



International
Support
Policies
to
South-East
European
Countries

Lessons
(Not)
Learned
In

CHAPTER XIV

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INTERNATIONAL AID POLICIES- A REVIEW OF THE MAIN ISSUES

1. The Changing Nature of International Aid Policies

International assistance as commonly known came into being as a framework aimed at assisting the post World War II reconstruction of Europe through the Marshall plan - its main vehicle at the time. Thus, as such it was initially not concerned with the issues of long-term development of less developed countries, which in time became its main mandate. Although the institutions and mechanisms of international assistance have evolved over time and in many respects adapted to its new mandate, the imprint of its original portfolio has remained. This has resulted in concerns and practices of the international assistance lobby that have not always been in tune with the needs or priorities of aid beneficiaries.

Foreign aid has gradually become one of the important tools of foreign policy¹ in the new framework of international relations, which began to take shape in the aftermath of World War II. Stemming out of recognition of an increasing worldwide interdependence, this new framework postulated provision of aid as one of the main facets of the relations between developed and less developed countries.² The concept of international assistance was, at the same time, part of a wider consensus that economic growth was a precondition for political stability and that developed countries had to take their share of responsibility for assisting the less developed ones in working towards this common goal. By the late 1990s this consensus all but evaporated. While the economic prosperity-political stability nexus continued to be in the center of development debate, there was disagreement on how this relation was operating as well as what the role of international assistance was in facilitating these twin goals across the developed-underdeveloped countries divide.

In its initial phase international aid flows were almost exclusively on a bilateral basis. This is linked to the motives of international aid, reflecting their intrinsically political nature.³ As the scope of international assistance gradually widened, its distinguishing feature became the prominent role played by multilateral development assistance. This form of aid was typically provided on more favorable terms than bilateral aid. It involved a higher grant element and was perceived as having less strings attached than bilateral aid. It is this aspect of international assistance, which in particular has more recently come under the close scrutiny of a plethora of agents associated with the foreign aid regime, questioning its purpose, effectiveness and existing mechanisms, and which is for the most part the focus of our attention. The

¹ Its worth underlining that aid is only one of the aspects of international relations and that its effectiveness can be affected by the decisions taken in other fields. K. Raffer; H.W. Singer (1996), *The Foreign Aid Business*, London, Edward Elgar.

² Until late 80s the typical jargon in use was North-South relations or assistance to the Third World.

³ This is not to deny the importance of humanitarian motives particularly evident in the later stages of international assistance such as easing malnutrition, preventing the spread of disease, limiting the suffering caused by natural and man-made disasters etc. For an analysis of the pivotal role of national interests in defining the foreign aid regimes see S. Hook (1995), *National Interests and Foreign Aid*, Lynne Rienner, Boulder- London.

handling of multilateral assistance flows came under the mandate of a number of newly established institutions, principally, the United Nations (UN) and the International Bank for Reconstruction and Development (subsequently known as the World Bank group). Other organizations such as Organization for Cooperation and Development (OECD)⁴, and the International Monetary Fund (IMF) were also involved and have continued to play a prominent role to this day⁵. The role and influence of each of these institutions has however changed since their inception. The provision of humanitarian relief assistance continued its existence as a more or less separate, and to development assistance unrelated, component of the overall international aid effort characteristic of the 90s.

The fact that the origins of and the motives for international assistance are primarily political, as a cursory analysis of the history of official development assistance would readily confirm,⁶ is of utmost importance. Combined with the shifts in the developed countries' economic policy priorities, it has had a determining impact on the scale and modalities of international assistance, its destination and modes of provision. Consequently, the political background of international assistance is one of the key factors in understanding the complex nature of relations between aid and development and in particular why aid has often failed to achieve its stated goals.

