

**STRENGTHENING REGIONAL COOPERATION AND FOSTERING LOCAL INITIATIVE:
RECOMMENDATIONS FOR REFORMING THE STABILITY PACT FOR SOUTHEAST EUROPE AND FOR
IMPROVING INTERNATIONAL ASSISTANCE TO THE BALKANS**

Executive Summary

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Regional Cooperation in the Balkans, International Assistance, and the Stability Pact for Southeast Europe: Context and Background

Developments in Southeast Europe (SEE) and the prospects for regional cooperation have come to depend on the involvement of international donors, and particularly of the EU. Significant international aid has been committed to the task of stabilization, democratization, economic reconstruction and regional cooperation in SEE. With the end of the reconstruction period approaching, most Southeast European (SEE) countries are to see international assistance being progressively scaled down. Yet, the post-reconstruction phase finds most of these countries grappling with serious economic and social problems. Regional cooperation in SEE has stalled, too. These problems call for a careful evaluation of international involvement in the region with a view of developing recommendations on how to avoid repeating past mistakes; how to improve future international involvement; and how to encourage regional cooperation.

Problems with EU and Other Donors' Assistance and Suggestions for Improvement

Despite the success of foreign aid in overcoming the direct damages caused by the conflicts, assessments of its overall achievements are mixed. The following problems stand out as most pressing.

1. **Failure to adequately take into account local stakeholders' interests** and a tendency to conceive of institutional reform as a self-contained effort disconnected from the existing structures of power, interests, and traditions in the recipient society. These shortcomings usually stem from foreign experts' preference for policy strategies derived from substantially idealized versions of Western models without due consideration of the local context in the recipient country.
2. Often **donors fail to respond to the real needs of the aid beneficiaries**. The problem is particularly acute in the case of democracy assistance where the bulk of assistance is disbursed through NGOs in the recipient countries. These NGOs as a rule are financially dependent on international funds and tend to follow the priorities of the donors rather than the needs of the recipients. Even the Stability Pact for Southeast Europe (SP) - the initiative that loudly declares the need to achieve 'regional ownership' - has a dubious record of facilitating local involvement.

International assistance, especially a massive one like in Bosnia and Kosovo, is not necessarily a blessing for state institutions. It can weaken the capacity and status in the recipient society. The

discrepancy between externally determined priorities and the urgent needs of the SEE societies undermines the political elite's responsiveness and accountability to the electorate and thus exacerbates the crisis of democratic representation. This discrepancy can be felt even in the countries with a lesser degree of international intervention.

3. Analysts have proposed the following ways to **minimize the negative effects of massive international involvement**:

3.1. It is proposed that the developmental value of international and European assistance be increased. The existing EU and international strategies in the Western Balkans have been defined in accordance with the goals of post-conflict reconstruction and stabilization and are no longer adequate to address current problems. It is necessary that EU assistance be refocused to **address longer-term developmental and structural problems**.

3.2. There is a consensus that foreign assistance strategies should be adapted so as to ensure **adequate input from the side of the recipients**. The alternative ways to achieve this are as follows:

3.2.1. One proposed solution is to introduce mechanisms to screen external intervention within the Stabilization and Association Process (see p. 7), which would link access to finance from western aid agencies to compliance with certain criteria. This in effect proposes to solve the problems of extensive international involvement with even more international involvement. It is, however, unlikely that this solution can address the need to ensure increased participation of SEE governments in decisions regarding international assistance.

3.2.2. A second solution, proposed by the European Stability Initiative (ESI), is that EU assistance follow the developmental principles inbuilt into the EU Structural Funds: **local co-financing**; institutionalized partnership between the Commission, the national and sub-national authorities; and **multi-annual programming of developmental efforts**. The principle of co-financing is deemed appropriate for preventing distortions in domestic spending patterns and for enhancing the capacity for local and regional governance.

3.2.3. However, the ESI might be a bit too optimistic about the ability of the Structural Fund approach to solve the deficiencies related to local involvement. The principle of co-financing was applied in ISPA but has met with problems. First, the crucial question is what is meant by 'local co-financing'. If the bulk of co-financing comes in the form of a loan from an international financial institution (IFI) or another donor (as it is likely to do, given the scarcity of local public finance in SEE countries) the positive effects in terms of local input in setting priorities and in terms of capacity building are unlikely to be great. Such practice might also unduly increase foreign debt. In addition, for a number of reasons, including the restricted capacity of local institutions, it is not ensured that the requirement for co-financing would result in local governments helping to set the optimal priorities for economic development. In this case, local co-financing would achieve little more than substitute locally chosen sub-optimal priorities for externally imposed sub-optimal priorities. The stress therefore should not be on the withdrawal of international actors from the process but on developing a *mechanism* through which local actors will provide input in international and EU assistance.

3.3. It is necessary to **avoid over-reliance on foreign experts** in international assistance programs. Short-term appointments of foreign experts or trainers with no sufficient

knowledge of the local context and language are a recipe for irrelevant assistance programs. Increasing inclusion of local personnel and staff is indispensable not simply because it brings comprehensive knowledge of the local circumstances but also because of basic reasons of legitimacy. In addition, the costs associated with procuring advice and implementation from foreign experts and consultants are usually substantially higher than those of involving locals.

Recent research has argued that Western assistance (especially through NGOs) that relies mainly on Western experts for developing and implementing assistance strategies can have an impact on the building of new institutions but is likely to have very limited impact on the functioning of these institutions. The latter goal is better achieved through reactive strategies that solicit proposals from the recipients rather than impose solutions from above. Similarly, in the cases of twinning projects that involve foreign consultants, long-term residence of the twinner in the target country has as a rule increased the effectiveness of twinning arrangements.

