

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

RESEARCH REPORT

BY GERGANA DIMITROVA , 2002-2003 INTERNATIONAL POLICY FELLOW AT THE CENTER FOR
POLICY STUDIES, BUDAPEST, HUNGARY

EXECUTIVE SUMMARY.....	1
REGIONAL COOPERATION IN THE BALKANS, INTERNATIONAL ASSISTANCE, AND THE STABILITY PACT FOR SOUTHEAST EUROPE.....	6
CONTEXT AND BACKGROUND.....	6
EU ASSISTANCE TO SEE: OVERVIEW	8
PROBLEMS WITH EU AND OTHER DONORS' ASSISTANCE AND SUGGESTIONS FOR IMPROVEMENT.....	13
GENERAL PROBLEMS WITH EU ASSISTANCE: PRIORITIES AND RATIONALE, REACTIVE VS. PROACTIVE ACTION.....	13
<i>Failure to Adequately Take into Account Local Stakeholders' Interests.....</i>	<i>14</i>
<i>Insufficient Attention to Local Needs</i>	<i>14</i>
MITIGATING THE DANGERS OF MASSIVE AID AND EXTERNAL INVOLVEMENT.....	18
<i>Bringing Economic Conditions Back In</i>	<i>18</i>
<i>Increasing Local Input in International Assistance Programs.....</i>	<i>19</i>
THE CONSEQUENCES OF SHORT-TERM DURATION OF PROJECTS.....	28
THE CONSEQUENCES OF SUPPORTING ISOLATED PROJECTS.....	31
COORDINATION AND COMPLEMENTARITY OF INTERNATIONAL ASSISTANCE	33
SPECIFIC PROBLEMS WITH THE STABILITY PACT	35
<i>Organizational Imperfections in the Stability Pact</i>	<i>35</i>
<i>Problems with the Current Emphasis on High-cost Infrastructure Projects.....</i>	<i>36</i>
PROBLEMS WITH ASSISTANCE TO CIVIL SOCIETY.....	38
<i>Civil Society, Politics, and Change.....</i>	<i>40</i>
<i>Sustainability.....</i>	<i>41</i>
<i>Avoiding the Traps of Civil Society Assistance.....</i>	<i>41</i>
NEGATIVE PERCEPTIONS OF SEE REGIONALISM: EXPLAINING SEE COUNTRIES' RELUCTANCE TO BE INVOLVED WITH THE REGION.....	44
PERCEPTIONS OF SEE REGIONALISM AS A BRAKE ON FASTER EU INTEGRATION.....	44
PERCEPTIONS OF THE STABILITY PACT AS A FAILURE	45
RELUCTANCE TO BE PART OF A REGIONAL GROUP LABELED AS BACKWARD	45
LACK OF A SHARED NOTION OF THE SEE REGION.....	48
REGIONAL COOPERATION: A NEW PARADIGM OR A NEW IDEOLOGY?.....	48
SUSTAINING REGIONAL COOPERATION BY EXTERNAL PRESSURE.....	49
BIBLIOGRAPHY.....	54
LIST OF INTERVIEWS AND CONVERSATIONS.....	60
ACKNOWLEDGEMENTS.....	61

Executive Summary

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 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.

"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.

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

Context and Background

Already for more than a decade the task of preventing further conflicts in SEE has not ceased to be a priority for the international community and the latter has not shunned from extensive involvement in the region. For the most part, however, imperfect coordination and lack of a clear long-term strategy have thwarted the effectiveness of the otherwise extensive international involvement in the region. The Kosovo crisis generated support for a coordinated regional approach to problem solving in Southeast Europe. The outcome of this strategy shift was the Stability Pact for Southeast Europe (SP), launched at the initiative of the EU in June 1999 in Cologne and solemnly reaffirmed in July 1999 in Sarajevo. Currently, the SP is formally placed under the auspices of the OSCE.

The SP was conceived as the embodiment of a strategic vision for SEE that would bring about two beneficial effects in the region: good neighborly relations and European integration. The SP's declared broad objectives are to foster peace, respect for human rights and democracy in the region. This vision perches on the allure of promised European integration, which is expected to prompt the SEE countries to commit themselves to regional order and security and to democratic consolidation. An additional initial tactic inbuilt in the SP was a credible demonstration, or rather a reminder, of the high costs of international isolation and pariah-state status, clearly targeted at the people of Serbia.

The SP materialized into a framework *inter-governmental* agreement for cooperation between around 40 countries and organizations, aiming at a common strategy towards the SEE region. It is not intended to be an international organization or a regional association in its own right and thus has no independent financial resources and implementation capacities. Rather, the SP's objective is only to *coordinate* existing international assistance to the region, help raise financing and otherwise facilitate concrete regional projects.

The SP's major forum is the Regional Table that meets once a year. It oversees the process of achieving the endeavor's major objectives and determines strategic directions. The Regional Table gathers together all governments of the region and all participating international organizations; it is chaired by a Special Coordinator and supported by a small office of staff. Further, three Working Tables (WTs) were established within the SP that deal respectively with human rights and democratization (WTI); with economic reconstruction and cooperation (WTII); and with security issues (WTIII). The WTs are further divided into sub-tables and taskforces that operate alongside numerous other SP initiatives and working groups focused on individual objectives (ESI 2001).

1996 → The Southeast European Cooperative Initiative (SECI)

The only US initiative. It has an exclusive focus on economic cooperation and reconstruction, with a stress on private funding. Priority fields are infrastructure, transport, energy, trade, environment and private sector development. The initiative does not deal with political, social and ethnic issues. SECI has been relatively focused and has had some practical achievements in issues like border crossings and fight against trans-border crime.

1996 → Royaumont Process.

The first EU initiative to stabilize the region via promoting regional cooperation. It was launched with the aim to support the implementation of the Dayton Peace Agreement. The focus is on promoting regional cooperation and multilateral dialogue between civil society actors, journalists, academics, trade unionists, and parliamentarians. Its impact has been limited. The Royaumont Process is now responsible for inter-parliamentary relations under the Stability Pact.

1996 → The South East European Cooperation Process (SEECP).

The only initiative developed within the region itself. It focuses on political cooperation and political dialogue. The range of issues covered is wide but also overly general, including economic cooperation, security, humanitarian, social and cultural cooperation and cooperation in the field of justice and home affairs. Decision-making in SEECP is non-binding and informal. The SEECP serves as a forum for discussion among the political elites of the region but its practical impact has not been very significant.

1997 → EU's Regional Approach towards the Western Balkans.

The Regional Approach established political and economic conditionality for the development of bilateral relations between the EU on one hand and Albania, Bosnia, Croatia, the Federal Republic of Yugoslavia and Macedonia on the other hand. Conditionality centered on respect for democratic principles, human rights, the rule of law, protection of minorities, market economy reforms, regional co-operation and compliance with the Dayton and Paris Peace Agreements.

1999 → Stabilization and Association Process (SAP)

The SAP was initiated in 1999 and formally launched on November 24, 2000 at the Zagreb summit. Those Western Balkan countries that have concluded Stabilization and Association Agreements (SAA) (so far Macedonia and Croatia) are offered long-term prospects for EU accession and acquire the status of 'potential candidates for accession to the EU'. The SAP combines the development of contractual bilateral relations between the EU and the Western Balkans with financial assistance under the CARDS assistance program for 2001-2006 (Community Assistance for Reconstruction, Development, and Stabilization). The CARDS was launched in 2000 as part of the SAP and was meant to reflect the intended shift towards a long-term assistance approach that addresses the needs of the five countries through one program.

1999 → Stability Pact The Stability Pact for Southeastern Europe

The Stability Pact is a EU initiative and the EU makes a major contribution to its work. It was adopted on 10 June 1999 in Cologne. It is an intergovernmental framework for co-operation between the EU, the European Commission, the United States, Russia, Japan, SEE countries, Turkey and other countries including regional and international organizations and IFIs.

Developments in the SEE region and the prospects for regional cooperation have come to depend on the involvement of different international donors, and particularly of the EU. Significant international funds, both from the EU and other donors, have been committed to the task of stabilization, democratization, and economic development in SEE. While the cost of peace-building has been the greatest, the international community has also sustained an ambitious reconstruction and stabilization program in the region. Bosnia, for example, has received several times bigger reconstruction aid per capita than the Marshall Plan at today's prices (Belloni 2001, 165). With the end of the reconstruction period approaching, most SEE countries are to see international assistance being progressively scaled down. Yet, the post-reconstruction phase finds most of the SEE region grappling with serious economic and social problems and with the threat of an emergent crisis in political representation (ESI 2002, 4-5). There is thus a danger that the post-assistance period could deteriorate into a post-assistance crisis. There is also a danger that while old dividing lines between the EU and applicant countries are being dismantled with the date of the eastern enlargement approaching, new ones are being created around the Southeastern part of Europe. These dangers call for a careful evaluation of international involvement in the region and a rethinking of current strategies.

The success of foreign aid in overcoming the direct damages of the conflicts has been in many respects significant. Yet, assessments of overall achievements tend to be mixed. The modest results of substantial engagement and numerous unintended consequences of otherwise well-meaning endeavors have recently provoked heightened criticism within the academic and the policy community. It therefore becomes crucial to identify the main problems related to donor involvement and foreign aid 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.

EU Assistance to SEE: Overview

Between 1989 and the middle of the 1990s the EU lacked any regional approach to SEE and relied instead on a differentiated approach based on bilateral relations. Bulgaria and Romania established relations with the EU relatively early. In 1993 both countries signed Association Agreements and two years later applied for membership in the EU. Slovenia signed an Association Agreement in 1996. Relations between the EU and the other SEE countries were much more limited. Albania signed a Trade and Cooperation Agreement

with the EU in 1992. EU relations with the republics of former Yugoslavia were mostly focused on crisis management and humanitarian assistance. Macedonia concluded a Trade and Cooperation Agreement in 1996, while Bosnia signed autonomous trade measures. Croatia was eligible only for trade measures. Yugoslavia faced trade embargo (Anastasakis and Bojicic-Dzelilovic 2002, 20).

The financial assistance to the region was similarly differentiated. Bulgaria (in 1990), Romania (in 1991), Albania (in 1992) and Slovenia (in 1992) were the first SEE countries to be included in the PHARE program for financial assistance to Central and Eastern Europe. Macedonia was included only in 1995. Bosnia received aid for reconstruction, institution-building and refugee return (Anastasakis and Bojicic-Dzelilovic 2002, 20). Croatia was included in PHARE in 1995 but aid was suspended in the middle of the same year following Croatia's offensive in Krajina. Until November 1999, Croatia was deemed to have failed to strengthen its democratic institutions and was excluded from the whole range of PHARE assistance. PHARE assistance to the Western Balkans in general was limited and was primarily targeted at conflict management and humanitarian relief.

From the mid-1990s till 1999 there was a gradual shift in favor of a regional approach in EU policy towards the region and the first regional initiatives were created. The first EU initiative to stabilize the region through promoting regional cooperation was the Royaumont Process launched in 1996 with the aim to support the implementation of the Dayton Peace Agreements. The focus of this initiative is on promoting regional cooperation and multilateral dialogue between civil society actors, journalists, academics, trade unionists, and parliamentarians. Its impact has been limited. The Royaumont Process is now responsible for inter-parliamentary relations under the Stability Pact (European Commission No Date, 3; Anastasakis and Bojicic-Dzelilovic 2002, 21).

In 1997 the EU formulated a regional approach towards the Western Balkans that established political and economic conditionality for the development of bilateral relations with Albania, Bosnia, Croatia, the Federal Republic of Yugoslavia and Macedonia. Conditionality centered on respect for democratic principles, human rights, the rule of law, protection of minorities, market economy reforms and regional co-operation (European Commission No Date, 3).

The long list of conditions and the additional requirements about compliance with obligations under the Dayton and Paris peace treaties slowed down the disbursement of aid and the development of EU relations with these countries between 1997 and 1999 (Anastasakis and Bojicic-Dzelilovic 2002, 22). Bosnia remained without a Trade and Cooperation Agreement. Croatia was still excluded from PHARE funding and could not start negotiations on a Trade and Cooperation Agreement. Yugoslavia was excluded from most assistance programs, regional initiatives and trade preferences. Only Bosnia received considerable resources for reconstruction between 1996 and 1999 (Anastasakis and Bojicic-Dzelilovic 2002, 22). Since 1996, a large part of EU aid to the Western Balkans was implemented under the OBNOVA program (in 2001 integrated in the CARDS assistance program. In general, assistance to the Western Balkans emphasized reconstruction issues and continued paying special attention to humanitarian issues.

There was little relation between the EU's policy towards the accession countries in the region and that towards the so-called Western Balkans.

The Kosovo crisis prompted the international community and the EU to evaluate more critically international policies towards the region and to formulate a new approach. The main pillars of the new approach were the Stabilisation and Association process (SAP), the Stability Pact, the CARDS assistance program, and the accession process for Bulgaria and Romania (Anastasakis and Bojicic-Dzelilovic 2002, 23). The new approach rested on the assumption that only credible prospects for EU membership could strengthen the reform process in SEE. It posited the need for unification of financial assistance to the region and for a flexible approach that, while anchored in a regional frame, would also allow for an effective bilateral conditionality and would let each country move at its own speed with respect to EU integration (European Commission 2001b, 3). The SAP was initiated in 1999 and formally launched on November 24, 2000 at the Zagreb summit. Those Western Balkan countries that conclude Stabilization and Association Agreements (SAAs) (so far Croatia and Macedonia have concluded such an agreement; Croatia, however, submitted its application for membership in the EU in the beginning of 2003) are offered long-term prospects for EU membership and acquire the status of 'potential candidates for accession to the EU'. The SAAs regulate the implementation of the SEE countries' core obligations, such as the creation of a free trade area; reforms necessary to achieve EU standards; and the harmonization of domestic legislation with the *acquis*, especially in matters pertaining to the single market (e.g. trade, competition rules, state subsidies). Under the SAA, the EU is provided with mechanisms to influence the setting of reform priorities, shape reforms according to EU standards, and monitor implementation (*Balkans 2010* 2002, 40-1).

The SAP combines the development of contractual bilateral relations between the EU and the Western Balkans with financial assistance under the CARDS assistance program for 2001-2006 (Community Assistance for Reconstruction, Development, and Stabilization). The CARDS was launched in 2000 as part of the SAP and was meant to reflect the intended shift towards a long-term assistance approach that addresses the needs of the five countries through one program. It combined the existing PHARE program for non-accession countries and OBNOVA with the underlying aim to increase efficiency and transparency. In the period between 2000 and 2006, around € 4.65 billion were allocated to the CARDS (see Table 1 for details). The bulk of CARDS assistance is delivered on a bilateral basis through the CARDS national support program. CARDS assistance is primarily targeted at the building of public institutions and administrations; reconstruction and refugees; development and economic reforms; and regional cooperation. In line with the last goal, around 10% of the CARDS funds are allocated to the so-called CARDS regional support program that is to supplement the bilateral national support programs. While experience with PHARE and other assistance programs has suggested that the national support programs are as a rule more efficient and garner significant recipient involvement and interest, the European Commission has deemed the regional element of the CARDS necessary either because some problems are truly cross-border and require cooperation between the SAP countries or because implementing certain actions through one regional program rather than five national

ones can bring significant efficiency gains and economies of scale (European Commission 2001b, 7).

Table 1: CARDS budgetary allocations by recipient country in the period 2000 – 2006 (in million EURO rounded)

	2000	2001	2002	2003	2004	2005	2006
Albania	35,5	37,5	42,5	42,5	40,5		
BiH	102,9	105,3	71,4	57,0	44,0		
Croatia	21,8	60,0	57,0	57,0	54,0		
Macedonia	21,2	56,2	37,5	37,5	35,5		
Regional Cooperation	20,9	25,0	70,0	66,0	61,0		
FRY (Serbia/Montenegro) and Kosovo	648,9	425,5	405,0	305,0	250,0		
Other (including civil administrative / macro financial)	105,0	129,5	144,6	125,0	125,0		
Total	956	839	828	690	610	500*	500*

Source: European Commission 2001, 7; (*)ESI 2002, 14.

Table 2: PHARE, SAPARD and ISPA allocations for Bulgaria, period 1992 – 2002 (in million EURO)

	1992-1999	2000	2001	2002	TOTAL
PHARE	1000	146 ¹	110.8 ²	94.9	1351.7
ISPA	-	104	106.8	between 87.1 and 130.7 ³	between 297.9 to 341.5
SAPARD	-	-	54	54.6	108.6
TOTAL	1000	250	272	between 237 and 280	between 1758 and 1802

Source: European Commission 2002b, 12-6; author's calculation.

¹ Includes an allocation for Cross-Border Cooperation (CBC) Programs of € 28 million.

² Includes an allocation for CBC Programs € 28 million.

³ Preliminary figures

Table 3: PHARE, SAPARD and ISPA allocations for Romania, period 1992 – 2002 (in million EURO)

	1992-1999	2000	2001	2002	TOTAL
PHARE	1200	260 ⁴	287 ⁵	265.5	2012.5
ISPA	-	239.2	245.6	between 217.8 and 283.2 ⁶	between 702.6 to 768
SAPARD	-	-	156.3	157.9	314.2
TOTAL	1200	499	689	between 641 and 707	between 3029 and 3095

Source: European Commission 2002c, 12-6; author's calculation.