In the 1950s and 1960s the focus of international development assistance was on allegedly supporting the "catching up" process by the less developed countries. The emphasis was solely on initiating economic growth, which was thought as best achieved by channeling resources into large-scale capital-intensive projects as a prerequisite for industrialization as a preferred developmental path. Development was conceived of as a technical process of providing the lacking resources and technical assistance to the recipient countries and was as such viewed as a manifestly nonpolitical affair. This was reflected in the prevalent funding approach adopted by most donors and development agencies. During this period the official development assistance, either bilateral or provided through multilateral development agencies, was the principal source of international finance to less developed countries facing restricted access to sources of private capital. It grew significantly in scale and in number of both donors as well as recipients, reaching its peak in the mid-70s in terms of international public funds transferred from industrialized to developing countries. This coincided with a shift in emphasis in the provision of industrialized assistance towards meeting basic needs of the population in the less developed countries within the so called integrated approach to development whereby growth as such ceased to be the main development criteria. Part of this change was enhanced emphasis on the development of agriculture and full employment. For most of the period prior to the 70s, the governments of recipient countries were among the principal partners to the multilateral agencies. This reflected the then prevalent economic doctrine, which recognized the developmental role of the state.

From the mid 70s onwards, the approach changed towards greater decentralization in aid delivery. While multilateral aid remained substantial, the role of

⁴ In the 60s the Organization for European Cooperation was reorganized into the Organization for Economic Cooperation and Development reflecting a shift from European post-war reconstruction to assistance to less developed countries. The Development Assistance Committee of the OECD was founded as a coordinating agency for bilateral and multilateral aid from the member countries.

⁵ The IMF and the OECD are not development agencies as such but are deeply involved in organizing and delivering international assistance.

⁶ See: J. Freedman (2000), *Transforming Development - Foreign Aid for a Changing World*, University of Toronto Press, Toronto-London.

private capital in international financial flows grew. The real turning point in the international assistance, which gave rise to the foreign aid regime of today, occurred in the 80s. The two oil-shocks of the 70s⁷ changed the international economic context; after a period of strong economic performance, recession set in. The ascent to power of conservative governments in a number of developed countries made the control of inflation the key economic policy target. One of the consequences was cutting back public expenditures, which had direct effect on the size of official development assistance. The decline in the official foreign aid and an increase in the role of private capital, which from then on continued apace, profoundly changed the environment in which many less developed countries had to fight a debt crisis, while trying to reverse economic stagnation.

The increasingly inward looking attitude of the developed countries brought about a change in the mode of their engagement in less developed countries. "Catching up" ceased to be the ultimate purpose of development assistance. Incompetent economic policies and poor governance in the less developed countries were identified as the main culprits for their underdevelopment and large external debt. The prescribed cure was a set of radical economic and political reforms, typically framed in the IMF and the World Bank's stabilization and structural adjustment programs that many developing countries had undertaken in exchange for international financial support⁸. There was a profound shift in the lending practices of the two institutions towards policy lending, which shifted to the financing of economic programs monitored by an adequate set of economic policies; this had as its corollary an increasing role of conditionality as part of the foreign aid regime⁹. While foreign aid policies had throughout supported the development of open, market-based economic systems in borrowers' countries, this became one of the principal goals from the 80s onwards. The policies applied were explicitly aimed at removing the monopoly of state in line with the new dominant economic doctrine of neo-liberalism, which on efficiency grounds advocated the primacy of markets.¹⁰

The role of the IMF and the World Bank within the international assistance framework grew profoundly over the years¹¹ to the point that their seal of approval came to be seen as a catalyst¹² for bilateral aid and private investment. At the same time, the role of the UN in assisting development of the less developed nations gave way in importance to those aspects associated with the organization's security mandate such as peacekeeping. This shift was accompanied by a growing role of non-governmental organizations (NGOs). They became one of the main vehicles for delivering international assistance, particularly in those situations when local governance was problematic. The growing role of NGOs, both international as well as local, coincided with an increase in welfare needs of the local population as a result of

⁷ The oil-producing countries raised the prices of oil sharply first in 1973 and then in 1979-80.

