

Promoting Democracy in the Western Balkans after the Global Financial Crisis

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Promoting Democracy in the Western Balkans after the Global Financial Crisis

Adam Fagan and Indraneel Sircar

1. Introduction: Donors in the Western Balkans - from emergency aid to democracy promotion¹

International donor involvement in the Western Balkans² began two decades ago in response to the rapid and often violent transitions in the region from authoritarian socialist regimes to states gradually developing political and economic systems similar to their neighbours in Western Europe. As was the case elsewhere across Eastern Europe and the former USSR, much of the aid was channelled through *civil society* (or what were deemed to represent a fledgling civil society in countries with little or no experience of such activity or its institutions). International donors became involved in an attempt to consolidate as well as induce change, but also to spread western values and facilitate the integration of the region within European and global structures. During this period there have been numerous attempts to co-ordinate the activities of

¹ The research for this booklet was carried out as part of a project which was funded by the Balkan Trust for Democracy and Compagnia di San Paolo, led by the Balkan Civil Society Development Network (BCSDN).

² Used here to refer to Albania and the countries that were formerly part of Yugoslavia – though not Slovenia, which has been an EU member since 2004.

the numerous international donor agencies, private foundations and bi-lateral donors that operate in the region, with the aim both of maximizing the value of aid, and ensuring sustainable exit strategies and long-term impact.

With donor activities increasingly directed to other parts of the world (in particular, the Middle East and north Africa), and the global financial crisis triggering the most profound rationalization of donor funding and priorities, democracy promotion and the development of civil society in the Western Balkans is under immense pressure. The limited and much reduced funds that remain available to the region have to be used carefully and targeted effectively. At this critical time, as never before, it is important to take stock of the past and current strategies; to review the practices and priorities of international donors, identify what has worked and what has failed, and offer recommendations for effective leadership and deployment in the (long) period leading up to EU enlargement. Donors, investors, local civil society activists as well as the academic community each require strategies for improving the current situation in order to foster long-term sustainability of the civil society sector in the Western Balkans.

This study will attempt to answer a number of inter-linked questions:

1. How do the donors that operate across the Western Balkans understand 'civil society development'? Do they support the development of civil society organisations as a value in itself, or is their assistance used as a method of addressing other political/ economic and social reform areas/issues?

2. What proportion of aid is deployed towards supporting watchdog activities, capacity-building, networking or activism?
3. What are the preferred mechanisms for delivering support (project grants, tenders)?
4. Is duplication of initiatives, or indeed conflicts between donors, really such a problem? Does co-ordination take place, informally if not formally? Are there any synergies and the exchange of best practice?
5. Is there real and effective collaboration between donors and local stakeholders, especially local civil society organisations (CSOs)? If so, at what stage (i.e. design, implementation, and evaluation) and how does it occur?
6. Do donors value the networking and knowledge formation roles that CSOs can fulfil?

Any attempt to answer these questions and to evaluate donor assistance channelled through civil society in the successor states of the former Yugoslavia and Albania must situate itself within the extensive literature critiquing foreign donor assistance for civil society development.³ Study after study has concluded that post-

³ See in particular, R. Mandel, 'Seeding Civil Society', in C.M. Hann, *Postsocialisms: Ideals, Ideologies and Practices in Eurasia*, London: Routledge, 2002; J. Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe, 1989-1998*, New York: St. Martin's Press, 2001; B.A. Cellarius and C. Staddon, 'Environmental Nongovernmental Organizations, Civil Society and Democratization in Bulgaria', *East European Politics and Societies*, Vol.16, No.1, 2002, pp.182-222; S. Sampson, 'The Social Life of Projects: Importing Civil Society to Albania', in C. Hann and E. Dunn, K.F.F. Quigley, 'Lofty Goals, Modest Results: Assisting Civil Society in Eastern Europe', in M. Ottaway and T. Carothers (eds), *Funding Virtue: Civil Society Aid and Democracy Promotion*, Washington, D.C: Carnegie Endowment for International Peace, 2000, pp.191-216.

socialist civil society is weak.⁴ We are reminded, by a host of scholars researching the post-communist region from within various academic disciplines, that despite the extensive efforts of foreign donors, individual participation and involvement in civic associations is found to be low and in some cases lower than in post-authoritarian regimes elsewhere in the world.⁵