The PHARE program for the EU candidate countries assumed a clear 'pre-accession' focus in 1997 (European Commission 2002b, 12). It co-finances institution building together with associated investment in the infrastructure for the implementation of the *acquis* and support for economic and social cohesion (European Commission 2000, 3). It is also intended to help the candidate countries develop the mechanisms and institutions that will be needed to implement the Structural Funds after accession (European Commission 2002b, 12).

In 2000, the EU introduced new assistance mechanisms for the accession countries Bulgaria and Romania, too. ISPA (the Instrument for Structural Policies for Pre-Accession) finances major projects in the fields of transport, agricultural and rural development and the environment. ISPA is designed as a hybrid instrument that should serve as a transition from EU financial assistance to third countries, such as PHARE, to financial support offered to EU members, such as the Cohesion Fund. It is supposed to evolve and resemble more closely the Cohesion Fund. Currently, unlike the Cohesion Fund, ISPA functions with ex-ante approval of tendering and contracting, and close monitoring of implementation, by the Commission. This approach is however meant to be only transitional and to evolve towards full decentralization of aid to the beneficiary countries (European Commission 2002a, 4-8). ISPA is governed by the environment and transport strategies drawn up by the accession countries' authorities in agreement with the Commission. SAPARD (Special Accession Program for Agriculture and Rural Development) targets accession countries' problems with structural adjustments in the agricultural sectors and rural areas and problems pertaining to the implementation of the *acquis* concerning the Common Agricultural Policy of the EU. These assistance instruments will be in place until the time of accession.

⁴ Includes an allocation for CBC Programs of € 13 million.

⁵ Includes an allocation for CBC Programs € 13 million.

⁶ Preliminary figures

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

General Problems with EU Assistance: Priorities and Rationale, Reactive Vs. Proactive Action

A number of criticisms of EU assistance to SEE have been voiced. Critical self-assessment on the part of the EU itself has focused on two general problems. One is the slow pace and other imperfections of aid delivery (European Commission 2000, 8). Another problem that the EU itself has focused on is the lack of adequate coordination between donors which undermines the effectiveness of assistance efforts (European Commission 2000, 8; SP 2002). The European Commission/World Bank Office for South East Europe has been an initiative that has been designed with the idea to counter precisely these problems (see Office for South East Europe, European Commission/World Bank 2001).

While such criticisms on the effectiveness of EU assistance have been numerous and loud, at the end of the day they accept that the general direction of assistance efforts is the right one and see the task ahead only in enhancing and optimizing the current strategy. There have been, however, more serious criticisms that have questioned the very rationale behind the assistance strategy.

One type of criticism finds fault with what is seen as a too reactive approach to EU assistance to SEE. Most of the EU's actions and initiatives in the region have been conceived as post-conflict reactions and have been designed to deal with the consequences of conflicts (Anastasakis and Bojicic-Dzelilovic 2002, 26). Accordingly, as noted above, most of the assistance from the EU has been directed towards humanitarian efforts rather than structural economic and political issues. Most of the instruments employed by the EU to induce change in the SEE have been (at least until recently) tightly linked to bilateral conditionality. In contrast, critics claim that a more proactive strategy of the part of the EU is necessary, specifically, a strategy that can utilize the prospects for EU membership and the concomitant positive and negative conditionality to compel changes in SEE countries. Proponents of such a strategy are, for example, the Center for European Policy Studies (CEPS) (see CEPS 1999; Whyte 2002).

While it might be tempting to charge the EU for its too protracted reactive approach, these criticisms are to a large extent misplaced. For one, a stress on humanitarian efforts is understandable and appropriate in post-conflict situations, provided it does not continue longer than it is needed. Second, conditionality and proactive strategies have to be carefully considered before they are celebrated. Proactive strategies all too often involve external imposition and neglect of local interests that are difficult to justify both for straightforward reasons of legitimacy, and for practical reasons of effectiveness. Recent accounts of international assistance have already put forward the somewhat counterintuitive proposition that proactive (top-down) strategies have proved to be less effective than reactive approaches that pay heed to local context (Mendelson and Glenn 2000; 2002). True, the shift towards stressing 'local input' into international assistance is itself biased because it is to a large extent a revolt against the previously unreflective and overly optimistic view about the ability of Western actors to promote the desired changes through democracy promotion assistance. Nevertheless, it is an important

countervailing view that should check enthusiastic calls for proactive action, especially when the latter rest on an unjustified confidence about the capacity of any external player to shape the region according to their visions and when they risk raising expectations that external players are neither able nor willing to fulfill.

Failure to Adequately Take into Account Local Stakeholders' Interests

This is a shortcoming that has plagued many an aid program throughout the developing world and Eastern Europe. It has a strong potential to hit hard on implementation and, most importantly, on the impact of otherwise well-meaning ideas. The flaw can be traced both in aid programs targeted at the reform of state institutions and in democracy assistance aid. Carothers (1999) notes that the propensity to conceive of institutional reform as a self-contained effort disconnected from the existing structures of power, interests, and traditions on the ground, has been especially crippling in the case of aid directed at state institutions. The inability to place policy designs in the local context has often stemmed from foreign experts' inclination to develop policy visions deeply rooted in, or directly derived from, Western institutional models (more precisely, from substantially idealized versions of them) without due consideration of the extent to which the relevance of the proposed designs is conditioned on other social and historical conditions in Western countries (Carothers 1999, 96-103; Sampson 1996, 125). Lack of success is then frequently explained with reference to 'legacies' from the past, 'socialist mentality' or 'Balkan mentality' etc. (Sampson 1996, 125).

The unduly idealized understanding of civil society that underlies the approach to civil society assistance is a case in point. The reason why civil society groups are seen as worth supporting, apart from the relative inexpensiveness of the endeavor, is their perceived neutrality and commitment to a variety of commendable principles. Thus conceived, the approach is unsurprisingly prone to avoid complex, albeit crucial, political questions, conflicts of interests and power struggles. Political reality, however, cannot be easily wished away and frequently accounts for the modest results of assistance programs (Belloni 2001, 168-9). Similarly, in their study on the strategies of Western NGOs involved in Eastern Europe Mendelson and Glenn claim that the generalized application of allegedly universal Western models to diverse local situations has worked haphazardly at best (Mendelson and Glenn 2000, 17; Mendelson and Glenn 2002; Wedel 1998; Stubbs 2001; Belloni 2001; Sampson 1996; Open Society Fund Bosnia-Herzegovina 2001; McMahon 2001; Carothers 1999). Proactive approaches have been especially frequently thwarted by difficulties in adapting to the local political and institutional settings in which projects were implemented (Mendelson and Glenn 2000, 33).

Insufficient Attention to Local Needs

Democracy Assistance

Yet another shortcoming of programs for aid provision is the inability to respond to the real needs of the aid beneficiaries. Carothers (1999) argues that the problem is particularly acute in the case of democracy assistance where most of the funds are being

disbursed through NGOs in the recipient countries. Foreign funding was the condition of possibility for the emergence of most of the currently active local non-governmental organizations; many of them appeared in the major cities and under the direct influence of international donors. Because of their dependence on foreign funds, local NGOs are usually compelled to comply with the priorities of the donors or else fail to secure funding for their projects. The indispensability of foreign funds also ensures that any donor initiative is likely to find enthusiastic support among the non-governmental sector of the recipient country, whether or not it resonates with the urgent needs of the NGOs' constituencies.

As donors themselves are rarely able to identify the real needs of the recipients foreign assistance simply turns a blind eye to local needs and thus compromises on effectiveness. In Croatia and Bosnia, for example, due to the recent conflicts, a big number of projects have been focused on basic human rights, minorities and refugees, ethnic reconciliation, and physical reconstruction. Ironically, this bias towards ethnic issues has itself served to prolong the salience of these issues and has been to some extent affirming rather than reversing the ethnicization of social life. The identification of many international and big local NGOs primarily with the problems of minorities has created unnecessary tensions and mistrust in some areas affected by conflict. Stubbs (2001) has reported that international involvement in social policy in Bosnia has precluded, rather than facilitated, the emergence of a 'normal' social policy based on the concept of reciprocity and risk sharing in which all citizens participate in the collection of revenues that are consequently disbursed on the basis of need. Sub-state entities and the indigenous Bosnian Centers for Social Work assumed responsibility for the provision of welfare for the majority communities. Local and international NGOs on the other hand focused on minority communities. These conditions in Bosnia led to the establishment of three separate welfare regimes that functioned on the basis of ethnic belonging (Stubbs 2001, 101). In general, the stress on ethnic reconciliation has created a separate agenda for SEE and funding is granted mostly to local actors that comply with their role in the established division of labor. In the words of the leader of the Croatian NGO Zdravo Društvo, NGOs like his are not deemed mature enough to approach issues like culture and ethnicity in a way different from the dominant 'reconciliation' perspective and the narrow focus on SEE.

Several years after the end of fighting, ethnic issues are arguably no longer so appropriate; the focus on teaching tolerance is becoming less justified and is likely to become more and more insulting. As many analysts have argued, it is time that the predominant ethnic focus in donor agendas is abandoned because the inertia in donor agendas comes at the expense of more pressing developmental and social problems and is likely to be counterproductive.

The problem of donor-imposed misplaced programs has affected other issue-areas, too. In a report prepared by the Open Society Fund in Bosnia, Sali-Terzić (2001) claims that some genuine concerns of Bosnian women have been sidestepped in favor of donors' views on 'women's issues'. Thus, local women's organizations defended the right of women to a one-year maternity leave, a legacy from the socialist welfare system. However, the World Bank, supported by other international organizations, proposed a

significantly shortened period in line with its neo-liberal reform agenda and following the example of developed countries (Sali-Terzić 2001, 146). In a similar vein, according to McMahan, women's groups in Hungary have been compelled to neglect issues perceived as vital by Hungarian women (e.g. small business development) and concentrate instead on US priorities like trafficking of women and violence against women (McMahan 2001, 52-59). The SP Gender Taskforce (GTF) coordinator in Croatia claims that only the first project on which they worked within the SP ("Women Can Do It") really reflected the needs and priorities that the participating NGOs had identified. The project was developed by women's groups in Croatia, proposed to the GTF, and then extended to other countries in the region, where it was sometimes slightly modified in accordance with the local condition (e.g. in Bulgaria). Croatian women's groups therefore do not approach other projects in the GTF with the same enthusiasm.

In sum, it is often the case that policy agendas are imposed on the recipient countries, claims to the opposite notwithstanding. The situation has led some critics to suggest that the process is essentially a top-down one, only wrapped in rhetoric of bottom-up empowerment (Belloni 2001, 173-4; Sali-Terzić 2001; see also Bojičić-Dželilović 2001, 192-3; ESI 2002). With flexibility of program design being as rare as local ownership, designs often remain unchanged even in the face of clear indications that resources and efforts are wasted on the wrong endeavor (Carothers 1999, 261-3).

Even the SP - the initiative that loudly and tediously declares the need to achieve 'regional ownership' - has a dubious record of facilitating local involvement. Relatively few of the successful SP projects originate in the beneficiary countries themselves (ICG 2001, 242-3); most of the funded projects are submitted by international organizations. Thus, there is a danger that instead of creating local capacity donor involvement might end up diverting resources away from existing local initiatives. Local ownership proves most elusive with regard to the local non-governmental sector. For example, Sali-Terzić (2001) claims in the above-mentioned Open Society Fund report that Bosnian NGOs did not even know that they could apply for funding with projects related to trafficking in women and had no information about requirements and deadlines. The majority of the projects in this area were submitted by international organizations, such as the International Organization for Migration and the UN Office of High Commissioner for Human Rights, provoking suspicion that the SP serves as one more source of funding for major international agencies (Sali-Terzić 2001, 156). Many local non-governmental actors consider that the SP initiatives and taskforces lack clear criteria for project selection, as well as clear guidelines that could facilitate applications (Sali-Terzić 2001, 156; Porumb and Vincze 2001, 45).

Another example is the SP's Link Diversity (LD) initiative. While the LD initiative was envisioned as an initiative that would encourage the active participation of SEE organizations, and while the SP was expected to make an "effort... for a specific concertation between potential donors within (or outside) the Stability Pact to ensure adequate and sustained financial contributions" (*Link Diversity Review* 2001, 13), the projects that local organizations submitted have not received funding. It has to be noted that many of these projects involve organizations from more than one SEE country and are thus in many respects valuable if the ideas of 'regional ownership' and regional

cooperation are to be realized. The Bulgarian side in particular submitted a small number of projects that requested very limited overall financing. The first phase of the LD initiative ended in November 2002 with no results. The coordinator of the National Organizing Committee (NOC) in Bulgaria expressed a concern that the organizations that were submitting projects were unclear about both the requirements and expectations regarding project design and the real financing opportunities (Interview with the coordinator of the Bulgarian NOC of LD). In Croatia the situation is the same, and in addition the applicants there have had no contact with the Croatian NOC (interviews with representatives of participating organizations). All organizations claim they have so far not received any update on the status of their projects or news about the initiative. Another point of concern of the Bulgarian NOC coordinator and the Croatian applicants was the lack of feedback from the side of the SP and the donors. Indeed, when I attempted to contact one of the Bulgarian organizations that have submitted projects, they were surprised that information about their project and contact information could be retrieved from the SP website. While lack of direct feedback might be a common practice among many donors and in itself does not prevent the flow of aid, I would still argue that in cases like LD a completely unidirectional relationship would hardly contribute to the declared goal of encouraging local organizations' initiative. Some observers have even noted that representatives of the local non-governmental sector tend to think that the SP sustains a bias in favor of Western organizations (Porum and Vincze 2001, 45).

In addition, SP Working Group coordinators from Bulgaria repeatedly brought up the problem of lack of funding for regional meetings between actors from different SEE countries. The opinion in GTF-Bulgaria is that the development of closer cooperation between women's groups in SEE is not facilitated. While the format of the GTF in principle aims to facilitate closer regional ties at least on the level of coordinators, the taskforce has difficulties to provide financing for regional meetings. Providing more robust fora for establishing and sustaining regional contacts would not simply be a fruitful contribution of the SP; it is in fact a contribution that the SP has promised, but failed, to deliver. The opinion in the Working Group of the Media Taskforce (MTF)-Bulgaria is identical. As of the time of the interview (May 2002) there has not been funding for organizing a regional meeting where at least the coordinators for the different countries' MTFs in the region could meet. A meeting was planned where coordinators could meet, but it was a meeting formally unrelated to the SP. It was organized at the initiative of the Bulgarian Media Coalition which decided to invite the national coordinators of the MTF.

Assistance Directed at State Institutions

International assistance, especially a massive one, is not necessarily a blessing for state institutions. External intervention and governance can weaken the capacity and status of SEE state institutions inasmuch as it diminishes their ability to be part of the process of democratic representation and respectively undermines their influence over, and connection to, society (Kempe and van Meurs 2002, 9-10). The European Stability

Initiative (ESI) concluded that new independent Bosnian institutions (e.g. court, border police) are being built international support might be needed to protect them against improper interference during their establishment phase. However, for these institutions to be sustainable beyond the international mission, they need to have the support of local constituencies (ESI 2001a, 5). The problem of aid-dependency is particularly acute in the cases of massive international intervention (in Bosnia and Kosovo). The reconstruction program in Bosnia has seriously distorted domestic spending patterns through direct budgetary support and the overtaking of the investment responsibilities of the state. Since most of the investments come from external sources and investment priorities are thus set mostly by external actors, they contribute little to alleviating economic and social problems. The discrepancy between misplaced priorities and urgent local needs undermines the political elite's responsiveness and accountability to the electorate and thus exacerbates the crisis of democratic representation in the region (ESI 2002, 10-2). To make matters worse, aid-dependency has contributed to the inability of Bosnian institutions to cope with the drying-up of external financing (ESI 2002, 5-6).

In the countries with a lesser degree of international intervention the problems above are not pronounced. Yet, the discrepancy between locally set priorities and external funding can be felt in these cases, too. For example, the Croatian Ministry of Environment has an input in projects funded through the EU's LIFE program and, to a limited extent, the national CARDS program. However, most environmental projects funded through the SP's REReP program (REReP manages most of the regional CARDS assistance funding) have been proposed by the Regional Environmental Center for Central and Eastern Europe which coordinates SP funds in this area, and then offered to the Ministry without prior consultation. The practice has been a source of disagreement between the two institutions and of Croatia's faint interest in certain projects (interview with an official from the Croatian Ministry of Environment). It is already being reconsidered, and rightly so. Failure to consult the beneficiaries regarding their needs and preferences in all likelihood contributes to the lack of interest and engagement of some beneficiaries in the SP environmental projects.

Mitigating the Dangers of Massive Aid and External Involvement

Bringing Economic Conditions Back In

One immediate solution for the above-discussed problems is to increase the developmental value of international (and European) assistance. The Stability Pact has been the favorite target of criticisms pointed at the irrelevance of international assistance to structural and developmental problems in the recipient countries (Anastasakis and Bojicic-Dzelilovic 2002, 26; see also Gligorov 2001). The recommendations developed in these criticisms advocate a more long-term commitment of the EU and the SP to solving serious structural economic and social problems in the SEE region.

In a recent report on international assistance to the Western Balkans, the ESI (2002) claims that the existing strategies of the EU and EU member states have been defined in accordance with the goals of post-conflict reconstruction and stabilization and are no longer adequate for dealing with the current problems in the Western Balkans. The ESI warns about an impending economic and social crisis in the region and believes that it can be avoided only on condition that EU assistance is kept at present levels (rather than progressively diminished) but at the same time significantly refocused to address longer-term developmental and structural problems.