⁸ V. Bojicic-Dzelilovic (2000), p. 99

⁹ The recipient countries found themselves entangled in the cross-conditionality between the IMF and the World Bank which served to facilitate other capital flows; in addition they also had to accept a tacit conditionality of aid linked to the participation of companies from donor countries in providing aid.

¹⁰ For an argument pointing at the ideological underpinnings of the policy advice accompanying aid see: J. Mosley et al (1995), *Aid and Power: The World Bank Policy Based Lending*, London, Routledge; A. Amsden et al (1994), *The Market Meets its Match: Restructuring the Economies of Eastern Europe*, Cambridge, MA: Harvard University Press.

¹¹ Their influence on developed countries at the same time became virtually non-existent.

¹² It is questionable whether the IMF and the World Bank credit are truly catalysts of other financial flows. See: G. Bird; A. Mori; D. Rowlands (2000), *Do the multilaterals catalyze other capital flows? A case study analysis*, Third World Quarterly, Vol 21, No. 3

structural adjustment programs¹³. They were increasingly perceived as an effective and less expensive mechanism of delivering assistance compared to inflexible and costly government administrations or that of the UN, in the view of the increasingly complex tasks facing development agencies. By the late 1980s the government funding of NGOs had increased sharply.

These trends were reinforced in the 90s as the Cold War era drew to a close. The largest drop in official development assistance was recorded in this period, while private flows rocketed, reflecting, on the one hand, disillusionment with aid and changed international finance context, on the other. In 1995-96 private flows surpassed public development assistance flows for the first time since World War II, reflecting the clear inclination among donors to integrate aid into other flows of capital between developed and less-developed countries. This has had important repercussions on the development assistance agenda. The period after the Cold War has witnessed widening of development assistance agenda to the issues of democratization, reflecting the rise of a new orthodoxy about the developmental role of political regimes.¹⁴ This was aptly manifested in conditions attached to the provision of international assistance, which expanded to include issues such as transparency, accountability and the rule of law - the crux of a "good governance" agenda as it became commonly referred to. Good government was recognized as playing a vital role in the establishment of a legal and regulatory framework enabling efficient functioning of the market and provision of public goods.¹⁵ This represented a departure from the orthodox approach of the two previous decades in that it emphasized the crucial role of the state and institutions in general for the development of a modern market economy and democratic political system. This, however, is often overlooked in critiques of foreign aid mainly because the economic core of the assistance framework – that of stabilization and structural adjustment – has remained more or less the same.¹⁶ At the same time, a framework that would bind all these considerations into a consistent approach is missing.

At the close of the 20th century multilateral assistance encompassed: socio-economic development; democratic governance; humanitarian aid and peacekeeping. A number of former socialist countries of Eastern Europe undergoing economic and political transition were added to the list of recipients¹⁷. A particularly important feature of the changing composition of international aid flows was a sharp rise in the proportion of emergency relief compared to development aid. This was partly a consequence of the proliferation of internal conflicts in various parts of the world, including Africa, Central Asia, Transcaucasus and the Balkans. Problems facing most of the affected countries were subsumed in the term "complex emergency"¹⁸, which was deployed to describe a situation of a profound economic, social and institutional dissolution caused by a multiplicity of factors. One of the common points in all cases was that the crisis occurred against the background of failed development, which sheds a different light on the mentioned changes in the composition of foreign aid. One could argue that precisely because the development aid was insufficient and/or inadequate, it gave rise

¹³ According to I. Smillie, the three major functions of NGOs are: as service providers, as civil society and as "balm for the troubled conscience". See: I. Smillie In J. Freedman, op.cit.

¹⁴ G. White (1997), *Constructing a Democratic Developmental State*, (Draft) Mimeo.

¹⁵ J. Harris (ed) (1995), *The Politics of Humanitarian Intervention*, London-New York, Pinter Pub; p. 2

¹⁶ It was made a central tenet of the transition agenda of the former socialist countries, which to various degree was supported by the international financial institutions.