⁴ Howard, Marc Morjé. *The Weakness of Civil Society in Post-Communist Europe*. Cambridge, U.K. ; New York, NY: Cambridge University Press, 2003; Crotty, Jo. 'Managing Civil Society: Democratization and the Environmental Movement in a Russian Region,' *Communist and Post-Communist Studies* Vol. 36 (2003): 489-508; Rose, Richard. 'How People View Democracy: A Diverging Europe,' *Journal of Democracy* Vol. 12, No. 1 (2001): 93-106; Raiser, Martin, Christian Haerpfer, Thomas Nowotny, and Claire Wallace. *Social Capital in Transition: A First Look at the Evidence*. London: European Bank for Reconstruction and Development, 2001.

⁵ Petrova, Tsveta and Sidney Tarrow. 'Transactional and Participatory Activism in the Emerging European Polity the Puzzle of East-Central Europe,' *Comparative Political Studies* Vol. 40, No. 1 (2007): 76.

2. Research Methodology and Design

Since there is no reliable, up-to-date and complete directory of international donors involved in the region, the first task was to establish a database of multilateral, bilateral and private foundations active in the region during the 2010-2011 financial year. This was undertaken by the *Balkan Civil Society Development Network* (BCSDN), our research partner in the region, from various existing lists and databases maintained by the large donors and international agencies operating regionally and in individual countries.

In terms of identifying and categorising potential respondents, the first distinction to be made was between those donors focusing on specific countries, and those engaged across the region. Donors were deemed to be focusing on a particular country if there was a country-based office, or a country 'desk' within the organisation, and were deemed to be operating 'regionally' if there was one office covering the whole region, either within or outside the Western Balkans. Supra-national or intergovernmental institutions were defined to be *multilateral* (e.g. World Bank, UN, EU); and governmental development agencies and embassies were defined as *bilateral* (e.g. SIDA, Dutch Embassy in Skopje). For the purposes of this research, *private* foundations were defined either as trusts, charities or endowments (e.g. German Marshall Fund).

As part of an initial scoping exercise, a questionnaire⁶ was created and included: 62 multilateral agencies; 57 agencies that were bilateral development agencies; 78 private foundations; and two

⁶<http://www.ecobhas.qmul.ac.uk/BCSDN/donorquestionnairebtdproject.html>

pooled donors (i.e. the Balkan Trust for Democracy and the European Fund for the Balkans). For the final list of agencies contacted, the initial database was narrowed to 71 priority donors, of which there were 32 completed questionnaires. There were 16 additional responses from other organizations contacted by the research team, bringing the total number of responses to 48 (see full list in Annex 1) – which is a response rate of 37%. However, the sample included private, bilateral, and multilateral donors active in the countries targeted by the research, which provides a good spread of respondents for the analysis. The final response rate reflects the following:

Several organisations claiming that they did not have the sufficient time and resources to complete the survey; private donors and two multi-lateral donors indicating that although they were involved in civil society development, they no longer did so in the Western Balkans; organisations contacting the research team to indicate that they would not participate in the study since their activities were based around certain programmatic areas, or that they did not consider their organisation to be a ‘donor’ or to be engaged in donor activities.

A final observation about the data collection process is that it was difficult to reconstruct any characteristics of the civil society development strategies of donor organisations that had ceased their operations, even if the departure was relatively recent (i.e. within the previous 12 months). For example, we were unable to obtain any information from the GTZ (the bilateral German development agency) office in Albania, even though it had closed only in January 2011. Similarly, DFID (the UK bilateral development

agency) - which was a key donor in Bosnia in the immediate aftermath of the war, as well as across the region generally - has scaled back its operations significantly to the extent that it only has one functioning office in the region (Pristina). Similarly, it proved very difficult to access precise information on activities and the substantive nature of DFID activities, despite their prominence in the region since the mid-1990s. It is also important to explain why there is an absence of data on Croatia. As a result of impending EU membership, progress in political and social development, and donor priorities having shifted to other parts of the world, many of the multilateral donors that were active in the country until recently have now left, and those that remain are scaling down their activities dramatically. It was therefore decided not to include Croatia in the study, other than as part of regional initiatives by donors operating across the Western Balkans. Although there were responses from donors active within each country in the region, response rates varied significantly and there was no stratification by country, making it difficult to undertake any cross-country comparisons.