Increasing Local Input in International Assistance Programs

The Recent Consensus in Favor of Increased Local Input

The need to adapt foreign assistance strategies so as to ensure adequate local input into assistance design and implementation has already emerged as a new consensus among the critics of international assistance. While this new consensus has a potential to make some useful corrections in the paradigm of international assistance, it is also casting its own shadow over it. The new fashion for stressing local input is to a large extent a revolt against the previously unreflective and overly optimistic view about the ability of international intervention to promote desired changes. In academic analyses it is now frequently assumed that the lack of emphasis on local context is the primary reason behind the limited effectiveness of international aid (see for example Mendelson and Glenn 2002; Carothers 1999; McMahon 2001). This approach seems presuppose that were such an emphasis to be enacted, foreign assistance would become more effective. Far from being an unbiased conclusion, this stance risks advancing similarly unreflective optimism, this time about the virtues of local input.

In policy analyses on the other hand, the fashion for 'local ownership' appears to have turned into a new rule of political correctness. However, while problems related to the insufficient local say in international intervention are acknowledged, the 'ownership' paradigm frequently does not seem to influence policy recommendations in any meaningful way. It is still easier to propose what the EU or other *external* actors should do to improve their strategies in view of the problems caused by massive and intrusive *external* involvement than to propose how to enable recipients to participate in the process of setting priorities for international assistance so that the professed "*partnership, regional ownership, and sustainability*" (Kempe and van Meurs 2002, 9) could be achieved.

Even more international oversight

Policy analysts, having recently reached a consensus on the dangers inherent in massive international involvement and governance, have set out to find ways to minimize those effects. Kempe and van Meurs propose the introduction of mechanisms to screen external intervention within the SAp, which would link access to finance from western aid agencies to compliance with certain criteria. Such screening according to them should reduce counterproductive duplication and competition and reduce conflicting

strategic principles and policy instruments (2002, 18-22). Kempe and van Meurs, however, are silent on the precise shape the proposed screening mechanism should take, apart from stressing the need to prioritize and harmonize conflicting principles.

In addition to the lack of concreteness, these recommendations are disputable as regards their suitability for solving the identified problems. Kempe and van Meurs in effect suggest that problems of extensive international intervention can be solved by more international intervention in the form of monitoring. Such a proposition is questionable at best. Monitoring, ensuring complementarity and avoiding duplication, as well as reconciling the conflicting principles of EU intervention are among the tasks that the international community on numerous occasions has identified as urgent, and on numerous occasions mechanisms and initiatives have been introduced to address it. The results have been dissatisfying, as Kempe and van Meurs would probably admit. Thus, introducing screening and monitoring is unlikely by itself to adequately tackle the problems of international intervention. It is also a conspicuously inadequate instrument for increasing participation of SEE governments in decisions regarding international assistance that Kempe and van Meurs repeatedly declare to be crucial.

The benefits and drawbacks of co-financing as a way out of external imposition of priorities

The ESI on the other hand recommends that future EU assistance should follow the developmental principles inbuilt into the EU structural funds: local co-financing; institutionalized partnership between the Commission, the national and the sub-national authorities; and multi-annual programming of developmental efforts. In addition, the application of these assistance principles should not be linked to the recipient's progress towards accession (ESI 2001, 2). The urgency of the introduction of such principles is justified on several accounts. First, according to the ESI, the case of Bosnia demonstrates that massive aid can cause undesirable levels of aid dependence and atrophy of domestic institutions. The high levels of capital spending by external donors in virtually all SEE countries have meant that few, if any, of the investment priorities have been set by the SEE governments themselves. The latter problem is more acute the weaker the governments are. These reasons necessitate that local governments and institutions are given more responsibility in participating in the setting of priorities and the selection of projects; hence the appropriateness of the principle of co-financing of projects by local funds. This principle, according to the ESI, can prevent distortions in domestic spending patterns and can help enhance the capacity for local and regional governance (ESI 2002, 12-3).

The Structural Fund principles go hand in hand with the above-mentioned refocusing of assistance to structural economic, social, and developmental problems, a refocusing dictated by worrying levels of poverty, unemployment and de-industrialization in the Western Balkans. These principles, according to the ESI should guide future CARDS assistance, while the EU should also work on developing new policy instruments for structural intervention drawing on the experience of the pre-accession programs for the accession countries.

These are valuable proposals for rethinking the current strategy of EU assistance. Yet, a few critical remarks are in order. The ESI might be a bit too optimistic about the ability of the Structural Fund approach to solve the deficiencies related to insufficient local involvement. It is worth remembering that co-financing is characteristic not only of the EU's Structural Fund but also of the new pre-accession instruments (such as ISPA) applied in EU candidate countries. Judging from ISPA's experience, the introduction of a requirement for co-financing is likely to face several obstacles. First, it is likely to slow down the ability of recipient countries to utilize the funds, although this development might at the end of the day have a positive sobering and straightening-up effect rather than a negative one. Second, the question that remains crucial is what is meant by 'local financing'. ISPA defines 'local co-financing' as one of three possible types of financing: local public financing; loans from the European Investment Bank (EIB) or another IFI; or commercial (private) funding. In reality, also bilateral donors have acted as co-financers (European Commission 2001c, 6-19). Clearly, if the bulk of the co-financing is to come in the form of a loan from an 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 capacity building are unlikely to be so great. On the other hand, such practice might in the long run increase the burden of having to repay foreign debts; hence, its real developmental value should be seriously considered. It is worth remembering that a number of currently undertaken infrastructure projects in CEE and SEE countries that receive funding from IFIs have been subject to serious controversies. Among the sources of controversies are the neglect of environmental standards routinely observed in the EU itself (see Bankwatch's website - <http://www.bankwatch.org/> - for several case studies in Bulgaria, Hungary, the Czech Republic and others; *Sustainable Theory/Unsustainable Practice* 2001; *Bankwatch* 2002, 3, 8; 2003; interviews and talks in *For the Earth*, Bulgaria; in CEE Bankwatch Network, Budapest; interview with Bankwatch Network member Petko Kovachev, Center for Environmental Information and Education, Bulgaria) and the sometimes questionable economic feasibility of financed projects chosen on the basis of predominantly political and geopolitical criteria (see p. 36; interview with Bankwatch Network member Petko Kovachev, IUCE, Bulgaria). Third, the negative effects of co-financing could be minimized only on condition that the requirement for co-financing (whether from public money or loans) would result in local governments helping to set the optimal priorities for economic development. However, the appearance of such a cause-effect relationship is far from certain for a number of reasons, including still unsatisfactory institutional capacity; lack of sufficient experience and expertise; still powerful donor interests (whether the EU or the co-financers); propensity to choose projects due to high visibility (infrastructure) or more immediately apparent economic impact to the neglect of more subtle and long-term projects focused on sustainable development; a danger that, given the lack of local resources and the need for loans or other donors, project selection will come to depend exclusively on the government to the neglect of other less powerful stakeholders (in contrast to ESI's stress on developing local partnerships including increasingly wider range of actors). Clearly, if these setbacks occur, and they might occur, the requirement for local co-financing is likely to achieve little more than substitute locally chosen sub-optimal priorities for externally imposed sub-optimal priorities.

Local input in the process of setting priorities and directing international assistance is necessary in order to prevent aid-dependence and further weakening of the capacity of local institutions to formulate and carry out policy. However, taking this paradigm to the limit equals unreflective celebration of local input as a panacea for the variety of complex problems that international assistance faces. It might be healthy to keep international priorities in check by ensuring that local needs are heard, but it also healthy to keep in mind that international assistance is likely to achieve little if the recipients have not decided on clear priorities for themselves. Recipients have so far not made too hard efforts to set their priorities and to try to push them through. Local institution's capacities to provide quality input cannot be taken for granted; they could turn out as problematic as donor-driven intervention. Unless the current stress on local ownership is not to imply that the international community should simply leave local institutions to grapple with numerous problems and survive if they can, the stress 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 the future.

Mechanisms for Ensuring Local Input

To sum up the preceding discussion, EU assistance should be refocused to address structural (economic, social and developmental) goals. It is high time to thrust aside the conflict-prevention approach previously characteristic of EU and international involvement in SEE and to address currently more pressing problems. This proposal should be seen as mostly applicable to EU assistance. The specialized focus characteristic of other donors might make this shift impossible in some cases.

Applying the principles of additionally to the thus refocused EU assistance to SEE can increase local input in priority-setting and develop institutional capacity for priority-setting and project-selection. However, the requirement for local co-financing is unlikely to be sufficient. For its potential to be realized, the exact sources of local co-financing should be differentiated and priority should be given first, to financing from commercial (private) sources, and second, to local public financing. The ability to use loans from IFIs as a co-financing source should be restricted and subjected to stricter rules regarding the economic feasibility and the environmental impact of projects in order to ensure that external interests do not receive priority over the recipient countries' interests and in order to limit governments' discretion in prioritizing projects for political reasons. Naturally, the decision to use a loan as a co-financing mechanism should depend on the extent to which a project is considered a priority (see next paragraph).

As the requirement for co-financing does not automatically solve the problem of sub-optimal priorities, it should be coupled with an *improvement of the mechanism for priority setting*. As the ESI suggests, there is a need for multi-annual developmental programming. But it is SEE governments that should be encouraged to set comprehensive and concrete developmental strategies and priorities, with indications of financial assistance needed, and to formulate National Multi-Year Developmental Programs. The National Multi-Year Developmental Programs should be regularly updated.

As SEE governments' capacity for such programming is currently constrained, it is necessary to put in place a consultation mechanism between the European Commission and the respective government. The mechanism could follow the example of the relatively recent practice in Bulgaria and Romania of consulting the National Program for the Adoption of the *Acquis Communautaire* with the European Commission. The practice of presenting these National Programs to the Commission improved their quality and increased their local political weight and importance. The introduction of a consultation mechanism on the National Developmental Program

- ❑ would provide a practical mechanism for increasing local input in priority setting;
- ❑ would provide a mechanism that ensures that the EU would have to take into consideration the locally defined priorities;
- ❑ would provide a balanced procedure for the EU to object to priorities and projects deemed improper or to propose its own preferred priorities without the possibility for one-sidedly imposing them;
- ❑ is likely to gradually increase the SEE governments' capacity for developmental programming.

In order to further improve the mechanisms for setting developmental priorities, in the mid-term national parliamentary committees should be created and tasked to develop a mechanism for consulting the multi-annual developmental program formulated by the government with local non-state actors, most notably trade unions and employers' organizations.

In pre-accession support mechanisms to the SEE accession countries, Bulgaria and Romania, the above principles to some extent apply. Pre-accession assistance is guided by the Accession Partnership priorities which are intended to help the accession countries meet the criteria for membership. ISPA is also guided by the transport and environmental strategies formulated by the accession countries' governments in agreement with the Commission. However, there is still a room for improvement in the priority-setting mechanism. The accession countries should formulate multi-annual developmental programs on the basis of the above-described consultation mechanism. Such programs could serve as a coherent overarching framework for determining concrete priorities for ISPA and SAPARD funding and the elements of PHARE concerned with social and economic cohesion and economic reform. This will ensure that the three funds will work for a single overarching strategy. This is in effect similar to what is required from the National Programs for the Adoption of the *Acquis* (NPAAAs), namely to create a coordination mechanism for the use of the three funds. The difference is that while the NPAAAs deal with *acquis* harmonization, the developmental programs would deal with the developmental priorities of the country and with the possible contribution of EU pre-accession funds to solving structural problems.

Avoiding Over-Reliance on Foreign Expertise

In a recent report on the policy agenda of the international community in Bosnia-Herzegovina the Democratization Policy Institute (DPI) concluded that while in certain spheres exclusive international oversight might need to be maintained for some time due to the endemic levels of corruption among Bosnian officials, in many other cases there is a pressing need to increase the involvement of the aid beneficiaries in the governing and policy-making process (DPI 2002). Short-term appointment of foreign experts that do not have any knowledge of the local context and language, nor a particular interest in acquiring any, has produced results that are a far cry from the high expectations associated with foreign (Western) expertise. For instance, the situation is particularly daunting in the sphere of law making, where a multitude of short-term contributions by foreign experts has become a part of the problem rather than the solution, leaving a legacy of improper interventions reaching as far as the introduction of Common Law codes incompatible with the Bosnian legal tradition (DPI 2002, 13-21). This problem is unfortunately not limited to Bosnia. The same has been reported in the case of Albania (SP 2002). The DPI thus suggests the involvement of local personnel in an increasingly wider part of the activities of the international community, and the creation of all-Bosnian taskforces in context-specific matters such as the drafting of laws.

The involvement of the aid beneficiaries, according to many observers, is important not simply because it brings comprehensive knowledge of the local circumstances but also because of basic reasons of legitimacy. The international community's credibility is being increasingly undermined by failures of foreign experts, a situation which is further exacerbated by their frequently arrogant and exclusionary attitude towards local experts (Papić 2001, 42; DPI 2002, 3). In addition, with the prospects for a withdrawal of international assistance becoming ever more real, the international community is compelled to rediscover the idea of local ownership for perfectly self-interested reasons of ensuring future stability. Apart from that, it is becoming ever more difficult to deny that since the local population will have to live with the long-term consequences of today's policy-making choices and hence, it has the right to have a say in them (DPI 2002, 3).

A third reason why decreasing the reliance on foreign expertise might be a good strategy is that the costs associated with procuring advice and implementation from foreign experts and consultants are usually substantially higher than those of involving local experts and participants. Critics of foreign assistance have noted that there is a substantial difference between how the skills of local participants are valued and how foreign skills are valued. In addition, the substantial resources spent on foreign consultants and trainers, most of whom are rarely knowledgeable of ongoing local efforts and usually deliver a standard presentation, might make a much bigger difference for the aid beneficiaries if spent locally. This often becomes a source of resentment and bitterness (Carothers 1999, 164-5; Sampson 1996, 137; Sali-Terzić 2001, 145).

This issue is inextricable from the problems of irrelevance of programs and insufficient consideration of local needs. Training courses inadequate to local needs; irrelevant study tours, unneeded workshops and conferences for local participants; foreign consultants with little knowledge of the recipient countries coming for only short-term visits; insufficient expertise of foreign participants – these are the most common examples of problematic experience with aid programs not only in SEE but also around the world (Carothers 1999, 265; Sampson 1996, 137; Sali-Terzić 2001, 144; McMahon 2001, 49-50; Mendelson and Glenn 2000, 35-7). Often training sessions have little valued-added apart from improving local NGOs' skills in writing grant proposals in compliance with the strict and elaborate requirements of funding agencies, which is not exactly in line with the lofty purpose of democracy assistance (Sali-Terzić 2001, 144; Carothers 1999, 272).

The effects of training and seminars have been similarly questionable in international assistance for institution building. For example, Croatian participants in REC-managed regional environmental projects in REReP were dissatisfied with the level of training provided by foreign experts in capacity-building seminars. These participants suggested that there is a tendency to treat East and Central Europeans as 'backward', as it were, and to train them in basic skills like surfing the Internet and relations with the media (interview in Programi PINTA, Croatia).

In many cases it is the inflexibility of donor requirements and procedures that impedes and complicates local participation. For example, a project for strengthening democracy at the local level and strengthening local government capacity in Harmanli, a small county in Bulgaria has been grappling with precisely such problems. The project is part of SP Working Table I. The coordinator pointed out that the project encountered substantial difficulties in the design phase. A project of this kind required a flexible budget and was difficult to accommodate with the donors' preferences for budgeting individual events like seminars or training sessions. Further, delays in financing were particularly hard to deal with because of the financial difficulties experienced by the county. In cases like this one, inability to keep the project going for the periods between funding installments risks losing the motivation and interest of the citizens involved.

Gagnon (2002) has noted that in Bosnia activities like civic education in the virtues of democracy broadly defined and training in an American model of political party activity have turned out to be relatively ineffective. Among the reasons for the ineffectiveness are assistance strategies that are only superficially related to the realities of Bosnia's political system and society, unwillingness to rely on local participants (who are instead perceived as ineffective and unhelpful), and a stress on direct transposition of Western models and on education/enlightening activities (Gagnon 2002).

In addition, training and technical assistance in many cases aims to substitute for, or unwittingly substitutes for, local skills and resources instead of seeking ways to build upon them, thus locking the institutions target of assistance into a vicious circle of inefficiency and aid dependency (Bojičić-Dželilović 2001, 193). Stubbs (2001) claims that international actors involved in social policy in Bosnia completely bypassed the existing local Centers for Social Work (CSWs) and rarely built on existing institutions or capacities (Stubbs 2001, 99). The CSWs were thus marginalized and deprived of resources and of their more qualified staff who joined the better-paid international

sector. Since employing local staff was not first on the list of priorities, the staff of the international agencies consisted of mainly of foreign aid workers with experience in the Third World who brought with themselves models of social policy inadequate for the Bosnian context (Stubbs 2001, 99).