¹⁷ Some of these countries were beneficiaries of the multilateral development assistance before.

¹⁸ M. Duffield (1994), *Complex Political Emergencies with Reference to Angola and Bosnia: An Exploratory Report for UNICEF*. Geneva; UNICEF.

to increasing demand for emergency relief – hence an increase in its share in total aid flows.

The humanitarian response that followed was largely based on the experience of natural disasters and concerned with alleviating suffering of the victims in the first place. It reflected a fundamental misconception of the true nature of the problem, which above all was political. It failed to grasp that rather than being a temporary interruption in the society's development trajectory, the "complex emergencies" produce alternative socio-economic formations which, although at odds with common economic and political norms and practices, are capable of surviving, often using violent means. Humanitarian aid has often been appropriated by these structures, remaining largely irrelevant in addressing the causes of the organized social violence. The response to "complex emergencies" challenged the international assistance framework; it called into question the existing approach based on the separation of humanitarian and development aid as well as their effectiveness. It was a watershed suggesting that substantial change was needed with regard to the approach, the mechanisms and the role and relations among key agents engaged in providing international assistance.

2. Some Common Points of Criticism

The international assistance regime has been subject of an ongoing inquiry by various interested parties; there exists a substantial body of literature on the subject, particularly on the role and practice of the IMF and the World Bank. The ambition of this part of the study is modest and very specific: to point out some of these criticisms, which bear particular resonance with the experience of the international assistance to South- East Europe. In the debates on international assistance there has often been too much emphasis on the issue of the financial scale of aid both from the perspective of donors as well as recipients. The amounts of aid involved have been used as a main variable in decisions pertaining to particular cases of assistance, and in particular in assessing the effectiveness of aid. The experience of foreign aid however suggests that although the quantity of aid is important,¹⁹ its impact will ultimately depend on who controls and utilizes the aid. Thus, in negotiating aid programs as well as in evaluating the impact of aid, it is far more relevant to look at the institutions utilizing the aid as well as at the particular circumstances in which they operate.²⁰

The issue of quality of aid is intrinsically related to that of the design of aid programs. The role local parties play in this process, the critics argue, is of paramount importance for the success of the programs - the critical variable being the concept of "ownership" of the assistance program. This is one of the particularly controversial points in the debate on international assistance. The World Bank, the UNDP, the IMF, and via them, the donor community at large have been criticized for imposing a policy agenda on the recipient countries, which, in need of their support, have restricted space for self- initiative (the "donor-driven" agenda). This then results in an inadequate choice of policy priorities, instruments, implementing structures, etc. - the list of criticism on this is a long one. The precise extent to which this objection is valid hinges on

¹⁹ It is worth pointing out that the evidence on how much of the disbursed amounts is effectively utilized by local beneficiaries compared to foreign implementing agencies, foreign consultants, etc is scant; thus the nominal amounts of aid as such can be misleading.

²⁰ The multilateral agencies under pressure to disburse the funds often do so through arrangements with the government institutions, local development bank etc, which may not necessarily be best placed to use it efficiently. S. Hellinger et al (1988), op.cit

particular circumstances. For example, there might be a case of a "policy vacuum" on the recipient side in that it lacks the capacity to design an appropriate program; or that the beneficiary government is not interested in the program as such but principally in funds. In either case, talking about "ownership" misses the point. Nevertheless, however, it is fair to say that the donors do have decisive influence on the design of the program and the financial terms attached to it. Be that as it may, since "he who pays the piper calls the tune", the fact is that without participation of the relevant local actors, it is difficult to solicit an adequate local commitment, which is crucial for successful implementation of the program. It is not that the multilateral agencies, albeit with a significant delay, have not acknowledged the importance of "local ownership" and participation; in reality, however the support for genuinely local approaches is largely absent.