For the next phase of the research, and in light of the aforementioned difficulties with collecting survey data and with response rates, the research team decided to identify and focus on a number of 'priority' multilateral donors: UNDP, OSCE, DG Enlargement (including the EU Delegation offices in each country), and the World Bank. The priority donors also included bilateral development agencies that have been most visible in the region, including USAID (USA), SIDA (Sweden), and GTZ (Germany). There were also a number of high-profile private foundations on the priority list, including OSI / OSF (Open Society Institute /

Foundation). The data from the responses will be analysed in the next section.

The questionnaire included several open-ended items so that narrative data were also collected from each of the respondents regarding their civil society development practice.

3. Preliminary Survey Results

The 48 respondents were based in each of the countries in the region, as well as offices in EU member states and the US. Not surprisingly, the start of the involvement for most of the local offices and regional programmes in the Western Balkans began sometime between 1991 and 1996 for most donor organisations that completed the survey, which coincides with the dissolution of Yugoslavia and the various conflicts in the region during this time.

For the reasons outlined above, there were no responses from Croatia. There were only two responses for Kosovo (both major bilateral donors), two for Montenegro (both major multi-lateral donors), five for Macedonia, six for Serbia, and seven each for Bosnia-Herzegovina and Albania. The remainder of the responses (n=19) came from offices that focused more broadly on the region. The results are shown in Table A: of the respondents, 19 were private foundations, 16 were bilateral development agencies, and the remaining 13 were international or multi-lateral organisations.

TABLE A: Number of respondents by country. (n=48)

| Country | Freq. | % |
|--------------------|-------|-------|
| Albania | 7 | 14.58 |
| Bosnia-Herzegovina | 7 | 14.58 |
| Kosovo | 2 | 4.17 |
| Macedonia | 5 | 10.42 |
| Montenegro | 2 | 4.17 |
| Serbia | 6 | 12.50 |
| Regional | 19 | 39.58 |

There is quite a strong regional consensus on the identification of the single most important donor in the Western Balkans: of the 45 responses to the question of ranking donors, 35 identified either the European Commission or European Union as most important. Interestingly, four of the respondents, including both bilateral donor country offices in Kosovo, replied that USAID was the most important donor. However, three of these respondents then placed the EC/EU as the second-most important donor. Seventeen of the responses identified USAID or other US governmental bilateral donors as the second-most important donor in the region.

(i) Types of funding provided:

As highlighted in previous studies on donor activities in the Western Balkans and donor-driven development more generally, international donors providing financial assistance tend to do so using competitive calls for proposals for project grants typically lasting 12-24 months. Although several commentaries⁷ have long indicated that such strategies are ineffective and create project administration capacities instead of competencies directly related to long-term civil society development, over 80% of the respondents to the questionnaire reported that they provide short-term project grants. The second most prevalent type of financial assistance was regional/cross-national funding, which, in a region of new, often weak and fragile states with porous borders, suggests a commitment on behalf of donors to build transnational ties and to secure knowledge networks and capacities across the region rather than just within individual states. It also perhaps suggests that

⁷ Janine R. Wedel Collision and collusion: the strange case of western aid to Eastern Europe New York: Palgrave, 2001.

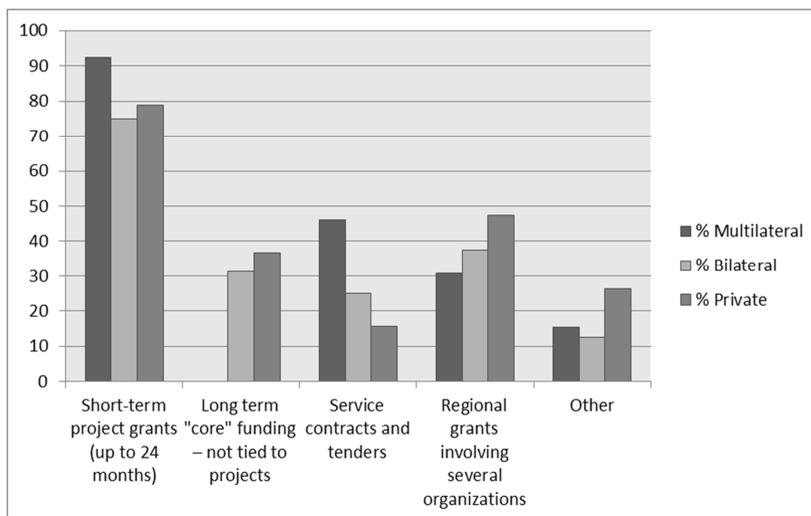
donors recognise the importance of building *transactional* activism capacities. The term *transactional* is used as defined by Petrova and Tarrow, referring to building ‘ties—enduring and temporary—among organised non-state actors and between them and political parties, power holders, and other institutions’.⁸