At the very least, the reluctance to use much cheaper local resources and to rely on local goods and services simply indicates that an unjustifiably great portion of the aid that supposedly benefits recipient countries never really enters these countries and is instead spent on remunerations of the staff in foreign implementing agencies, the latter often including payment in compensation for the high risk of working in the respective country (Sali-Terzić 2001, 141-6). Thus, it is not always clear whether the requirements for efficiency and sustainability and the standards of transparency and accountability required from recipients are applicable to aid providers, too. It should be noted, however, that avoiding this problems might indeed be a difficult task inasmuch as it is only normal that Western money would be spent by Western implementing agencies.

A more feasible alternative solution is that foreign agencies would at least avoid the excessive use of foreign experts in the cases when such use is particularly inefficient. Recent research has shown 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. This approach, however, is likely to have a very limited impact on the functioning of these institutions. In the cases when assistance targets the functioning of institutions, the goals would be better met through reactive strategies that solicit proposals from the recipients instead of imposing solutions from above (Mendelson and Glenn 2000, 66).

Indeed, problematic experience has already engendered caution and made it clear that it is necessary to change the old ways. Carothers (1999) has noted that many Western donors have 'discovered localism'. The 'discovery of localism' simply indicates that people in the recipient countries come to be treated as partners rather than simple recipients or 'hired' hands. In some cases it has been the aid beneficiaries that have managed to persuade Western aid providers into changing their ways. For example, women's groups in transition countries made their dissatisfaction with irrelevant training clear and training now relies heavily on local trainers (McMahon 2001, 50). It is now common to find programs that emphasize training of local experts, or training of people who could in turn produce future local experts, the so-called "training of trainers".

Another example of strategy change is the increased use of experts from non-Western countries, notably other transition (or developing) countries that have experience and expertise more relevant to the country to which they are being sent and/or, at the very least, are less expensive. The use of so-called third-country experts might in fact be an invaluable contribution to developing meaningful regional cooperation initiatives (Carothers 1999, 265-7). In the cases of twinning projects that involve consultants from the EU or other Western experts, it is necessary to ensure that twinning will not be just flying in and out for short consultancy sessions. Twinning projects based on long-term residence of the twinner in the target country have proven more effective.

Combining Increased Use of Local Resources with Efforts to Foster Regional Cooperation

The inauspicious perceptions of regionalism in SEE and the tendency of most countries to be sensitive to being considered part of the SEE region urge an increased attention to the ways issues and problems are framed within the frameworks of any common regional endeavor. Particularly relevant is the distinction between problems that are common to the region but whose solution is to be sought and implemented at the national level and problems that are regional in nature, and whose solution and implementation requires coordinated action between several countries in the region (ESI 2001).

The SP has addressed both types of problems, although with regard to the first type the value-added of a regional approach is necessarily limited. Nevertheless, the SP has attempted to provide a forum for exchange of information and dissemination of best practices with the intention to facilitate national efforts to solve the problems at hand (ESI 2001). As noted above, however, the attempts have not been particularly successful.

The SP has also attempted to encourage international donors to prefer multi-country and regional projects rather than work with individual countries. However, this approach does not result in economies of scale for the donors and, at its worst, might encourage reliance on standardized and unitary approaches to diverse problems in diverse circumstances (ESI 2001). The tendency towards standardization is arguably what, for example, the more advanced participants in REReP regional environmental projects are dissatisfied with. An official from the Croatian Ministry of Environment underlined that the different countries in the region are facing increasingly different problems and are on an increasingly divergent levels as regards capacity, advancement in reforms, legislation etc.; hence, the Ministry thinks that the value added of a regional approach is limited and believes that it could only be a secondary facilitating mechanism to more important sources of international financing like EU funds disbursed on a national basis (national CARDS, LIFE etc.).

The very design and implementation of REReP projects is seen as problematic to many countries. While there are projects where the number of participating countries is more limited, regional projects are usually designed on the basis of identifying one or several leading countries that put the project in practice on a pilot basis. Other countries are expected to follow later on provided that the project is successful. It is not difficult to see the merits of such an approach. The identification of a leading country might indeed be useful inasmuch as it could encourage more vigorous implementation, and could certainly prevent waste of resources. It is, however, also fraught with problems. The majority of the participants are for long periods of time not engaged in the project in any way other than taking part in trainings that, as noted above, are not necessarily useful. Participation in such trainings during a prolonged period of inaction on the project is hardly conducive to encouraging enthusiasm for regional projects and is certainly expensive. In addition, if a supposedly regional project has not been consulted with each of the participating countries, chances are high that those countries will remain

uninterested in the project. There are indications that REC has already reconsidered this practice but its experience should serve as a useful reminder.

The requirement for a prior consultation should be extended to other spheres of the SP and EU assistance. It would make sense to reconsider the format of regional projects in general and to limit the number of participants to include only those countries that have a clear interest in the project and are expected to work on it. In projects aiming at encouraging regional cooperation, there is scope for substituting experts from other Balkan countries for western or European experts. The substitution would have two beneficial effects. First, where third country experts substitute for western expertise, the financial costs of individual projects would be somewhat lowered. Second, diverse actors would be involved and so it might be possible to lay the foundations of a form of regional cooperation focused on concrete practical issues that has potential to show immediate results. In addition, 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; in fact, in the cases when these countries would themselves provide third country experts, it is likely to be well taken. It would give the more developed countries the opportunity to improve their international reputation by fostering their image of 'agents' of regional development/Europeanization and is in line with their preferences to participate in regional cooperation as donors and leaders rather than as recipients. The above-mentioned official from the Croatian Environmental Ministry for example suggested that there has been very fruitful exchange of skills and knowledge between Croatia on the one hand and Bulgaria and Romania on the other hand, and that the practice should be used more often. As Croatia is about to replicate the process of harmonization with the EU *acquis* and other EU requirements that Romania and Bulgaria have already gone through, and given the generally similar problems that the three countries face, the potential for consulting and information exchange is substantial. Clearly, such practice can be only beneficial for Bulgaria and Romania. Making use of such consulting mechanisms, however, would require that countries like Bulgaria develop regulations to allow public officials to perform such duties without implicitly or explicitly breaching the rules of employment in public office. Currently, such regulation is missing and Bulgaria, unlike for example Hungary, does not provide consultants.

The Consequences of Short-Term Duration of Projects

The short-term duration of projects has proved to be a source of general frustration among aid beneficiaries and critics of international assistance. Short-termism has two major negative effects. First, it increases the pressure to make the most important decisions about design and implementation in the initial phases of the projects, that is, when the donors and the foreign participants have the least understanding of the local conditions (Carothers 1999, 264). Second, in many cases projects that have started to show perceptible results have been abandoned by the donors and thus, due to the low levels of sustainability, abandoned altogether (Sali-Terzić 2001, 144).

Short-termism amounts to lack of sustainability. Examples of how good intentions might end up producing unsustainable results are numerous. An elaborate SP project, for

example, aims to enhance the capacities of SEE environmental NGOs to use information technologies (the following discussion is based on interview in Bluelink, Bulgaria). It builds on two preexisting and already established information networks in Bulgaria (Bluelink) and Romania (Strawberry Net). The Bluelink in particular was not a product of an accidental project. It was created to address the clearly identified needs of major Bulgarian environmental NGOs. The SP project created, from scratch, similar networks in other SEE countries (called 'baby networks'). However, only the preexisting networks have good prospects of survival after the project's end. The sustainability of information networks hinges on the ability and willingness of NGOs to pay for highly qualified technical services and is therefore curbed by their financial dependency and the imperfect legal framework for cooperation between NGOs and business. Yet another example comes from the already mentioned SP project funded by the Council of Europe for strengthening local democracy in the county of Harmanli by means of increasing citizens' participation in decision-making and local government capacity building. The project coordinator remembered that a similar project executed in the framework of UNDP's Agenda 21, albeit well designed and well carried out, created some five years ago in one Bulgarian city a Business Information Center which has now been turned into a souvenir shop with the same name. He was worried that the current project in Harmanli might have a similar fate. Given the financial and economic difficulties experienced by the county and the lack of clarity about future financing, the post-project financial sustainability of the direct output of the project – a citizens' information center – is very unclear (interview in National Centre for Regional Development, Bulgaria).

Sustainability is further undermined by changes in the priorities of international assistance that lead to cuts in the financing of initiatives that might have just started having impact. When this happens, the results that have been already achieved are often invalidated. In the SP, for example, experience so far has shown that there does not seem to be an alternative source of financing, e.g. EU funds, to replace the withdrawal of donors from certain fields. Thus, the GTF- Bulgaria coordinator from the side of the non-governmental sector indicated that changes in donor priorities make their future work extremely problematic (interview in GTF – Bulgaria).

The projects of the GTF-Bulgaria have fair chances to have a lasting impact. Their principle strength has been the effort to involve the executive at an early stage, namely women that are already in political positions and especially women in Parliament. The projects strive to avoid one of the common mistakes of advocacy organizations funded by foreign aid - over-reliance on the non-governmental sector and inability to forge links with the political elite. This has allowed the organizations involved to employ a comprehensive advocacy strategy not limited to awareness raising and creating pressure from below but also including active lobbying for legislative and political changes. There has also been a successful attempt to broaden the base of participation and to attract women from the three different ethnic groups- Bulgarian, Roma and Turkish, as well as labor union members. The project covered different regions in Bulgaria and did not remain focused solely on women in the capital. However more one could, as a matter of principle, desire in terms of participation, one has to admit that this is definitely a fair attempt at creating solidarity and cooperation across political, ethnic, and social status cleavages.

Despite the generally positive performance of the GTF, following the change of priorities within the SP, funding is drying up in the area of gender and women's issues. Thinking in the SP has moved and it has been suggested that, instead of funding specific gender-related projects, there should be a requirement that all funded projects must have a gender component (interview in GTF- Croatia). It is unclear what the effects of this strategy shift are going to be. While some environmental NGOs are pressing for exactly such an approach to environmental questions in the SP and claim that this would enhance the observance of environmental regulations in SP projects (especially infrastructure), the coordinator of GTF- Croatia is skeptical about the new approach and worries that it would only encourage lip service to gender issues but little real engagement with them. In any case, many of the initiatives that have already been launched are in all probability not going to have a follow-up. For example the more-women-in-politics initiative launched in Bulgaria before the general elections will probably not be carried over to forthcoming elections. Yet, initiatives of this type, as most significant efforts for that matter, require prolonged engagement to have a meaningful impact. The obvious question therefore is: what portion of the impact the GTF so far has had would not be annulled.

All in all, the SP cannot boast a good record in ensuring sustainability. Many assistance projects are from the beginning designed to be short-term ones. Many security sector projects in the SP, for example, consist of training initiatives that 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 (SP 2002, 2). Taskforces and initiatives that have been created on the basis of existing coordination mechanisms (e.g. Education and Youth, Gender) have been able to produce perceptible results and are likely to be sustained even after the SP has withdrawn. In contrast, those that have been created without an apparent interest among the participants have remained largely inactive (e.g. Good Governance) (ESI 2001). The projects that are most likely to last beyond SP money are usually projects that have existed before the SP got involved in them. Since 2000, the NGO "Bulgaria Investment Forum" (BIF) organizes an Economic Forum for Southeast Europe that brings together SEE governmental officials, the SEE business community, and foreign investors (the following discussion is based on an interview in BIF). BIF and the Forum are financially supported by the GTZ and the EU. The Forum is, however, listed also as an initiative of the SP. In the words of a project coordinator in BIF, the SP provides the Forum initiative with moral support. While this moral support has propped up the reputation of the Forum, the SP is not a major contributing factor in its future sustainability. The influence of the other donors is positive as a whole but also cannot be considered decisive. Rather, the Forum appears fully sustainable due to the willingness of Bulgarian private firms to sponsor the event and partly also due to the involvement of other regional actors. Indeed, it would be difficult to imagine how the initiative could be sustained solely by foreign financing. In contrast, the sustainability of newly developed projects and networks is dubious at best. The contrast between the established Bulgaria and Romanian information networks and the 'baby networks' in the REReP project mentioned above illustrates the point. Also illustrative is the contrast of these two established network with the SEE environmental NGOs network (SEEENN) established by a REReP project. The Bulgarian member of the

SEEENN executive board said that the network is not very active and usually limits its activities to the events planned as part of the project (interview with the Bulgarian member of the executive board of the SEEENN).

The SP is, unfortunately, not the only example of limited sustainability. Another host of examples of limited sustainability comes from Bosnia where the sudden drying-up of financial support for NGOs that were providing free legal help to citizens has led to a serious crisis in these organizations and has left the beneficiaries of this type of help without proper legal protection. Sali-Terzić sees the problem in the inability to draw 'the bigger picture' and see each separate project as part of a bigger goal. According to her, if these initiatives had been perceived as part of the bigger issue of supporting the rule of law, the negative effects of the fortuitous change of priorities could have been countered (Sali-Terzić 2001, 149-52). Similarly, Stubbs (2001) notes in relation to international involvement in social policy in Bosnia that sustainability of international interventions was undermined by the fact that no one thought of investing into the existing Centers for Social Work (CSWs) that were to remain after the termination of international assistance. Sometimes international actors even sought to create parallel capacities. For example, Norwegian People's Aid, unable to reach an agreement with an existing children's institution in Zenica, simply created an alternative one. The result was not one, but two institutions with dubious sustainability, both of which had to be financed by the Zenica municipality (Stubbs 2001, 99-103). Similarly, representatives of the National Youth Council (NYC) in Croatia claim that shortly after the Council was established, the international organization CARE launched a project to create a parallel youth council in Croatia and was not interested in cooperating with the existing NYC. According to NYC, CARE's non-cooperative attitude created serious obstacles in NYC's work and made it difficult for them to secure funding (Interview with NYC representatives).

The Consequences of Supporting Isolated Projects

The Bosnian example in the section above introduces another frequent flaw of foreign assistance – the tendency to perceive of projects as an end in themselves rather than as part of a more comprehensive strategy of development or policy change.

For example, critics of international assistance have pointed out that there are severe limitations inbuilt into programs for assistance to local government. Carothers notes that such assistance usually consists of a few pilot projects that, even when successful, rarely have a broader impact. Since the funds needed to duplicate their success are usually unavailable, the pilot projects mainly succeed in creating an oasis of change, and a short-lived one at that. Further, problems of aid dependency undermine the sustainability of the initiatives or institutions that such projects have brought about (Carothers 1999, 195-6 and 231).

To demonstrate the scope of the problem in SEE, a few examples are in order. The coordinator of the already-discussed SP project for strengthening local democracy in the county of Harmanli doubts whether the project will have any meaningful and lasting impact beyond the confines of the county, especially given the doubts regarding its

sustainability in the county itself (interview in National Centre for Regional Development, Bulgaria). One idea behind the project is the formulation of 'best practices'. Yet, neither this project, nor the parallel project running in another county in Bulgaria (Elena) have a clear idea how, and even a less clear idea with what funding, the formulated 'best practices' are to be put to use (Ibid.; interview in Foundation for Local Government Reform, Bulgaria). Local projects of this type are in general unlikely to produce substantial change if the underlying socio-economic conditions in the beneficiary localities and countries are not taken into account. Usually, they only manage to create an island of change, while the broader locality continues to struggle with basic socio-economic problems. The situation looks even bleaker when one remembers that the results of many projects are only temporary.

Support for institution building also consists of isolated projects with modest goals (ESI 2001). A major problem of this type of assistance is the over-reliance on seminars and conferences as a way of transmitting skills. Unless sufficient attention is paid to basic institutional structures, their design, the adequacy of their budgets and the degree of their independence, training and technical assistance have little impact. The ESI and the EastWest Institute suggest that low-intensity programs related to institution building like training or short-term consultancy have limited impact in countries with very weak institutions. An official from the Croatian Ministry of Environment for example suggested that ReREP environmental projects have mostly focused on capacity building. Capacity building might have been justified in the initial phases of the working of the SP, but this phase is over. As the ESI suggests, what is really needed is high-intensity programs which require from the international actors a longer-term engagement, substantial resources, profound knowledge of the local circumstances, and ability to develop case-specific priorities and solutions tailored to the needs of the country (ESI 2001).

One possible suggestion for a change of strategy is to shift the focus of these projects to localities with less unemployment and better socio-economic conditions. In such localities projects have higher chances of sustainability. This change might be problematic since it would mean giving up temporary beneficial effects on employment and other positive changes that could help a less-developed area. Yet, keeping in mind that any positive changes are anyway likely to be short-lived, if the idea of best practices is to have any effect, this is perhaps a viable strategy. Thus far, as far as Bulgaria is concerned, this strategy does not seem to be the preferred one and projects usually target problematic localities.

In order to avoid wasting money on scattered and inconsequential projects, aid programs should attempt to reflect the broad developmental needs of the recipient society. They should be embedded in, and contribute to, the general development and reform strategy of the country (Bojičić-Dželilović 2001, 193). In that respect, aid for both institutional reform and democracy needs to draw some lessons from the experience of development aid. As one World Bank report concludes, the initial failures of development aid stemmed from donors' preoccupation with isolated projects to the neglect of the overall environment for growth in the country and the need to ensure adequate design and sequencing of reform efforts (WB 2002, xi). Similarly, the UNDP

admits that the approach of funding *ad hoc* projects has led to resources being distributed too thinly to achieve the desired outcomes and sustainability. This has led the UNDP to suggest a shift away from 'project' approach to a 'program' approach in the form of comprehensive national programs for each country (Ohiorhenuan 2000, 8-9).