Another line of criticism extends to the fact that the content of the program supported by foreign assistance can have a decisive influence on economic and social relations of the recipient country. Thus, decisions on aid are political in nature. It is therefore important that the aid program be embedded within the country's development strategy framework, which for various reasons, including those discussed in the previous section, is often not the case. It is not uncommon, as Freedman²¹ points out, that internationally supported projects exist as islands within the local economy and society unconnected to local development processes. It is against this background that the most common criticisms of the World Bank and the IMF-supported programs have been launched. Both institutions have been criticized for having too narrow focus on financial aspects of economic adjustment policies, at the expense of their wider social and economic implications. Once the macroeconomic considerations are attended to, what the reforms attempted by the recipients amount to is no less than an "overwhelming set of societal transformations".²² The question that naturally follows is one of the local capacity to pursue the reforms to this end and the controversial role played by conditionality²³. The thrust of the criticism here is the absence and/or weakness of adequate institutions in the recipient countries on which the implementation of the reform depends. Another important point is that it is not taken into account at all how the reforms supported by the international assistance reflect upon the institutional capacity itself. It may well be that external involvement further undermines already weak institutions. The principal objection that critics of foreign aid often make to the content of the program and conditionality accompanying it is that insufficient attention has been devoted to the issues of institutional design and institution building, which have to be adapted to local circumstances. There are simply no ready-made blue prints in this respect, which puts a question mark on the validity of the agenda pursued by the multilateral agencies and their potential to deliver in this particular respect. Equally important are resource constraints, particularly human capital, where, it has been suggested, technical assistance as part of the aid program often substitutes for, rather than building upon, local skills and resources.²⁴ Missing these two points may lock the countries in a vicious circle of weak institutions and prolonged aid dependence.

²¹ J.Freedman,op.cit, p. 87

²² M. Naim in *World Development* (2000), op.cit. p. 522

²³ One line of argument questions the necessity of conditionality *per se* if the recipient country considers the propositions of the aid program in its best interest. See: K. Raffer et al, op.cit. p. 158

²⁴ S. Hellinger, op.cit. It has been often pointed out that in Bosnia-Herzegovina and Kosovo there is a widespread practice of international agencies recruiting local professionals for lower skills jobs.

One criticism regarding conditionality, which is directly related to the issue of local reform capacity, is that all too often there is an inherent contradiction in the two. Some of the conditions simply presuppose features of the local economy and society which do not exist and are yet to be built with the help of international assistance. These include, for example, a reasonably developed financial system, professional standards, a functioning public administration, civil society, which would make local governments accountable, etc.²⁵ The problem is further complicated by the fact that conditionality usually applies to policy makers, which may not necessarily be interested in meeting those conditions²⁶. In a particular political context, failure to meet conditions and the ensuing sanctions by the donors, serves the local political elite as a way to escape from the responsibility for the country's poor economic performance, dismal human rights record, etc. As far as the agencies involved are concerned, broadening conditionality from economic governance to political reforms creates inconsistencies with the non-political mandate of the international financial institutions.²⁷

Most assessments of the effectiveness of foreign aid have concentrated on its impact on growth and poverty. As yet, clear evidence is lacking for the link between aid and development. Experience of many countries benefiting from foreign aid suggests that often aid has led to the concentration of power and wealth, rather than contributing to equity and reduction in poverty. Few countries have managed to sustain growth necessary to continue economic reforms; many have developed an aid dependency with negative long-term economic consequences.

The role of humanitarian aid²⁸ and its relation with development assistance has been of a particular concern of aid critics recently. Some of the objections raised regarding the humanitarian response to complex political emergencies have been briefly summarized in section 1 of this chapter. The main criticism on the issue of the relations between the two is that the international actors engaged in the aid effort have failed to understand the fact that how humanitarian aid is implemented can have a crucial impact on the success of development aid. Not enough thought has been given to the issue of how immediate humanitarian goals relate to the wider social, cultural, political and economic dimension of long-term stability and sustainable development needed if the conditions which prompted the intervention are not to recur.²⁹ Another unattended issue is that of accountability of the humanitarian action, given the particular circumstances in response to which humanitarian aid is typically provided, such as collapsed states, violence, large-scale movement of population, etc.

