sector in the aid governance. Though, there are certain elements specific to Latvia, which speak against the EU norms and principles, such as the tying of aid. Analysis of resource redistribution process revealed that there is a positive correlation between resource redistribution and norm entrepreneurship, as more active norm entrepreneurs were those who received larger share of Latvia's budget for development cooperation.

Main Thematics

Latvia's Development Cooperation Policy is founded on two guiding principles, and is "in line with the objectives of the Latvian foreign policy and the objectives defined in the

UN Millennium Declaration." (*MFA Homepage*, Development Cooperation, Basic Documents). There are also the two different notions or viewpoints coming from the 'norm entrepreneurs' – that of "Latvia as a success case" and that of Latvia "complying with its international obligations". Both these notions are reflected in Latvia's development aid policy documents, which combine substantial weight on democratization and integration in EU endeavours (stemming from Latvia's own successful transition experience) with those of alleviating poverty (notion of international obligation). Priorities in the development cooperation policy plans (2005, 2006, 2007) include mostly aid activities connected with democracy, integration and reforming public administration. Gradually as already noted by Rostoks (2006), poverty eradication diminishes from the priority areas. Thus Latvia's success case experience (democratization and integration in the EU) transfer remains as a key activity to Latvia's development aid, and Latvia is therefore called a "democracy export country" (Kruma, 2006:129).

It is not only within the political dimension of development aid that has shaped the focus of Latvia's aid but also economic interests which appear in policy documents (Muizniece, 2006:60). By analyzing Latvia's economic relations with the Commonwealth of Independent States [CIS] (priority region in development aid), Indans (2006) observes that "active economic relations Latvia has with mainly three CIS – Russia, Belarus and Ukraine. Share of CIS states in Latvia's external trade in 2005 were 12%, from which 96% constituted trade turnover with the above named countries" (Indans, 2006:232). Although relations between aid and trade are usually seen as positively correlated, here in Latvia we can observe a different picture: aid is not 'provided' to Belarus for the sake of trade. As the representative of PROVIDUS emphasizes "Latvia should stop pretend and fully include Belarus in its development cooperation activities. But these are powerful economic lobbies that don't want to irritate *Batjka*[43]" (PC, 31st August, 2006). Meanwhile, the position of MFA is that "issues with Belarus are very sensitive, and should not be left just in the realm of development cooperation division" (PC, 25th August, 2006).

[43] Alexander Lukashenko, the President of Belarus.

Viewing the above analysis, it can be concluded that the norms and values related to "democracy promotion" and "good governance" (as related to the EU development aid) have been more eagerly internalized in Latvia's development aid policies than "poverty alleviation". Still when pursuing the democratization mission, strategic interests of Latvia's trade are 'kept in mind' as the case of 'aid sensitivity in Belarus' demonstrates.

Geographical Focus

Taking into account the scope of Latvia's development aid activities, it logically follows that Latvia should give its development aid to those countries which 'suffer' from lack of democracy, and are looking in direction of the EU and NATO, as democracy and integration experience is the main fields of expertise within Latvia. In her development cooperation programmes, priority countries for Latvia are the CIS, and specifically Moldova and Georgia (as from year 2006). Interestingly, with respect to the level of development, according to WB classification, Latvia is in the same group as Moldova and Georgia – the middle income countries (Rostoks, 2006:91) – which have experienced GNP growth since 1999 (Indans, 2006:222).

In 2007 there is a plan to start development cooperation activities in Ukraine, as well as in Afghanistan and Kosovo where Latvia is participating in peacekeeping missions (*MFA Homepage*, Development Cooperation, Basic Documents). As stated in the 'Development Cooperation Policy Plan' (2007) "An important element in drawing up the plan is the EU New Neighbourhood Policy, which partly covers the Latvia's priority region" (*MFA Homepage*, Development Cooperation, Basic Documents). Thus, development cooperation policy in Latvia coincides with the EU Neighbourhood Policy with respect to aid geography.

The above analysis demonstrates that the internalization of norms and principles underlying the EU Neighbourhood Policy[44] (as it focuses on security and democratization perspective) has been faster and more in-depth than those of the Development Cooperation policy (poverty alleviation and development enhancing). It could be considered then that Latvia's focus on 'near abroad' demonstrates a 'securitization' of Latvia's development aid. Which highlights echoes of Latvia's historical experience and both its national and regional security concerns (rather than concerns over underdeveloped areas). This is an illustration how the global/international norms are transferred to local conditions when 'old ways' of doing things are not simply changed but rather integrated into new circumstances, and thus localized.

Summary

After reviewing the Latvian and the EU socialization process, I can endorse the hypothesis that *as the EU (through socialization and learning process) engages in forming Latvia's development aid, its institutional and policy framework transforms towards the EU norms, values and ' ways of doing things' related to development aid. These changes are interlinked with the perceived role Latvia plays in international arena, which transforms towards the EU role of 'civilian power'.* As demonstrated by this paper, the transformation process is influenced not only by the impact of the EU but also by intervening variables such as democratization, the raising level of prosperity as well as the historical experience of Latvia. In his statement about the theoretization on 'norm localization' Acharya's (2004) claims that "while the new is taken, old does not disappear". This can be held true in the case of viewing changes in Latvia's perceived