Coordination and Complementarity of International Assistance

The phenomenon of isolated and unsustainable projects largely stems from lack of coordination among donors and competition for higher visibility. Lack of coordination results either in *ad hoc* efforts or in unnecessary duplication. The SP was designed to solve these problems with regard to international assistance to SEE. It has, however, been unable to deliver a strategic vision and a guiding framework for making assistance more effective.

The Office of the Special Coordinator has not had the resources to play more than a minimal coordinating role and is not involved in individual projects⁷. It also does not have capacity for information gathering and monitoring of the development of SP activities, including those in the Quick Start Package (QSP) (ESI 2001c; see also Porumb and Vincze 2001, 50). Thus, the SP has not had the capacity to create an agenda that is more than just quickly assembled aggregation of exiting and new donor activities (ESI 2001). While this was understandable in the initial stages of the SP's work, continued lack of strategic planning seriously undermines the capability of the SP to deliver the promised results. This problem is intimately linked with the issue whether the Office will be given a mandate to advise donors on changes of strategy⁸.

According to the Bulgarian National Coordinator of the SP, the Pact can hardly fulfill the functions assigned to it if proposals and selection of projects happen only at regional donor conferences. He suggested that the SP could have a meaningful impact only on

⁷ The problem of lack of coordination is rooted in the very structure of the SP. The multiplicity of actors involved complicates work and results in messy decision-making. At the same time, no actor has a clear leadership position. According to Gligorov (2001), the Stability Pact suffers from a peculiar principal-agent problem. Since the SP involves multiple principals and multiple agents, and since the decision-making process cannot be decentralized, it becomes messy and brings about sub-optimal outcomes. Further, the principals and agents are not clearly defined, neither are the nominal principals (agents) necessarily also real principles (agents). Rather, nominal agents can be actual principals and vice versa. The inherent chaos in the working of the SP makes it difficult to administer and control (Gligorov 2001, 17-8). The problems cannot be solved by identifying an agenda-setter or a leader. The interactions between the multiple actors in the SP are so unmanageable that even if there were a leader, s/he would not even know whom s/he is supposed to coordinate (Gligorov 2000).

⁸ The experience of other regional initiatives suggests that substantial institutional support for the main coordinating body of a regional arrangement or a regime is indispensable for ensuring a leadership position able to sustain the regime's (initiative's) vitality. However, it also suggests that, as a rule, genuine support on the part of participating states and donors seems to be a result of the latter's genuine commitment to the initiative (regime). The Mekong cooperation process for example has benefited from a well-supported Secretariat which has provided the link between donors, participating states and other actors. It has also benefited from a highly visible executive agent (EA) with a formal policy-making power and ability to shape the agenda. The same regime has, however, seen the power of the EA successfully diminished by member-states threatened by the EA's activity and initiative (Makim 2002, 12-30).

condition that it established a permanent office for selection of projects that would function independently from donor conferences (interview with the Bulgarian National Coordinator of the SP).

Arguably, the biggest obstacle to effective coordination of international assistance is the simple fact that international aid is a competitive business. International donors do not wish to be coordinated and prefer to preserve flexibility and complete control over the disbursement of funds. This unwillingness is transferred to the level of project implementation. The well-documented experience from Bosnia suggests that international agencies frequently compete for money and higher visibility. However, compliance with conflicting donor requirements has often undermined well-meaning endeavors. For example, the unwillingness of the majority of donors to require multiethnic use of houses and public buildings repaired with their funds undermined the political leverage of those few projects that tried to combine reconstruction with reconciliation (Demichelis 1998). Despite the establishment of numerous coordinating bodies aimed at preventing duplication of the efforts of different international agencies in Bosnia, these bodies have been relatively ineffective and have restricted their contribution to providing fora for exchange of information on ongoing activities. Most importantly, such bodies did not emerge in response to a perceived need for coordination on the part of the involved agencies, but were the result of intentional (because eligible for substantial funding) projects developed and implemented by other international agencies and organizations (Sali-Terzić 2001, 143-4).

Another group of examples comes from the area of security. A Gaps Analysis in the field of security sector reform prepared for the SP (SP 2002) concludes that there is an overall lack of coordination among international donors in this field not only on the regional level but also within each country. Even within the same sector international donors are frequently only marginally aware of other international initiatives. In certain cases donors engage in information exchange but this rarely translates into cooperation; rather, there is a degree of competition as regards models and approaches to reform and, in general, a great deal of unwillingness to surrender independence. Recipient countries also fail to take the lead in achieving at least some degree of coordination. In a similar vein, coordination of efforts across different security sectors remains limited despite significantly high levels of interrelatedness and overlap (SP 2002).

The coordinator of the working group of the MTF pointed out that the lack of coordination of donor involvement is perhaps the most important problem in the media sector in Bulgaria. One simple example of this problem is the double-digit number of donor-sponsored attempts to develop a Professional Journalist Codex. The MTF coordinator thus sees donor coordination as the key task of the SP. Nobody would go that far to argue that the SP would have any decisive say in the choice of projects. Yet, if it is to perform the coordinating function that it was originally assigned, and this is by all means desirable, it should at least offer its opinion as a proposal to be considered.

It certainly has to be noted that, however great the need for coordinating international assistance, the SP should not simply play the role of an additional coordinating mechanism in areas that are already overpopulated with such mechanisms. Piling up new coordination schemes on top of already existing ones is not only unlikely to be

effective but might also end up having outright negative consequences. Multiple coordination mechanisms related to the issue of corruption, for example, serve to add no value added to the existing initiatives but at the same time divert resources available to the target states away from the task to address the issue in substance. For example, the Special Representative to the SP Anti-Corruption Initiative in Bosnia has no budget and staff and is supported by the Bosnian delegation to the Group of States against Corruption which was established to implement Council of Europe conventions regarding corruption (ESI 2001c). The ESI notes that some SP attempts to coordinate donor efforts end up duplicating already existing and more efficient arrangements. Due to inadequate funding and insufficient staff the Anti-Trafficking Taskforce has not substantially supported existing activities in the field. In addition, while organizations active in the anti-trafficking field have been given responsibility for coordinating specific issue areas, such division of responsibilities has proved to be artificial and counterproductive. Thus, organizational imperfections have further thwarted the taskforce's efforts (ESI 2001c).

In view of the above-discussed problems of sustainability related to the frequent changes in donor priorities, if the SP is to really act as a coordinating mechanism, it should be able to ensure that money will not go to waste. There seem to be two ways to go. One is that the SP initiatives will make a conscious effort to build in their designs a longer time perspective in order to ensure at least a minimum of sustainability; an option that might be problematic given the SP's own dependence on donor wishes. The other one is that the SP will use its leverage to create incentives and remove the bureaucratic and other obstacles for different donors to take over where other donors withdraw. While such a task might be beneficial, it is also necessary to ensure that no good money is thrown after bad money. This means that if such an attempt is to be made, it should be on condition that the SP sets clear priorities and continues operating only with respect to taskforces that have been able to secure positive and sustainable results, e.g. the GTF. Other taskforces that have been generally inactive should be abolished.

Specific Problems with the Stability Pact

Organizational Imperfections in the Stability Pact

There is a perceived need to provide taskforces with at least a minimal paid staff that would help offload the enormity of the logistical work currently performed by volunteers. The GTF has been entertaining an idea to institutionalize itself into small country offices that should have the support of regional governments. The function of such an office would be to share the enormous load of logistic work that the coordinators are currently taking upon themselves (without being paid for that). Similarly, MTF-Bulgaria stressed that the taskforce receives no institutional support. The funding of projects covers only the direct logistic expenses while the people involved volunteer. This is certainly one reason to support the idea for an office inasmuch as it holds the promise of increasing the effectiveness of the working groups.

However, if this idea's potential is to be utilized fully, the stress has to be on making the office a joint project and responsibility of the non-governmental sector and the executive, a sort of linking point between them. The latter function could justify the expenses that such an office entails and ensure a more substantial impact of future initiatives.

Problems with the Current Emphasis on High-cost Infrastructure Projects

The extent to which the emphasis on high-cost infrastructure projects could be regarded as a wrong-headed strategy is debatable. Infrastructure in the SEE region poses serious problems that have to be urgently addressed (see Box 1). Expensive infrastructure projects might be vital for the development of the regional economies and, inasmuch as the current economic situation makes it impossible that their realization is undertaken by the regional economies themselves, international involvement in this endeavor is likely to be positive. Also, this sphere has proven able to sustain a relatively high level of governmental commitment to regional cooperation.

However, regional governments' support for these projects is to a large extent motivated by the desire to improve their domestic standing by attracting money for projects with high visibility. The same competition for visibility, as well as other particular interests, motivates international donors, too. In addition, regional infrastructure projects require little commitment to reform. According to the ICG, the SP's efficiency and the confidence of the donors are curbed by the regional governments' inability to proceed with necessary reforms and to resist 'foot dragging' by vested-interest groups (ICG 2001, 243).

That aside, it is not entirely clear that infrastructure development proceeds on the basis of carefully selected criteria and priorities. It is important to keep in mind that while there are many strategic projects that could in principle be realized, not all of them need to be realized immediately. There has been a tendency to completely dissociate the issue of infrastructure building and rebuilding from the issue of the debt increase that is being accumulated via receiving loans from IFIs to perform such a dazzling reconstruction program. The debt issue is one with which SEE countries will sooner or later have to deal with.

There has been a tendency to select infrastructure projects on the basis of primarily political (geopolitical) criteria. The second bridge on the Danube between Bulgaria and Romania has been one such project, while the more beneficial project of developing Pan-European corridor X remained neglected for a long time. The present Bulgarian government has rightly identified the latter project as a priority and has been insisting on its inclusion in the QSP (interview with the Bulgarian National Coordinator of the Stability Pact), although it remains unclear how fast the SP will proceed with this project. Infrastructure projects, however positive they might be in the long run, should be evaluated on the basis of realistic, rather than visionary, feasibility and desirability criteria. Due to the inherent inflexibility of the process of financing large and expensive infrastructure, funding decisions taken on the basis of short-term geopolitical

considerations are likely to have long-term impact of the agenda of international donors and might prevent other more suitable projects from being financed. Long-term benefits from infrastructure projects notwithstanding, there is a short-term to cope with. It is therefore difficult to justify proposals such as the idea coming from the CEPS staff to build two bridges on the Danube between Bulgaria and Romania (this idea is fortunately already outdated) as a solution to the two countries' long-lasting disagreement over the exact place of the bridge; an idea that was developed at the time when the economic rationale behind the building of only one such bridge was subject to controversy and debate. Reception of big amounts of credit for large infrastructure projects, as well as excessive investment into public infrastructure by countries with extremely fragile fiscal and financial systems and often subject to binding ceilings on external borrowing (EIB 2000, 12), is a policy that needs to be handled with caution despite the paradigmatically acclaimed benefits of building trans-European corridors in the region.

There has also been a tendency to stress the positive effects of certain big infrastructure projects on the local economies in the regions where the projects are being carried out. This has often been motivated by a desire to legitimize project choice. It is, however, frequently the case that employment generation related to such projects is less than predicted. Skill-intensive and profitable activities are usually implemented by foreign companies, while local employment consists of low-skill short-term jobs that deliberately rely on labor-intensive, albeit inefficient, working methods in order to secure temporary employment for a larger number of people. Social and employment issues should not be the guiding principle in the policy on large infrastructure projects worth of millions of dollars.

The problem of low economic development of certain regions requires a comprehensive strategy in its own right and should not become an appendix to other policy sectors. In the SP there is currently insufficient interest in matters pertaining to employment generation and sustainable development. Experience from other regional initiatives suggests that while an initial emphasis on physical infrastructure development has helped solicit the countries' participation, its limits soon become obvious and call for a greater effort in investment, sustainable development and human resource development. The Asian-Development-Bank sponsored Greater Mekong Subregion Initiative has for example enacted such a shift (ADB 2001, 17-9). It is therefore advisable that employment generation and sustainable development are paid more attention, even if it is at the expense of large infrastructure projects.

Box 1: Problems with Transport Infrastructure in SEE

Transport infrastructure in the SEE region poses several particularly pressing problems:

- The existing networks have incurred considerable damages. Direct war damages have caused the interruption of key routes. Even graver, however, are the consequences of the worsening of the economic situation following the conflicts, the embargo and the sanctions. Due to the insufficiency of resources, the backlog of maintenance has been acute in certain areas and has resulted in an accelerated run-down of the capital stock (EIB 2000, 8).

- There have been few innovations in telecommunication technologies.
- Sectoral and administrative reforms have been insufficient (EIB 2000, 43). According to the WB, the current problematic conditions in the transport sectors in SEE are very much the result of over-regulation. The ensuing dependence on subsidies and the slow progress toward privatization has undermined its competitiveness (WB 2000, 121-122).
- The shift in trade patterns and the emergence of new countries in the region has brought about new traffic patterns and new national priorities (EIB 2000, 42).
- The unfortunate combination of increased number of borders and long waiting times at border crossings due to inefficient procedures and lack of adequate infrastructure impedes international transport flows and creates bottlenecks to trade. Transport infrastructure investments, therefore, could realize their full potential for traffic and trade facilitation only if complemented by appropriate improvements at border crossings.

Problems with Assistance to Civil Society

Support to civil society has perceptibly intensified since the beginning of the 1990s. Among the reasons for the steep increase in the number of foreign aid programs directed at the promotion of democracy and channeled through civil society groups are the disappointing experience with aid to state institutions that previously predominated the aid agenda; the relative inexpensiveness of democracy assistance as opposed to aid to state institutions; and the perceived neutrality and democratic character of NGOs. Some critics argue that civil society programs come to be preferred as a cheaper and easier to implement alternative to the more expensive political and economic reforms that would necessitate tackling complex but vital political questions (Belloni 2001, 166-78). Civil society support has been motivated by a desire to encourage external pressure for reforming of state institutions and has indeed to a large extent acted in this way (Carothers 1999, 208-9).

Yet, there are several problems with aid to civil society. One problem is the scope of such aid. The preferred actors to whom and through whom such aid is being channeled are a limited number of NGOs focused on issues such as human rights, women's issues and environmental protection, all with certain grant-writing skills and proficiency in English, and all almost exclusively concentrated in the capital and able to use information technologies (Sampson 1996, 133; Carothers 1999, 215-6). Thus, aid does not reach another large part of civil society such as religious organizations, different associations that provide socio-economic services to their membership, cultural groups etc. (Carothers 1999, 210-1). It has to be noted that the problem of exclusion of certain segments of society is not solely related to donor preferences. In the case of Albania for example, grass-roots organizations such as farmers' cooperatives, chambers of commerce and labor unions have been in general non-existent or ineffective (Sampson 1996, 133). Whatever the reasons for exclusion, however, as Carothers points out, the

very term civil society, as it is used in democracy assistance, is misleading in that it actually refers to only a small segment of the civil society.

Further, this understanding of civil society is falsely framed in quantifiable indicators and the level of development of civil society is mainly judged according to the number of NGOs in the country (Belloni 2001, 169). Critics note that civil society assistance has become an end in itself. The numbers of existing and supported NGOs replace assessment of real impact and sustainability as dominant criteria for success (Stubbs 2000, 28). In addition, civil society assistance has shown a tendency to mirror a major flaw of international assistance to state institutions, namely the tendency to conceive of the task in terms of technical assistance and mere allocation of resources, as witnessed by the predominance of projects for capacity-building (Belloni 2001, 163, 169).

Due to these deficiencies, international aid has to a large extent produced the wrong effects. It has created a segment of advocacy NGOs that is frequently unable to perform the advocacy role that it was designed for, namely to advocate on behalf of citizens and to press governments to comply with citizens' needs. Such advocacy would require that advocacy groups establish organic connections between their constituencies, themselves, and the political elite. This, however, did not really happen. Many critics have warned against the idealized perception that advocacy NGOs are based on broad citizens' participation and in turn facilitate citizens' involvement in democracy matters. In fact, many of these NGOs are closed circles composed of the elite. Top-down funding followed by upward accountability to donors frequently negates local participation and instead turns NGOs into cheap implementing agencies of the donors' agendas (Carothers 1999, 218; Belloni 2001, 173-4; Sali-Terzić 2001, 153-5; on examples from the case of women's groups in Russia see Mendelson and Geln 2002). McMahon argues that the incentive structure created by US democracy support has prevented East European women's groups from getting involved with their constituencies and their needs and at the same time it has discouraged them from engaging into politics and working with the political elite (McMahon 2001, 52-59).

The coordinator of the GTF in Croatia suggested that the bulk of international assistance in Croatia is directed towards the so-called 'strong' NGOs. 'Strong', however, does not refer to membership or constituency; it refers to NGOs that have managed to attract a large number of projects and a large amount of assistance. According to her, many of those 'strong' NGOs make their living on NGO work and are not 'working in the field' with the people that they supposedly represent (interview in GTF- Croatia). Other NGO representatives in Croatia also suggested that the pitfalls of civil society assistance are to be found in the fact that some big NGOs 'do' civil society work in order to make a living (interview in Zdravo Društvo; interview in NYC). At the same time, some less established NGOs (e.g. youth NGOs) have found it difficult to find financing for their projects and, as funds usually cover only project-related experience, not only have to exclusively rely on voluntary work, but also experience difficulties with securing regular funds for covering office and information technology expenses (interview with the coordinator of the Democratic Youth Initiative).