The last of the common criticisms of foreign aid that we want to point out here regards the relations between a plethora of actors involved in international assistance. Whether one is talking about the UN, the World Bank, the NGOs or other relevant actors, there has been a common trend of an ever-increasing agenda of action over the last 50 years. The spectrum of issues covered by each of the institutions involved is so

²⁵ Some critics go as far as to say that were these features present, international assistance would not be needed in the first place. See: J. Harris, op.cit, p. 2

²⁶ G. White makes a point that at times of a regime change, the decisions about basic democratic institutions tend to be taken by political forces motivated by their own interests and not some larger commitment to democracy; this then has important implications to the degree of commitment to implementing the reform agendas. op.cit, p. 24

²⁷ See: J. Harris, op.cit

²⁸ The issues surrounding humanitarian aid have attracted much discussion in various academic fields, opening some serious questions such as its role (as by definition an impartial and neutral mechanism) in relation to the political goals of the international interventions.

²⁹ O. Ramsbotham et al (1996), *Humanitarian Intervention in Contemporary Conflict – A Reconceptualisation*, London, Polity Press, p. 222

wide that there is a large degree of overlap. Rather than cooperating, these agencies in the event compete with each other as well as with the private sector, which undermines the efficacy of the foreign assistance and the impact it has on the recipient country.

3. Understanding the Salient Features of South East Europe's Reality

As suggested in chapter II, South East Europe is a diverse grouping of countries, which individually face somewhat different set of opportunities and constraints regarding economic development and democratization - the two commonly understood core concerns at this contemporary junction. This refers to their particular internal circumstances as well as relations with the European Union as one of the principal external players in the area. However, there is a number of fundamentally common issues that apply across the board, which would suggest that these differences are rather a matter of degree³⁰ and that it is possible to conceive of a relevant strategy for the region as a whole.

The countries of South East Europe have often been mistakenly treated in a rather similar fashion to the rest of Eastern Europe's former communist countries undergoing economic and political transition. The historical, socio-economic, political and ideological legacies were too easily dismissed, which became more than obvious when these countries failed to stabilize after the upheaval caused by the demise of communism. One of the region's specificity with far reaching implications on the prospects for its economic and political stabilization is that in some of the areas there continues a process of state and/or nation building navigated by the forces of exclusionary ethnic nationalism. Thus violence and conflict are latently present in the region, as is proneness to further disintegration. As a consequence, the region's overwhelming concern is to do with security matters; the lack of clear borders and the absence of the rule of law present major security threats impinging on the region's economic and democratic consolidation. The dominant approach, as discussed in chapter II, as well as in the first section of this chapter, has been one of pushing for market reform and multiparty democracy in exchange for international assistance. The problem seems to be that in the case of South East Europe there has been no clear vision on how to go about linking the two; in reality economic instruments have been used to achieve political and security goals, which has not produced the desired results. The Stability Pact for South East Europe appears to be the first international initiative that recognizes the intricate link between security, economics and politics; whether this will be reflected in its operationalization is still early to say.

In spite of an experience of forced industrialization in most of its countries, the region is predominantly a developing one; before the dismantling of communism, Albania, Bosnia-Herzegovina and Macedonia were the poorest countries of Europe. Moreover, Albania, Bulgaria and Romania practiced a particularly austere variant of a command system, which left these countries with a legacy of severely distorted economies, lack of trust in institutions and their credibility. Thus both economic as well as political problems of underdevelopment are perennial in the region³¹. Corruption, weak or collapsing institutions, low social cohesion are some of the problems typically

³⁰ See: V. Bojicic-Dzelilovic (1997), *Bosnia-Herzegovina - An Extreme Case of Transition in the Balkans* in S. Bianchini; M. Uvalic (eds), *The Balkans and the Challenge of Economic Integration - Regional and European Perspectives*, Ravenna, Longo Editore

³¹ For a comprehensive assessment see: V. Gligorov; M. Kaldor; L. Tsoukalis (1999)

associated with South East Europe, which are ominous indicators of its weak capacity to cope with pressures for change, whether these are internal or external. One of the region's monumental tasks is rebuilding its capacity to produce and to reinsert itself into the international division of labor on terms different from the communist era. The "transitional agenda" for its part has downplayed the importance of developmental challenge facing the region.