[44] The European Neighbourhood Policy (ENP) was developed in 2004, with the objective of avoiding the emergence of new dividing lines between the enlarged EU and our neighbours and instead strengthening the prosperity, stability and security of all concerned. In this way, it also addresses the strategic objectives set out in the December 2003 European Security Strategy. [..]The EU offers our neighbours a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development) (*EC Homepage*, EU in the World, European Neighbourhood Policy).

role in the international arena, as well as its development aid institution and policy. While at the formal level (in terms of organizational structure establishment), Latvia has responded quickly to the EU 'ways of doing things' by learning from other EU countries; in terms of 'ideological component' behind the development aid, it remains locked in its historical experience and way of viewing the world. Focusing on 'near abroad' and equaling development aid to transition experience, demonstrates a specific type of 'civilian power' Latvia desires to play in the international arena. Instead of a 'developer' and 'poverty alleviator', Latvia clearly sees itself as a 'democratizer' of former Soviet Union countries, and regional 'peace establisher'. This difference (or 'misfit') between Latvia and the EU is also highlighted in the ongoing dialogue with the EU, where in order to ensure legitimacy of the EU institutions, Latvia has to participate in such development politics as constitute poverty alleviation 'far abroad', and which is inconsistent with Latvia's perceived role as a 'civilian power'. To conclude, while Latvia adjusts its development aid policies according to EU practices and recognizes its 'new role' in the international arena, these changes should be viewed in the historical light of Latvia's own development experience where in the process of 'norm localization' she either adopts or refuses to adopt certain EU norms and values related to development aid.

Conclusion

This paper has attempted to illustrate the process of Europeanization of Latvia's development aid and its perceived role in the international arena. In order to achieve this goal, the paper first sought to review the emergence of institution of development aid at the EU level and then to identify the main components of the contemporary EU development aid policies. Findings served as indicators when analyzing which norms, values and practices were internalized in Latvia's development aid and Latvia's perceived role in the international arena. The study used a micro-level sociological research method which pursued an in-depth analysis of EU socialization process with Latvia, and dynamics of 'norm internalization' or 'norm localization' to demonstrate Latvia's 'response' to the Europeanization process.

During various stages of analysis, although the Europeanization research method used in this paper gave a clear structure on ‘what to analyze’, it still constituted several multiple methodological problems. One of these hardships was to distinguish the process of ‘norm taking’ and ‘norm entrepreneurship’, which according to the pursued research method could be seen as a simultaneous process involving dynamics of ‘norm localization’. Furthermore, although Europeanization research deliberately emphasizes a ‘top-down’ research perspective, the ‘bottom-up’ approach needs to be included when analyzing dynamics of Europeanization. To advance the argument still further, ‘norm taking’ and ‘norm entrepreneurship’ are indivisible processes, in the way that the same ‘top-down’ and ‘bottom-up’ perspectives can not be separated artificially. Both are integrative components of the socialization and learning process, and can be used to better reveal the dynamics behind the process of norm localization. The same holds true for the inclusion of rational choice method in the constructivist method of analysis, for this method supplements the analysis of ‘norm entrepreneurs’ involved in the process as has been demonstrated in Chapter 3 where most visible norm entrepreneurs were the actors that benefited the most in resource redistribution process.

Despite above the shortcomings of the current Europeanization research method discussed above, this research does take advantage of the socialization and learning model of Boerzel and Risse (2003) specializing it for the analysis process of Europeanization in realm of nation state’s foreign relations. For this analytical framework of role theory in international relations was added, which provided a research methodology for operationalizing changes in the nation state identity through analysis of its NRC. Although within the framework of sociological institutionalism (which is based on social constructivism) the importance of identity and identity change were implicitly assumed, it lacked methodology for researching it. For this reason, adding the role theory perspective allowed for a more in-depth analysis of the process of Europeanization of Latvia’s development aid.

To conclude, this research has revealed a paradoxical process of Europeanization. In the case of Latvia's development aid 'Europeanization' did not mean homogenization of Latvia's aid with the EU level (or growing 'multilateralism' of aid governance), but instead the evolution and further enlargement of Latvia's bilateral aid fraction, which in the process of 'norm localization' developed specific characteristics, placing the EU norms, values and ways of doing things related to development aid in Latvia's historical context.

Abbreviations

ACP	African nations, Caribbean and Pacific States
CEEC	Central and Eastern European Countries
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
DAC	Development Assistance Group
DGs	Directorate-Generals
EC	European Community
ECHO	European Community Humanitarian Aid Office
EDF	European Development Fund
EEC	European Economic Community
EP	European Parliament
EU	European Union
FERN	Forests and the European Union Resource Network
GATT	General Agreement on Trade and Tariffs
GLEN	Global Education Network for Young Europeans
GNP	Gross National Product
IBRD	International Bank of Reconstruction and Development
IDA	International Development Agency
IFC	International Finance Corporation
IMF	International Monetary Fund
LAPAS	Latvian Non-Governmental Development Organisation Platform
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs of the Republic of Latvia
NATO	North Atlantic Treaty Organisation
WWII	Second World War
NGO	Non-Governmental Organization
NICs	Newly Independent Countries
NNGO	Northern Non-governmental Organization
NRC	National Role Conception
OCTs	Overseas Countries and Territories
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PC	Personal Communication
SA	Structural Adjustment
SFL	Soros Foundation in Latvia
UN	United Nations
UNDP	United Nations Development Programme
US	United States of America
WB	World Bank
WTO	World Trade Organization
n.d.	not dated

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