Civil Society, Politics, and Change

Critics of international assistance argue that aiding civil society in fact might not be the most effective way of bringing about change, at least not in some of the more complex SEE cases like Bosnia. According to Belloni (2001), the assumption that advocacy NGOs can play a real role in inducing change presupposes that Bosnian state institutions are open and responsive to civil society pressure. Yet, ironically, making Bosnian institutions open and responsive to civil society is one of the goals of foreign assistance in Bosnia; it is not something on which presuppositions could be based. In any case, the frequency of the cases when the international community takes the lead and imposes key decisions, instead of waiting for advocacy NGOs to communicate them through, seems to suggest that at the level of practice the judgment of civil society's real capabilities is soberer (Belloni 2001, 170-1).

The situation is not so different in other SEE countries. The SP has aimed to encourage the involvement of the local non-governmental sector in politics and decision-making. However, there has been an imperfect link between public authorities and SP activities that involve the non-governmental sector. This point is demonstrated by the difficulties encountered by the projects of the GTF-Bulgaria (the following discussion is based on an interview in GTF- Bulgaria). One of GTF's tasks was to get the government nominate a governmental coordinator and a Parliamentary coordinator to cooperate with the non-governmental coordinator. The present government, however, has not nominated a coordinator (by the time of research). While Parliament turned out to be more cooperative, GTF's request was, interestingly, directed towards the Committee on Civil Society Issues. According to the non-governmental coordinator of the GTF, such treatment, by implying that gender and equal-opportunity-for-women-and-men issues are a policy of the NGO sector rather than the state, in fact suggests insufficient understanding of, and lack of real interest in, gender-related issues on the part of the executive and the legislature.

The GTF project that facilitated the drafting of a Law on Equal Opportunities of Women and Men with the active participation of the non-governmental sector met with even greater difficulties. While the draft law was initially approved by the Council of Ministers of the previous Bulgarian government, its bringing in Parliament was delayed. It was later brought in Parliament but rejected on the basis of a bizarrely large number of abstentions. Instead of the proposed bill, the executive consequently drafted a general Anti-Discrimination Law that covered issues pertaining to equal treatment. According to the GTF non-governmental coordinator, the new law has not been consulted with the women's NGOs. She also stresses that these results point out that it is necessary to work more carefully with the political elite.

Experience like the one with the GTF projects suggests that international assistance programs that are based on a rationale of cooperation between civil society groups and public authorities should not simply try to involve public authorities, but should try to secure their genuine commitment. Public and state officials should not, and could not, be bypassed if social change is to happen. That means involving the public authorities on an equal footing at the very early stages of designing projects. It is unlikely that

public authorities and officials would become seriously committed to a change that has been planned without their participation.

Sustainability

Foreign assistance to civil society in SEE has to cope with the usual problem of aid dependency and lack of sustainability. Foreign funding was the condition of possibility for the emergence of most of the currently active civil society groups. In Bosnia, for example, many of the local NGOs appeared in the major cities and under the direct influence of international donors (Sali-Terzić 2001, 139). Most local NGOs are usually completely dependent on foreign money (Carothers 1999, 273). A study of the use of information and communication technologies (ICTs) by local NGOs in the Balkans for example reports that most of the advancement in ICTs use in Kosovo is related to the presence of the international community (OneWorld International and Information Program of the OSI 2001, 29).

Critics of international assistance have noted that financial dependence almost always translates into dependence on concepts, visions, frames of perceptions and, most importantly, into dependent agendas. In addition, these agendas frequently lack real purpose as NGOs are impelled to strive for their financial survival by jumping from one project to the other in line with the latest fashions of the day. Further, donor dependence results in fierce competition for scarce resources, mutual mistrust and secrecy, and makes coordination and cooperation within the local non-governmental sector the exception rather than the rule (Sali-Terzić 2001, 140-3; McMahan 2001, 55-60; Mendelson and Glenn 2000, 34). In some cases, as for example women's groups in Hungary, the lack of trust and solidarity is so pronounced that individual groups have been reported to lack basic information about each other (McMahan 2001, 55-60). Similarly, the coordinator of GTF-Croatia said that when the first SP money were received some of the most established organizations in the gender sector in Croatia, probably feeling that their leadership position has been undermined, reacted with anger and mistrust (interview in GTF -Croatia).

Such problems have led researchers to propose that one of the most damaging effects of international assistance has been the practice of giving the responsibility for administering a grant to one particular person in the organization. This has led to a relative centralization and the creation of hierarchical structures within recipient organizations. Researchers have also suggested that donors should try to avoid centralization (with the concomitant disagreement and mistrust) within the sector as a whole by spreading out more small grants among a variety of organizations (Mendelson and Glenn 2000, 45).

Avoiding the Traps of Civil Society Assistance

Changes of strategy in international assistance are already happening. Assistance is increasingly directed towards NGOs outside the capital with the intention to broaden the scope of representation and in the hope to target activities more relevant to the needs

of the population. In addition assistance is being redirected away from abstract topics like democracy and towards specific social and economic issues (Carothers 1999, 227-31).

Recent research on the strategies of international NGOs has pointed out that reactive rather than proactive strategies have achieved superior results in terms of sustainability and relevance because, rather than imposing imported standardized solutions in a top-down fashion, such strategies are better suited to solicit proposals and ideas from the recipient society (Mendelson and Glenn 2000). It is the pressure on donors to demonstrate apparent results that probably explains the stress on more proactive and interventionist strategies and the neglect of more subtle, flexible 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.

Analysts (see for example Gagnon 2002, Demichelis 1998) have argued that integrated initiatives that combine reconstruction and economic development efforts (e.g. rebuilding of houses, encouraging small business or agriculture, other job creation programs) with efforts at rebuilding and reintegrating local communities by involving all community stakeholders into a common endeavor has proved to be an effective way to address the complexity of problems in Bosnian communities (examples are the projects pursued by the Catholic Relief Service or the Danish Refugee Council). Such projects have fair chances for sustainability. Working directly on community development, when well performed, builds on existing traditions of ethnic coexistence and democratic participation and does not import them from US or European experience. In addition, this approach ensures that community leaders are fully involved in finding solutions to community problems. In this way, local resources are built into program designs; hence the programs' superior chances to take root. Integrated projects, however, do not readily fall into clear categories of cataloging. In principle they require a longer time period to show results; sacrifice high visibility in favor of low-profile engagement in close cooperation with recipients; and make it difficult to determine a precise pre-project investment budget. For these reasons such projects do not easily garner financial support by the biggest donors whose agendas do not boast a great deal of flexibility (Gagnon 2002, Demichelis 1998).

While such projects are immediately relevant only to post-conflict situations, they seem also well suited for application, with some modification, to border regions in SEE. Such an approach could be more effective in fostering regional cooperation and good neighborly relations than an approach solely focused on ethnicity and minorities.

Last but not least, some critics have lately noted that many of the problems of international assistance are related to the inadequately optimistic expectations of its likely impact (Burgess 2001; Carothers 1999, 210-1; Mendelson and Glenn 2000, 68-9). There has been a tendency to invest democracy assistance with unrealistic expectations about the prospects of bringing about democratization. There has also been a tendency to romanticize the notion of civil society and to lose sight of the realities of civil society and of the limited impact that civil society assistance can hope for (Carothers 1999, 210-1). The recent appearance of numerous critical accounts itself is to a large extent the product of disillusionment following a period of excessive optimism.

Mendelson and Glenn (2000) propose that in order to bring about more adequate understanding of foreign aid western NGOs engaged in democracy assistance should also engage in public education regarding the incremental nature of democratization. This is a good proposal but it will be difficult to put in practice if democracy programs continue to rely on a normative and moral rhetoric to justify their engagement. The most immediate recommendation therefore is that western agencies engaged in democracy promotion and international aid should consider toning down their current rhetoric. They should abandon ideological statements pertaining to building democratic societies or bringing stability, prosperity, and Europeanization to SEE (and other regions). They should instead seek to define their missions with down-to-earth limited goals that match their real capabilities. This is a precondition for ensuring that expectations about democracy and civil society assistance relate to the real potential of aid programs. Inflated expectations about democratization have already invited a pessimistic backlash, as testified by the numerous critical accounts mentioned in the preceding discussion. Europeanization, the new paradigm about the region, is likely to soon meet with the same mood unless conscious efforts are made to avoid normative and value-laden language.

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

Table: Participation of SEE Countries in regional initiatives

Country	AII	BSEC	CEI	CEFTA	RP	SECI	SEECF	SP
Albania	+	+	+	-	+	+	+	+
BiH	+	-	+	-	+	+	+	+
Bulgaria	-	+	+	+	+	+	+	+
Croatia	+	-	+	-	+	+	O	+
FYR Macedonia	-	-	+	-	+	+	+	+
Romania	-	+	+	+	+	+	+	+
FR Yugoslavia	+	-	+	-	+	+	+	+

AII: Adriatic-Ionian Initiative; BSEC: Black Sea Economic Cooperation; CEI: Central European Initiative; CEFTA: Central European Free Trade Area; RP: Royaumont Process; SECI: Southeast Europe Cooperative Initiative; SEECF: South East European Cooperation Process; SP: Stability Pact for SEE.

+: Participant; -: Non-Participant; O: Observer.

Source: Lopandic, 2001; quoted in Anastasakis and Bojicic-Dzelilovic 2002, 52.

Many of the setbacks related to regional cooperation in SEE result from the genuine unwillingness of most SEE countries to get involved in any form of SEE regionalism. This section analyzes the causes of these perceptions.

Perceptions of SEE Regionalism as a Brake on Faster EU Integration

The EU's regional approach to SEE and initiatives like the SP face a particularly crucial difficulty related to the fact that European and regional integration appear to work at cross purposes (King 2001, 61-3). The regional approach implied in the SP arouses fears among the more advanced SEE countries that their EU integration would be delayed by their association with less advanced SEE countries. The regional frontrunners are concerned that the EU might come to treat all SEE countries as equivalent and resort to the lowest-common-denominator strategy in the association process by allowing the

least developed country to determine the speed of integration of all Balkan countries. There is also a perception that regional cooperation in general, and the SP in particular, divert efforts and resources away from the more important goal: integration into the EU.

Perceptions of the Stability Pact As a Failure

The clear signs of passivity of the countries in the region as regards matters pertaining to the SP, while mostly brought about by the above-described fears, are partly also the result of disillusionment and frustration among the local participants with the perceived failure of the SP to serve as a new Marshall Plan for the Balkans. For example, the Working Group coordinator for the MTF-Bulgaria noted that outside actors express a great deal of frustration with the SP. The frustration in all likelihood results from the discrepancy between high expectations (which, as a matter of fact, were to a large extent provoked by the clamor and high-profile self-presentation that surrounded the SP) and the actual activity of the SP. The SP has no funds of its own. As much as it might be attempting to coordinate aid that flows in the region, it is ultimately dependent on the wishes and goodwill of donors. In light of the lack of confidence in the SP, many regional governments may in fact be paying only lip service to the ideology of regional cooperation due to the opportunities for attracting financing. Such a tendency is alarming, especially if the submitted projects are not being selected in line with a long-term developmental strategy but with the idea to simply seize the opportunity to secure some financing for individual and unrelated projects (Porumb and Vincze 2001, 48).

Reluctance To Be Part of a Regional Group Labeled as Backward

The negative perceptions of SEE regionalism are fueled by a great deal of symbolic politics. The more advanced SEE countries are staunchly weary of SEE regionalism inasmuch as it is perceived to damage their international reputation by associating them with a regional group classified as 'backward'. The negative connotations associated with the SEE region are shared by big parts of the population in SEE. A practical and interest-driven form of cooperation therefore stands higher chances of local acceptance than forms of cooperation that expect to build, or expect to build on, a sense of belonging to the region. In a study of perceptions of SEE regionalism, Anastasakis and Bojicic-Dzelilovic found out that only a relatively small part of the regional elite see cultural similarities as a stimulus for SEE cooperation (2002, 46). Instead, many, especially in countries like Croatia and Albania that are asserting a different national identity, are likely to instead deny their country's belonging to the region.

Symbolic distinctions were the preferred, and indeed fitting, tool for deploying the advantages of intra-Balkan difference in the contest for integration into the Western orbit. Such symbolic politics in the Balkans is not unimportant from a policy point of view; on the contrary, it has had tangible consequences and has informed many political programs in the region. "Tuđman, not the Balkans" turned out to be the winning slogan in the 1997 presidential elections in Croatia (Razsa and Lindstrom 2002, 16). In Slovenia, ten members of Parliament proposed a "Resolution About the Central European Character of Slovenia" with the idea to thus facilitate the country's faster EU integration

(Bakić-Hayden 1995, 924). Already in 1989, Letica, who later became for a short period a close adviser of former Croatian President Tuđman, aptly summarized the arguments employed in the symbolic politics of differentiation common in the region. According to Letica, the southeastern and northwestern parts of Yugoslavia belong to two completely different models of political systems: respectively the 'eastern model' of one-party rule and the 'western' model of multi-party democracy (Letica 1989, 188-95; also quoted in Bakić-Hayden and Hayden 1992, 9). These basic arguments were soon to be translated into the straightforward claim that the two parts need to go their separate ways. Former Yugoslav territories that once belonged to the Habsburg monarchy see themselves as defenders of the eastern frontier of Western culture (Klemencić 1996, 106-8). They designate their southern neighbors as Balkan, Oriental, and backward (due to the latter's Ottoman legacies) and perceive them as a 'Balkan burden' that prevents the Northwestern republics from promptly returning to Europe where they belong by virtue of historical fact (Bakić-Hayden 1995, 922-4). Croats in particular perceive themselves as a Central European rather than a SEE country and prefer to direct their cooperative efforts towards Central Europe and the Adriatic region⁹. They prioritize initiatives that place Croatia outside the Balkans, e.g. CEI, CEFTA, and the Adriatic-Ionian Initiative (Anastasakis and Bojicic-Dzelilovic 2002, 67).

Regional initiatives frequently get lukewarm reception. Slovenia and Bulgaria openly opposed Soros's initiative for a SEE free trade zone for fears that their EU accession may be delayed by a close association with less advanced Balkan countries. Political parties and leaders in Croatia have persistently maintained a negative rhetoric regarding the Balkans and have assigned themselves the task of fighting any proposals aiming at making Croatia a 'hostage of the Balkans'. Croatia strongly rejected German Foreign Minister Fischer's informal proposal for an economic union in the Western Balkans. It announced that it is prepared to begin integration only with the EU because integrating instabilities is a wrongheaded strategy that contradicts Croatia's vital interest (*Balkan Reconstruction Report* 17 September 2001). Such attitudes from the side of Croatia are by now familiar. In search for a new crisis to build on in carving his political stance after the Dayton Peace Agreement, former President Tuđman seized upon the Southeast European Cooperation Initiative to play out the fears of a world conspiracy to force Croatia 'back onto the Balkans' (Rasza and Lindstrom 2002, 16-7). Tuđman passed a constitutional amendment that banned Croatia's participation in Balkan associations (Ibid., 18).

Albania also does not readily identify with the region and insists on a unique Albanian identity little or almost not influenced by Slavic elements. Some observers have suggested that this insistence has depended on ideologically shaped misinterpretation of (usually scarce) historical evidence (Spano 1998, 148-9). Be that as it may, this has little relevance for the self-perceptions and self-representation of Albanians. Albanians are perceptibly pro-American and, quite like most other Balkan peoples, consider their Balkan neighbors more backward than themselves despite the propensity of many SEE

⁹ According to opinion polls in Croatia around 70% of the public is not in favor of closer cooperation with SEE (Public Opinion Survey on European Integration conducted by the Croatian Ministry for European Integration available at <http://www.mei.hr>, quoted in Anastasakis and Bojicic-Dzelilovic 2002, 65)

countries to perceive Albanians, for reasons of religious and ethnic identity, as perhaps the most typical representatives of the Balkans. The Albanians' attitude towards Islam and the East is also negative (ICG 2001, 3-8). Apart for the perceived cultural, linguistic and ethnic difference from the rest of SEE, the trend towards differentiation has been reinforced by Albania's proximity to Italy and the influence of massive emigration (Anastasakis and Bojicic-Dzelilovic 2002, 58).

Bulgaria in general sustains an active involvement in the region, though this involvement appears to be important mainly because staying aloof is impossible and because involvement is believed to transform Bulgaria into an active partner of the EU and NATO in the Balkans. Throughout, Bulgaria has nervously tried to assert its image of a country "which is not part of the problems but an agent of their solution" (Bulgarian Government 2001; part II(1)). A more critical analysis, however, would indicate that regional involvement was overly cautious. Continuous alert, both in the policy-making circles and in the public sphere, to ensure that engagement will not turn into entrapment swallowed most of the energy of regional endeavors. In general, Bulgaria falls in the group of countries which, while unable to claim dissociation from the region, have been employing a strategy of differentiation from the unstable and economically less advanced SEE countries. The main points of differentiation have been provided by Bulgaria's relatively advanced stage of EU integration and reforms, as well as Bulgaria's ethnic peace. In general, Bulgaria feels uneasy with the homogenizing tendencies implied by the concept of a 'regional approach' and with the EU's resort to conditionality in promoting regional cooperation. Anastasakis and Bojicic-Dzelilovic's conclusion that Bulgaria does not have clearly defined interests and priorities for regional cooperation but rather conceives of it as an accompaniment to EU integration is generally valid (2002, 63). Interestingly, it is this perspective, in combination with the unclear prospects for EU accession in the foreseeable future, that causes fears that regional cooperation might slow down, or even become a substitute for, European integration. As a rule, in regional cooperation initiatives Bulgaria, Croatia and Slovenia feel more comfortable with the role of initiators of new ideas and donors rather than of recipients of international assistance.