4. **Regional cooperation goals** in international assistance are frequently pursued through the creation of forums and projects for solving problems allegedly common to all countries in the region. However,

4.1. The different countries in the region are facing increasingly different problems and are increasingly diverging as regards institutional capacity, legislation, advancement in reforms, etc. Accordingly, the more advanced participants are dissatisfied with the unitary approach implied in such projects.

4.2. In many cases when a country has been invited to participate in a regional project about which it has not been consulted in advance, or in which it does not participate actively apart from attending trainings, its involvement has been faint.

4.3. In projects aiming at encouraging regional cooperation, there is scope for substituting experts from other Balkan countries for western or European experts. This will have three beneficial effects. First, the financial costs will be lowered. Second, regional cooperation on practical issues will be encouraged. Third, this strategy is unlikely to anger the countries most reluctant to engage in the region's affairs so much as the 'regional approach' to solving common problems.

5. The **short-termism** of international assistance programs and the tendency to conceive of projects as ends in themselves rather than as part of a more comprehensive strategy of development or policy change thwart their long term effects and result in lack of sustainability. In many cases projects that have started to show perceptible results have been abandoned by the donors due to change of priorities and thus, due to the low levels of sustainability, abandoned altogether. Many projects, like training and capacity-building, are in fact designed to be short-term ones. They last for a limited period of time, involve little follow-up, and pay insufficient attention to the necessity to disseminate the newly acquired skills more widely in the institutions involved. The SP has a unsatisfactory record of ensuring sustainability. The taskforces, initiatives and projects that are most likely to last beyond SP funding are usually projects that have existed before the SP got involved in them. The sustainability of newly developed projects and networks is dubious at best.

Support for institution building also consists of isolated projects with modest goals, over-reliant on seminars and conferences as ways of transmitting skills. There is an emphasis on capacity-

building. Capacity-building might have been justified in the initial phases of international involvement, but this phase is coming to a close.

6. The phenomenon of **isolated and unsustainable projects** largely stems from **lack of coordination among donors** and competition for higher visibility. Yet, however great the need for coordinating international assistance, piling up coordination schemes is not only unlikely to be effective, but might end up having outright negative consequences.

7. The **SP** is facing some **specific problems**.

7.1. The taskforces receive insufficient institutional support and there is a perceived need to provide them with at least a minimal paid staff that would help offload the substantial logistical work currently performed by volunteers.

7.2. The emphasis on high-cost infrastructure projects is a questionable strategy from a developmental point of view.

8. International **assistance to civil society** is also fraught with problems. Local civil society groups are almost totally dependent on donors. In fact, many NGOs 'do' civil society work in order to make a living. This has curbed the ability of such organizations **to establish closer links with, and respond to, their constituencies**.

In addition, international assistance has induced centralization and creation of hierarchical structures within recipient organizations. Researchers have suggested that donors should try to mitigate these effects and should also try to **avoid centralization** within the sector as a whole by spreading out more small grants among a variety of organizations.

Recent research on the strategies of international NGOs has pointed out that in terms of sustainability and relevance reactive strategies have achieved superior results compared to proactive strategies because, rather than imposing solutions in a top-down fashion, the former are better suited to solicit proposals and ideas from the recipient society.

Last but not least, many of the problems of international assistance are related to the **unduly optimistic expectations** of its likely impact. It is the pressure on donors to demonstrate apparent results that probably explains the stress on more proactive and interventionist strategies as opposed to more subtle and time-consuming reactive strategies based on efforts to attract local staff, to acquire understanding of the local circumstances and to create partnerships with local stakeholders. Recent proposals that western NGOs engaged in democracy assistance should also engage in public education regarding the incremental nature of democratization are adequate but also difficult to put in practice if democracy promoters continue to rely on a normative and moral rhetoric to justify their activity. International assistance providers should consider **toning down their current normative rhetoric** and should instead seek to define their missions with down-to-earth limited goals that match real capabilities.

Negative Perceptions of SEE Regionalism: Explaining SEE Countries' Reluctance to Be Involved with the Region

A number of setbacks related to regional cooperation in SEE stem from the genuine unwillingness of most SEE countries to get involved in any form of SEE regionalism. SEE countries' reluctance to be involved with the region can be explained by the following.

1. The symbolic politics in the region cause SEE countries to be staunchly weary of SEE regionalism. The perception is that regional integration associates them with a region classified as 'backward' and thus damages their international reputation. In addition, European and regional integration appear to work at cross-purposes. The regional approach implied in the SP arouses fears among the more advanced SEE countries that participation in regional cooperation initiatives would delay their EU integration. Thus, the unifying tendencies suggested by the EU's insistence on regional cooperation prove unacceptable to virtually every country in SEE.

2. One remedy for the tension between European integration and regional cooperation has been put forward by proponents of Europeanization. This remedy is simply to provide more Europeanization and to make regional cooperation part of EU conditionality. While well-intended, such arguments have ushered in a staunch belief in the primacy of external initiative, in the form of conditionality and resources, in what is conceived of as an essentially top-down process of building up structures and habits of regional cooperation. The stress on European and international interventionism and conditionality unwittingly downplays the role of local ownership of the regional cooperation process and compromises its sustainability.

3. Regional cooperation is designated as a panacea for a variety of problems and frequently becomes a substitute for in-depth understanding of existing problems and possible solutions.

It is recommended that:

1. International strategies take into account the symbolic politics of the region; otherwise they are likely to be met with lukewarm support. Declaratory and symbolically loaded language and excessive resort to shaming and patronizing on the part of the international actors are counterproductive.

2. "A la carte" versions of regional cooperation (among smaller groups of SEE countries) could overcome the impediments to regional cooperation engendered by the region's symbolic politics.