Ten years of the wars in the region have added to the region's specific set of problems. Wars brought about large-scale physical destruction, including that of major infrastructure linking parts of the region with the rest of Europe, thus contributing to the sense of physical isolation. The existing production and commercial links were severed, aggravating the already difficult process of adaptation to changed economic incentives and trade prospects, as manifested in the persistence of very high unemployment, unsustainable public finance, large current account deficit and growing foreign indebtedness. Informalization of the economy has not only undermined the state's economic capacity, but has had a corrosive effect on the social and moral fabric of the society already strained by years of economic deprivation and populist politics. There has been a profound depletion of human capital through population displacement and an ongoing brain drain of the young and educated. This suggests that there is a major dilemma and a problem with identifying actors of change, i.e., those forces which can formulate and push through an appropriate reform agenda. It is too simplistic to suppose that the political elite in the region as a rule harbors genuine zeal for democracy and orderly economic relations.

The relations between the countries in the region are complex, and in some instances very tense, not least because of the unresolved issue of borders. The history of mutual cooperation is poor; the approach to the region has traditionally been geo-political, guided by the interests of individual countries from outside the region, which has often pitted South East European countries against each other and made them compete for international support. The existence of diverse relations with the EU appears to be working in the same direction; there is a widespread perception that forging regional cooperation might be at the expense of the individual countries' prospects of joining Europe. Thus, at the present stage there seems to be an antagonism between the bilateral³² and regional approach (the latter one only in the making), which external agents practice in various areas of assistance. This is counterproductive to a long-term agenda of nurturing cohesion in the region around common issues of security, political stability and economic prosperity.

4. Recommendations

Taking as a vantage point the particular concerns of South East Europe, the analysis of some of the main issues surrounding the role and practice of international assistance has provided a background against which a number of relevant points for research on lessons learned can be made:

4.1. It is important to look at the content of the program associated with the foreign aid: does it reflect the priorities of the recipient country as well as its capacity to

³² An example are structural adjustment programs, which are negotiated on a country-by-country basis and can be an obstacle to regional cooperation aiming at a particular trade arrangement.

implement it? There has to be a shift towards greater cooperation between donors and recipients in defining the program.

4.2. Identifying the key interlocutors in defining and implementing the program of assistance is crucial for its success.

4.3. Conditionality ought to be reconsidered so that it is not unilateral, instrument-oriented and rigid; active involvement of the recipient is essential.

4.4. The main tenets of the good government agenda promoted by the international donors, i.e., participation, transparency and accountability ought to apply to the donors themselves as well as to the international aid agencies.

4.5. Expansion of the international aid agenda requires reconsideration of inter-agency relations; specifically, the UN has to step up its involvement as the issues such as democratization, human rights and civil society fall outside the realm of the international financial institutions. The role of NGOs in relation to the other agencies and donor countries has to be looked at, too.

4.6. There is a need for more harmonization of bilateral and regional assistance. Also, based on the experience of Marshal aid, promoting regional cooperation requires joint assessment by the recipients of their needs and requests as well as the installation of a principle of self-monitoring.

4.7. Providing humanitarian aid cannot be a substitute for development-oriented aid; the two are closely related and have to be addressed within a single framework.

4.8. International assistance has to be seen as a medium facilitating improved access for its beneficiaries to market, capital and technology, which is essential for sustaining their development in the long run.

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