In sum, the more advanced countries in the region show proclivity to differentiate themselves from the unstable zones in SEE, i.e. Bosnia, Kosovo, FYR Macedonia and Albania. While the most immediate trigger of this strategy is of course the bilateralism of EU integration, it would be premature to suggest, as indeed it has been suggested (see for example Van Meurs and Yannis 2002) that the strategy would be eliminated if only the EU could find a more credible, balanced and flexible approach to navigate between conditionality and 'regionality'. The real reason behind such strategies is a more general desire to build a positive international reputation, or to remove the negative reputation of belonging to the SEE region. It is these efforts to avoid entrapment into deeper forms of regional association that account for the regional elites' almost exclusive interest in the perceived as neutral and interest-driven economic and infrastructure aspects of cooperation. If the negative effects of the symbolic politics in SEE are to be mitigated, it is necessary to limit the use of declaratory and symbolically loaded language, as well as the resort to shaming and patronizing on the part of the international actors. Unless the names 'Southeast Europe' and 'Balkans' cease to be a word of disparagement, few

countries would be willing to participate in initiatives that suggests their belonging to this part of the world

Lack of a Shared Notion of the SEE Region

The obvious result of the symbolic politics in the region is that while the EU and other international actors are busy promoting regional cooperation in SEE, in the region itself there is not even a commonly shared sense of what the SEE region is and who belongs to it. According to a survey conducted by Anastasakis and Bojicic-Dzelilovic (2002), SEE politicians, media, NGOs, businessmen, and academicians do not even share a common opinion on the question which countries make up the SEE region (Ibid., 37).

Regional Cooperation: A New Paradigm or a New Ideology?

International pressures to promote SEE regionalism have been guided by the overarching belief that regional cooperation is the best way to eliminate the conflict potential of the region. Four basic arguments have propped up this belief (Anastasakis and Bojicic-Dzelilovic 2002, 15-20). The first argument is based on the example of the positive consequences that regional integration has had in the European Union in the last 50 years or so. The idea simply is that the Balkans can emulate this example. Not surprisingly, the argument is most vocally promoted by the EU, although other international actors seem to share in this belief (Anastasakis and Bojicic-Dzelilovic 2002, 15-6). A similar 'regionalist' argument about the positive consequences of regional and multilateral cooperation has been advanced from a more general perspective. This perspective sees the building of regional blocks as appropriate in the current phase of globalization and the global trend towards democratization and market economy (Anastasakis and Bojicic-Dzelilovic 2002, 16-7). A third argument that has propped up the current 'regionalist' fashion stems from the EU's doubts about the capacity of current and potential Central European and Southeast European EU candidates to painlessly adapt to the requirements for membership and about its own capacity to painlessly accommodate the newcomers. Pre-membership cooperation in appropriate sub-regional groups is thus deemed to be one of the central prerequisites for membership (for such a view see Van Meurs and Yannis 2002, 11). The SEE countries, due to the perceived specificities of the region, form one such sub-regional group (Anastasakis and Bojicic-Dzelilovic 2002, 18-9). Related to that, a fourth argument in favor of regional cooperation is the perceived specificity of the region and its problems. The conviction of the majority of the international actors is that most of the problems in the region cannot be resolved on a national or bilateral basis and therefore require a region-wide effort. Those problematic areas include intra-regional trade, infrastructure, energy, telecommunications, human and minority rights, corruption, and regional security threats like cross-border crime and trafficking in human beings (Anastasakis and Bojicic-Dzelilovic 2002, 19).

It is in all likelihood this widespread belief in the beneficial consequences of regional cooperation that explains why the SAAs signed with the countries of the so-called Western Balkans explicitly included a requirement for developing regional cooperation with other SAP countries and EU candidates and even identified it as a condition for

further progress in relations with the EU (see for example European Commission 2001a, articles 11-4). This decision is by no means self-explanatory given the bilateral nature of these agreements and the fact that the earlier Association Agreements with the current applicant countries, which served as a model for the SAAs, required only that regional cooperation be 'encouraged'. Some analysts have noted that the SAp process's predominant emphasis on bilateral conditionality makes the insistence on regional cooperation look like a quite awkward clause (Van Meurs and Yannis 2002, 11-2). In practice, regional cooperation plays an auxiliary role. It is nevertheless much higher on the SAp agenda than it was on the Association process agenda.

International insistence and resort to conditionality have indeed compelled SEE countries to engage, willingly or otherwise, with their neighbors. Anastasakis and Bojicic-Dzelilovic's study found out that the international insistence on SEE cooperation has managed to impose a pro-regionalist discourse among political leaders, some of whom tend to regard it as given and unavoidable (2002, 39-40). However, external imposition of regionalism has had some negative side effects. The most unfortunate of those is that the discourse of regional cooperation has become a straightforward ideology. This effect has been particularly facilitated by the inclusion of regional cooperation into the list of European values that, SEE countries are frequently reminded, constitute the preconditions for inclusion into the much desired Euro-Atlantic structures. The idea of regional cooperation, being as it is more of a doctrine than an open-ended proposition, has frequently secured rhetoric support at the expense of commitment. In addition, due to perceptions of infringement on national sovereignty, external imposition via conditionality is rarely regarded as unproblematic by local players. And while conditionality might succeed in compelling a certain behavior, such behavioral adjustments are likely to be interest-driven rather than genuine. These trends may severely limit the sustainability of the process of encouraging regional cooperation.

Quite like Europeanization, 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. In the case of externally 'inspired' regional initiatives, the idea of regional cooperation is often 'imported' as a standard solution to a multitude of problems, without much attention to the specificities of the recipient regions. For example, the idea of regional cooperation in the Caucasus was conceived as a variation on the template of Baltic cooperation despite the enormous difference between the two regions (Shugarian 2001, 8). While it might be tempting to suggest that the idea of SEE regional cooperation is not an ideological doctrine, it has relied too much on the grand vision of 'Europeanization' and too little on sensitivity to regional specificities to allow for such an optimistic conclusion.

Sustaining Regional Cooperation by External Pressure

With the exception of the SEECF, the other regional initiatives (Stability Pact, SECI, Royaumont Process) have been promoted by the EU, in cooperation with other international actors (Anastasakis and Bojicic-Dzelilovic 2002, 26). The emphasis on European, and to a lesser degree international, pressure has seriously undermined the

broad currency of the idea of regional cooperation as an endeavor that could emerge from within the region itself.

The conception of SEE regionalism has been severely restricted by the tendency to identify EU conditionality and direct EU involvement as *the only* way to foster regional cooperation. The result is a widespread belief in the primacy of external initiative, in the form of conditionality and resources, in what is conceived of as essentially a *top-down* process of building structures and habits of regional cooperation. According to this line of thinking, externally promoted regional initiatives are the only viable form of regional associations. It is now common for analysts to entertain the idea that regional cooperation could be enhanced by making regional cooperation a part of EU conditionality and at the same time giving clear signals of willingness to integrate SEE countries into the EU (see for example Cottey 1999, 222; Dwan and Cottey 1997).

Thus, ironically, the recently extolled idea of 'local ownership' has rarely been more than an aside in a strategy that has attempted to induce habits of cooperation from the top down to a region that allegedly has no experience with good neighborly relations. This position acknowledges that SEE countries are troubled by the tension between EU integration and regional cooperation. Yet, it proceeds to make the simple claim that the remedy for this tension is simply *more EU integration and conditionality*. It is assumed that SEE countries have to be educated to believe, or at least behave as if they believe, that regional cooperation is complementary to, and a part of, EU integration.

This idea's credentials are more disputable than EU integration enthusiasts would be willing to admit. One of the results of such top-down approach to cooperation is that the impetus and support for regional activities comes mainly, if not exclusively, from external actors, while commitment within the region remains half-hearted. Under these conditions, one can hardly be optimistic about the self-sustainability of the process. The SP is an offshoot of just such an approach and thus has to grapple with the difficulties it entails. The situation is further exacerbated by the failure of the SP to foster local participation and input. In addition, as noted above, the SP is hostage to a general problem of the policy of the international community towards SEE, namely the tendency to create new mechanisms that complement and overlap with existing ones. This is a tendency that becomes especially problematic when new initiatives are being layered on top of existing ones without a serious analysis of the causes of the latter's unsuccessful performance (King 2001, 61).

The point to stress is that the beneficial effects of establishing a too close a relationship between SEE and EU integration should not be taken at face value. It is good to keep in mind that there is already one regional SEE association that has even managed to achieve a degree of institutionalization- the Black Sea Economic Cooperation (BSEC). The measured success of the BSEC can largely be attributed to the fact that the costs of participation in this organization have been low. While the participants have declared that the BSEC is part of a broader pan-European process, the organization is too far removed from the process of EU integration to be perceived as a danger to participants' EU membership; the participating countries have not had not worry that the organization would mark them with an undesirable regional label that would undermine their standing vis-à-vis other candidates for EU integration. The low-key

format of BSEC's meetings has further facilitated cooperation. Although most of the participants consider their foreign policy and economic priorities to be elsewhere, this has not prevented them from using the BSEC as a forum for discussing regional issues away from international clamor (Pavliuk 1999).

Successful regional cooperation initiatives have as a rule been triggered by one or two countries within a region who were able and willing to play a leading role. While Western support and financial resources have been indispensable for the sustainability of such initiatives, attempts by Western actors to 'guide' countries in a region towards regional cooperation have usually led to more frustration than accomplishment. This is the lesson from the analysis of regional initiatives in the Barents-Black Sea belt, which led Bremmer *et al.* (1999) to conclude that western initiatives "to promote subregional cooperation are most likely to be successful if they work with - rather than against - the grain of relations within the subregion" (Bremmer *et al.* 1999, 215).

The EU's general practice of bilateral relations and individual treatment of applicants is well taken within the SEE region. Not so with the EU's regional approach to SEE. The regional approach to SEE finds itself in a viscous circle. Regional cooperation stalls as the more advanced SEE countries do not wish to be held down by less advanced countries. To alleviate advanced countries' complaints of discrimination on the basis of the region's bad reputation and to thus make them more open to regional cooperation, it appears necessary to show commitment or even offer deeper EU integration to the whole region (for such a proposal see CEPS 1999). This, however, entails a degree of equivalence between the SEE countries. Signs of any tendency towards equivalence are likely to again anger the more advanced countries. Consider the CEPS' plan for the Balkans (1999). The plan's key idea to speed-up European integration of the whole Western Balkans and its neglect of the more advanced applicant countries - Bulgaria and Romania - was expectedly criticized by several key Bulgarian NGOs and think tanks (European Institute 1999). The reception of the CEPS' plan suggests that however strategically justified it might be from the EU's point of view to prop up the less developed, this strategy is unlikely to garner the enthusiastic approval and commitment of the countries that are more advanced in the integration process. It is necessary to more frequently take into account the region's symbolic politics when strategizing on its future.

Some commentators reject the idea that SEE regional cooperation could develop in an 'a la carte' fashion (also known as variable geometry). The 'a la carte' model would allow a smaller groups of countries from the region to proceed with deeper cooperation should they deem it in their interest and have the necessary level of trust and agreement, rather than wait for an agreement to be reached among all regional participants. Some analysts claim that this approach is unsuited for "ensuring a coherent policy implementation at the subregional level and a sense of common subregional identity" (Cottey 1999, 223). Such commentators frequently lament that certain states attempt to differentiate themselves from the region by asserting their Central European character. This approach tends to perceive the flight from the region as a reason for the stalled cooperation and to suggest that cooperation would resume if the 'reneging' states were persuaded to refrain

from it. It is expected that these states could be so persuaded if regional integration is made a condition for EU integration.

This approach is wrongheaded at least for three reasons. First, conditionality ensures formal compliance but not necessarily, and not even probably, commitment. Tremendous effort and unusual ingenuity will be needed to persuade certain countries in the region that their neighbors' problems are also their problems. Second, the problem of the flight from the region is not confined to the few states that declare themselves part of Central Europe. The desire to dissociate from the region is a principle that guides the behavior and policy of most SEE countries. Third, the 'flight' is not so much an obstacle to successful regionalism but a symptom of a bigger problem engendered by widespread negative perceptions of regionalism. It is commonsense that treating symptoms rarely has chances to solve the problem. The 'a la carte' approach to regional cooperation could be instrumental in mitigating these problems and should therefore be encouraged in SEE.

Box 2: Free Trade in the Region

As noted above, trade liberalization in the region has been one of the victims of the negative perceptions of SEE regionalism and especially the more advanced countries have been reluctant to support trade liberalization due to perceptions that such a move would entrap them in a less advanced region. The benefits of regional trade liberalization have also been disputed by policy makers. The European Stability Initiative and the EastWest Institute have suggested that the benefits of liberalization of trade within the region are disputable due to the similar structure of the economy and trade in the countries in the region, and the relatively unimportant share of intra-regional trade in overall trade, especially in comparison with trade with the EU (ESI 2001).

Yet, the rationale behind the creation of a free trade area in the Balkans is strong and this form of regional cooperation should be encouraged. As long as trade is not free between the SEE countries but is liberalized between each SEE country and the EU, the Association Agreements (respectively the SAAs) with the EU constitute a net of bilateral hub-and-spoke arrangements (arrangements in which the center (hub) has free access to the markets of all peripheral countries (spokes), while the spokes have free access only to the hub, but not to other spokes). The hub-and-spoke arrangement has a number of negative effects on the spokes. First, it diverts trade towards the hub and away from the other spokes. It is clear that individual SEE countries will not be particularly worried that they discriminate against other 'peripheral' countries. The trouble is that while each country discriminates against the others, it is also subject to discrimination and thus loses potential markets in the spokes. A second serious drawback of the hub-and-spoke arrangement is that it deters investors from investing in the spokes. It is only natural that foreign investors who care about minimizing trade costs would prefer to locate in the hub. From there, the investors get low-cost access to all spokes in addition to free access to the hub. Locating in a spoke would involve higher costs of trade with other

spokes and no additional benefits. Moreover, once the hub gets a head-start, it is likely to continue, by inertia, to attract future investment due to the economies of scale (e.g. skilled labor, services) typical of investment conglomerates (Baldwin 1994; Wonnacott 1996; for more information on hub-and-spoke systems see Ibid.).

Creating a free trade area (FTA) between the spokes would help offset these negative effects. It is important to note that a free trade area includes not simply the signing of bilateral FTAs (which is already going on in the SP) or even a multilateral FTA in SEE. Liberalization of trade will have little effect unless accompanied by the introduction of rules-of-origin provisions that allow for cumulation of origin between a broader EU/East European (including SEE) zone. Failure to allow for broad cumulation of origin would cause large portions of the trade between the SEE courtiers to be classified as simply ineligible for duty-free trade, thus annulling the effect of any FTA.

Bibliography

- Anastasakis, Othon and Vesna Bojicic-Dzelilovic. 2002. *Balkan Regional Cooperation & European Integration*. Hellenic Observatory, European Institute, London School of Economics and Political Science. July.
- Asian Development Bank. (ADB). 2001. *Empowering Nations Through Regional Cooperation*. Available at <http://www.adb.org>.
- Bakić-Hayden, Milica, and Robert Hayden. 1992. "Orientalist Variations on the Theme 'Balkans': Symbolic Geography in Recent Yugoslav Cultural Politics." *Slavic Review* 51: 1- 15.
- Bakić-Hayden, Milica. 1995. "Nesting Orientalisms: The Case of Former Yugoslavia." *Slavic Review* 54: 917-31.
- Baldwin, Richard. 1994. *Towards Integrated Europe*. London: CEPR.
- Balkan Reconstruction Report*. 2001. "No to the Balkans." 17 September 2001. Available at <http://balkanreport.tol.cz>.
- Balkans 2010*. 2002. *Balkans 2010*. Report of an Independent Task Force Sponsored by the Council on Foreign Relations Center for Preventive Action.
- Bankwatch*. 2002. *Bankwatch Mail. Newsletter of the CEE Bankwatch Network in International Financial Flows*. No. 11. March 2002. In Bulgarian.
- Belloni, Roberto. 2001. "Civil Society and Peacebuilding in Bosnia and Herzegovina." *Journal of Peace Research* 38(2): 163-180.
- Bojičić-Dželilović, Vesna. 2001. "International Aid Policies- A Review of the Main Issues." In *International Support Policies to SEE Countries- Lessons (Not) Learned in Bosnia-Herzegovina*. Open Society Fund Bosnia-Herzegovina. Sarajevo: OSF BiH: 188-98.
- Bulgarian Government. 2001. *Annual Report on the State of National Security of the Republic of Bulgaria in 2000*. Sofia. April. Exact paging not available. In Bulgarian.
- Burgess, Adam. 2001. "Universal Democracy, Diminished Expectation." *Democratization* 8(3): 51-74.
- Carothers, Thomas. 1999. *Aiding Democracy Abroad: The Learning Curve*. Washington D.C.: Carnegie Endowment for International Peace.
- Centre for European Policy Studies. (CEPS). 1999. *A System for Post-War South-East Europe: Plan for Reconstruction, Openness, Development and Integration*. Brussels: CEPS Working Document No. 131. May.
- Bremmer, Ian, Sophia Clement, Andrew Cottey and Thanos Dokos. 1999. "Emerging Subregional Cooperation Processes: South-Eastern Europe, The Newly Independent States and the Mediterranean." In *Subregional Cooperation in the New Europe: Building Security, Prosperity and Solidarity from the Barents to the Black Sea*. Ed. Andrew Cottey. London and New York: MacMillan Press and St. Martin's Press: 213-40

- Demichelis, Julia. 1998. *NGOs and Peacebuilding in Bosnia's Ethnically Divided Cities*. United States Institute of Peace Report.
- Democratization Policy Institute. 2002. *An Agenda for Bosnia's Next High Representative*. May. Available at <http://www.dpinstitute.org/Europe/balkans/>.
- Dwan, Renata and Andrew Cottey. 1997. *Framework for Security and Integration in Europe: Region-Building in South-Eastern Europe*. Report of a Workshop held in Sofia, November 8-9, 1997.
- EastWest Institute and European Stability Initiative (ESI). 2001. *Democracy, Security and the Future of the Stability Pact for Southeastern Europe: A Framework for Debate by the EastWest Institute in Partnership with the European Stability Initiative*. Available at <http://www.esiweb.org>.
- European Stability Initiative. (ESI). 1999. *Reshaping International Priorities in Bosnia and Herzegovina. Part 1*. Sarajevo: EastWest Institute. Available at <http://www.esiweb.org>.
- ESI. 2000. *Reshaping International Priorities in Bosnia and Herzegovina. Part Two: International Power in Bosnia*. March.
- ESI. 2001a. *In Search of Politics: The Evolving International Role in Bosnia and Herzegovina*. ESI Discussion Paper. November.
- ESI. 2001b. *Reshaping International Priorities in Bosnia and Herzegovina. Part Three: The End of the Nationalist Regimes and the Future of the Bosnian State*. March.
- ESI. 2001c. *Democracy, Security and the Future of the Stability Pact for South Eastern Europe*. Available at <http://www.eisweb.org>. ESI. 2002a. *Imposing Constitutional Reform? The Case for Ownership*. Discussion Paper. March.
- ESI. 2002. *Western Balkans 2004: Assistance, Cohesion and the New Boundaries of Europe. A Call for Policy Reform*. Berlin, Brussels, Sarajevo. November.
- European Commission. No Date. *Building on the model of European Integration*. Available at http://europa.eu.int/comm/external_relations/see/region/europe_integration.pdf.
- European Commission. 2000. *EC financial assistance to the Central and Eastern European Countries*. Financing for Development UN/ECE Regional Conference, 6-7 December 2000. Background Paper.
- European Commission. 2001a. *Proposal for a Council Decision Concerning the signature of the Stabilisation and Association Agreement between the European Communities and its Member States and the Republic of Croatia on behalf of the European Community*. Brussels. COM(2001) 371 final. 2001/0149 (AVC). 09 July.
- European Commission. 2001b. *The Stabilisation and Association Process and CARDS Assistance 2000 to 2006*. Second Regional Conference for South East Europe Conference Paper from the European Commission.
- European Commission. 2001c. *Annual Report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2000*. [COM(2001) 616 final]. Brussels. October.

- European Commission. 2002b. *Regular Report on Bulgaria's Progress Towards Accession*. COM(2002) 700 final. Brussels. October.
- European Commission. 2002a. *ISPA Manual*. Working Document. Revision: April.
- European Commission. 2002c. *Regular Report on Romania's Progress Towards Accession*. COM(2002) 700 final. Brussels. October.
- European Institute. 1999. *Comments Towards the Discussion of the CEPS Working Document "A System for Post-War South East Europe"*. Sofia: European Institute.
- European Investment Bank (EIB). 2000. *Basic Infrastructure Investments in South-Eastern Europe: Regional Projects Review*. Brussels: Regional Funding Conference for South- Eastern Europe.
- Gagnon, Chip. 2002. "INGOs in Bosnia-Herzegovina." Part of the Carnegie Project on Evaluating NGO Strategies for Democratization and Conflict Prevention in the Formerly Communist States" December 1998. Draft. Available at [wysiwyg://99/http://Ithaca.edu/gagnon/articles/Carnegie/bhreport.htm](http://www.wysiwyg://99/http://Ithaca.edu/gagnon/articles/Carnegie/bhreport.htm)
- Gender Project for Bulgaria Foundation. 2001. *Gender Task Force Bulgaria: 2000- 2001*. Sofia: Gender Project for Bulgaria Foundation.
- Gligorov, Vladimir. 2001. "Notes on the Stability Pact." *Journal of Southeast European and Black Sea Studies* 1(1): 12-19.
- Gligorov, Vladimir. 2000. "Scorning the Stability Pact." *Transitions Online*. 3 May. Available at <http://archive.tol.cz>.
- ICG. (International Crisis Group). 2001a. *After Milosevic: A Practical Agenda for Lasting Balkans Peace*. Available at <http://www.crisisweb.org>. ICG. 2001b. Bin Laden and the Balkans. Report no. 119. 9 November. Available at <http://www.crisisweb.org>.
- ICG. 2002a. *Courting Disaster: The Misrule of Law In Bosnia & Herzegovina*. Sarajevo, Brussels: Balkans Report No. 127. March. Available at <http://www.crisisweb.org>.
- ICG. 2002b. *Moving Macedonia Toward Self-sufficiency: A New Security Approach for NATO and the EU*. Skopje, Brussels: Balkans Report No.135. November. Available at <http://www.crisisweb.org>.
- ICG. 2002c. *Still Buying Time: Montenegro, Serbia and The European Union*. Podgorica, Belgrade, Brussels: Balkans Report No. 129. May. Available at <http://www.crisisweb.org>.
- Integrating the Balkans*. 2002. *Integrating the Balkans: Regional Ownership and European Responsibilities*. Balkan Forum. Berlin. July 15-16 2002. Bertelsmann Foundation. Center for Applied Policy Research. Policy Planning Staff, German Ministry of Foreign Affairs.
- Kempe, Iris and Wim van Meurs. 2002. *Toward a Multi-Layered Europe: Prospects and Risks Beyond EU Enlargement*. Center for Applied Policy Research Working Paper. November 2002: Bertelsmann Group for Policy Research, Center for Applied Policy Research, Ludwig Maximilian University Munich.
- King, Charles. 2001. "The New Near East." *Survival* 43(2): 49-67.

- Klemencić, Mladen. 1996. "Croatia Rediviva." In *The Changing Shape of the Balkans*. Eds. F.W. Carter and H.T. Norris. London: UCL Press: 97-117.
- Letica, Slaven. 1989. "Vođe, mase i modeli." ["Leaders, Masses and Models."] In Slaven Letica. *Četvrti Jugoslavija. [The Fourth Yugoslavia.]* Zagreb: Centar za informacije i publicitet. In Croatian.
- Link Diversity Review*. 2001. October.
- Makim, Abigail. 2002. "Resources for Security and Stability? The Politics of Regional Cooperation on the Mekong, 1957-2001." *Journal of Environment & Development* 11(1): 5- 52.
- McMahon, Patrice. 2001. "Building Civil Societies in East Central Europe: The Effects of American Non-governmental Organizations on Women's Groups." *Democratization* 8 (2): 45-68.
- Mendelson, Sarah and John Glenn. 2000. *Democracy Assistance and NGO Strategies in Post-Communist Societies. Democracy and Rule of Law Project, Global Policy Program.* Carnegie Endowment for International Peace Working Papers. November.
- Mendelson, Sarah and John Glenn. Eds. 2002. *The Power and Limits of NGOs. A Critical Look at Building Democracy in Eastern Europe and Eurasia.* New York: Columbia University Press.
- Office for South East Europe, European Commission/World Bank. 2001. *Report on the Activities of the European Commission/World Bank Office for South East Europe 2001.* Brussels, November.
- Ohiorhenuan, John. 2000. "Learning to Listen, Listening to Learn: A Participatory Approach to Programme Development." *Cooperation South* 2: 7-20. Available at http://63.241.184/166/tcdcweb/coop_south_journal/2000.
- OneWorld International and Information Program of the Open Society Institute (OSI). 2001. *The Use of Information and Communication Technologies by Non-Governmental Organizations in Southeast Europe.* Available at <http://www.oneworld.net/radio/see/ict/>.
- Open Society Fund Bosnia-Herzegovina. 2001. *International Support Policies to SEE Countries- Lessons (Not) Learned in Bosnia-Herzegovina.* Sarajevo: OSF BiH.
- Papić, Zoran. 2001. "The Role Of Institutions In Peace Building." In *International Support Policies to SEE Countries- Lessons (Not) Learned in Bosnia-Herzegovina.* Open Society Fund Bosnia-Herzegovina. Sarajevo: OSF BiH.: 30-43.
- Pavliuk, Olexandr. 1999. "The Black Sea Economic Cooperation: Will Hopes Become Reality?" In *Subregional Cooperation in the New Europe: Building Security, Prosperity and Solidarity from the Barents to the Black Sea.* Ed. Andrew Cottey. London and New York: MacMillan Press and St. Martin's Press: 128-150.
- Porumb, Elena-Marilena and Michaela Vincze. 2001. "Case Study- A Regional Strategy for Stability and Prosperity in South Eastern Europe." Paper presented at the Conference "South-Eastern Europe and EU Enlargement", Cluj-Napoca, 16-18 September. Available at <http://www.qub.ac.uk/ies/events/confenlarg/prog.html>.

- Razsa, Maple and Nicole Lindstrom. 2002. "Balkan is Beautiful: The Role of Balkanism in the Constructions of Contemporary Croatian Identity." Manuscript. Published in 2002 in *East European Politics and Society* 16(2). Exact reference and paging of the published version currently unavailable.
- Sali-Terzić, Sevima. 2001. "Civil Society". In *International Support Policies to SEE Countries- Lessons (Not) Learned in Bosnia-Herzegovina*. Open Society Fund Bosnia-Herzegovina. Sarajevo: OSF BiH: 138-59.
- Sampson, Steven. 1996. "The Social Life of Projects: Importing Civil Society to Albania." In *Civil Society: Challenging Western Models*. Eds. Chris Hann and Elizabeth Dunn. Routledge: 121-42.
- Shugarian, Rouben. 2001. "Stability in the Caucasus. Eight Principles of Regional Cooperation." *Central Asia and the Caucasus* 1(7): 7-12.
- Spano, Roberto. 1998. "Children of a Lesser God? Albania and the Albanians between Balkan Dreams and European Images." In *The Yugoslav Conflict and Its Implications for International Relations*. Eds. Stefano Bianchini and Robert Craig Nation. Ravenna: Longo Editore: 145-74.
- Stability Pact for South Eastern Europe. 2001. *Working Table III on Security Issues. Fourth Meeting of the Working Table on Security Issues*. Zagreb. June 2001.
- Stability Pact for South Eastern Europe. 2002. *Security Sector Reform: Gaps Analysis*.
- Stubbs, Paul. 1999. "Social Work and Civil Society in Bosnia-Herzegovina: Globalisation, Neo-feudalism and the State." Manuscript. (Published in *International Perspectives on Social Work* 1999: 55-64). Available for download at http://www.stakes.fi/gaspp/people/ps_cv.htm.
- Stubbs, Paul. 2000. "Partnership or Colonisation?: The Relationship Between International Agencies and Local Non-Governmental Organisations in Bosnia-Herzegovina." In *Civil Society, NGOs and Global Governance*. Ed. Bob Deacon. GASPP Occasional Papers No. 7/2000: 23-31.
- Stubbs, Paul. 2001. "'Social Sector' or The Diminution Of Social Policy? Regulating Welfare Regimes in Contemporary Bosnia-Herzegovina." In *International Support Policies to SEE Countries- Lessons (Not) Learned in Bosnia-Herzegovina*. Open Society Fund Bosnia- Herzegovina. Sarajevo: OSF BiH: 188-98.
- Sustainable Theory/Unsustainable Practice*. 2001. *Sustainable Theory/Unsustainable Practice*. 'Billions for Sustainability?' Project. Second Report. Friends of the Earth, CEE Bankwatch Network. In Bulgarian.
- The World Bank. (WB). 2000. *The Road to Stability and Prosperity in South Eastern Europe: A Regional Strategy Paper*. Available at <http://www.seerecon.org>.
- Van Meurs, Wim and Alexandros Yannis. 2002. *The European Union and the Balkans. From Stabilisation Process to Southeastern Enlargement*. Hellenic Foundation for European and Foreign Policy, Bertelsmann Stiftung, Center for Applied Policy Research.
- Wedel, Janine. 1998. *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998*. New York: St. Martin's Press.

- Whyte, Nicholas. 2002. "The CEPS Plan for the Balkans, Three Years On". *CEPS Europa South-East Monitor* 33: 1-2. Available at <http://www.ceps.be>.
- Wonnacott, Ronald. 1996. "Trade and Investment in a Hub-and-Spoke System Versus a Free Trade Area". *The World Economy* 19 (3): 237-52.
- World Bank. (WB). 2002. *The Role and Effectiveness of Development Assistance. Lessons from World Bank Experience*. Washington D.C.: World Bank.

List of Interviews and Conversations

Stanimira Hadjimitova - executive director of Gender Project for Bulgaria Foundation, Sofia; coordinator of the Gender Taskforce of the Stability Pact - Bulgaria.

Petko Georgiev - ProMedia resident adviser, International Research and Exchange Board, coordinator of the Bulgarian national working group of the Media Taskforce of the Stability Pact.

Stoicho Motev - National Centre for Regional Development, Bulgaria

Alexandar Andonov - President of the National Organizing Committee of the Link Diversity Initiative within the Stability Pact.

The unit responsible for regional transport infrastructure development in the Bulgarian Ministry of Transport and Communications.

Dobrinka Valkova - Bluelink, Bulgaria.

Keti Medarova - Za Zemiata, Bulgaria, project coordinator.

Ivona Malbasic - Central and Eastern Europe Bankwatch Network (Bankwatch), Hungary; project coordinator.

Petko Kovachev - Center for Environmental Information and Education- Bulgaria; Bankwatch member.

Ganja Hristova -Bulgarian Ministry of the Environment and Waters, official.

Svetla Nikolova - member of the executive board of the SEE environmental NGOs network (SEEENN); Agrolink - Bulgaria.

Yordanka Palahanova- Bulgaria Economic Forum, director for projects and international programs.

Vladimir Filipov - Bulgarian National Coordinator of the Stability Pact.

Christina Kovacheva - Foundation for Local Government Reform, Bulgaria, program coordinator.

Lovorka Marinovic - Gender Taskforce of the Stability Pact, Croatia, coordinator.

Roland Gajsak - Ministry of Environment of Croatia, official.

Ana Babic and others - Programi PINTA (Programs PINTA), Croatia.

Zoran Maric - Zdravo Društvo (Healthy Society), Croatia.

Drazen Kovacevic and Irena Curin - Nacionalni savez mladih Hrvatske (Croatian National Youth Council).

Martina Staznik - Demokratska Inicijativa Mladih (Democratic Youth Initiative), Croatia.

Vinko Zidaric - Interkultura, Croatia. The organization focuses on promoting multiculturalism.

Acknowledgements

I should like to thank the following people for their assistance and their input in the project: *Alexandar Filipov* (head of sector, European Integration Directorate, Ministry of Foreign Affairs of Bulgaria); *Vladimir Filipov* (Bulgarian National Coordinator of the Stability Pact for Southeast Europe); *Stanimira Hadjimitova* (executive director, Gender Project for Bulgaria Foundation, Sofia; coordinator, Gender Taskforce- Bulgaria); *Stoicho Motev* (chief consultant, National Centre for Regional Development, Sofia); *Petko Georgiev* (ProMedia resident adviser, International Research and Exchange Board); *Lazar Krastev* (expert; Ministry of Transport and Communications of Bulgaria); *Roland Gajsak* (official, Ministry of Environment of Croatia); *Ana Babic* (Programi PINTA (Programs PINTA), Zagreb, Croatia) and others in this organization; *Zoran Maric* (Zdravo Društvo (Healthy Society), Zagreb, Croatia); *Lovorka Marinovic* (coordinator, Gender Taskforce-Croatia); *Keti Medarova* (project coordinator, Za Zemjata(For the Earth) Sofia, Bulgaria); *Petko Kovachev* (Bankwatch Network member, Center for Environmental Information and Education, Sofia, Bulgaria); *Alexandar Andonov* (president, National Organizing Committee of the Link Diversity Initiative of the Stability Pact); *Drazen Kovacevic* (Croatian National Youth Council); *Irena Curin* (secretary general, Croatian National Youth Council); *Dobrinka Valkova* (Bluelink, Bulgaria); *Ivona Malbasic* (Central and Eastern Europe Bankwatch Network); *Yordanka Palahanova* (Bulgaria Economic Forum); *Martina Staznik* (project coordinator, Democratic Youth Initiative, Zagreb, Croatia); *Ganja Hristova* (official in the Bulgarian Ministry of the Environment and Waters); *Svetla Nikolova* (member of the executive board of the SEE Environmental NGOs Network); *Christina Kovacheva* (program coordinator; Foundation for Local Government Reform; Sofia); *Vinko Zidaric* (president, Interkultura, Zagreb, Croatia).

I also thank *Ondřej Císař* (CEU and Center for Inter-Regional Analyses); *Daniel Smilov* (Open Society Institute, Budapest) and *Bela Greskovits* (CEU) for their valuable comments on my work.