Nearly 30% of the sample funded service contracts and tenders (though it was not indicated whether this assistance was targeting private companies or CSOs). Only 26% of the respondents provided long-term core funding to recipients not tied to particular projects, or what was described as ‘programme funding’ for an extended period (e.g. five years). Of additional responses supplied by donors that were not included in the survey question, one organisation provided CSOs with funding as implementing partners for the donor's regional projects; another channelled funds through various CSOs as a re-granting mechanism (i.e. trained the organisations to act as local donors).

If the sample is divided by donor type (i.e. whether the respondent is from a multilateral, bilateral or private agency), the lack of core funding, particularly from multilateral donors is evident, whilst around one-third of the other donor types provided financial assistance not linked to specific projects. On the other hand, nearly half of the multilateral respondents offered service contracts, which was significantly higher than the proportion for private and bilateral donors. The results are presented in [Figure B](#).

⁸ Tsveta Petrova and Sidney Tarrow, Transactional and Participatory Activism in the Emerging European Polity: The Puzzle of East-Central Europe, *Comparative Political Studies* January 2007 vol. 40 no. 1 74-94

FIGURE B: Types of Funding by Donor Type



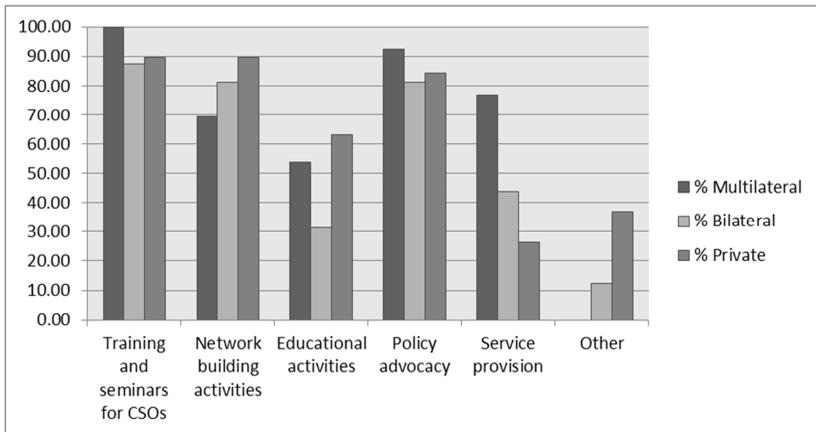
NOTE: Respondents were asked what types of funding they provide (by donor type). They could select as many as they felt were relevant.

(ii) Activities and funding strategies:

The focus on strategies to build networking or transactional capacities is also clearly evident in responses regarding the types of activities that donors support. Over 80% of the respondents were funding network building activities and over 85% provided support for activities relating to building stronger engagement between CSOs and governmental institutions, i.e. policy advocacy. However, the most popular activity funded by donors remains more basic, fundamental training and capacity building for CSOs in the target countries. Some of the respondents also identified “other” areas, such as media training, cultural activities, and watchdog activities.

In line with the findings in Figure B, multilateral donors were most likely to fund activities relating to service provision compared to their bilateral and private donor counterparts. Interestingly, bilateral donor respondents did not support educational activities as much as other types of donors. Amongst the different respondent types (bilateral, multilateral and private foundations) there were quite similar levels of support for the three other categories (training; networking; and policy advocacy). The results are shown in Figure C.

FIGURE C: Activities funded (by donor type)



NOTE: Respondents were asked to indicate which activities they funded. They could select as many as they felt were relevant. (n=48)

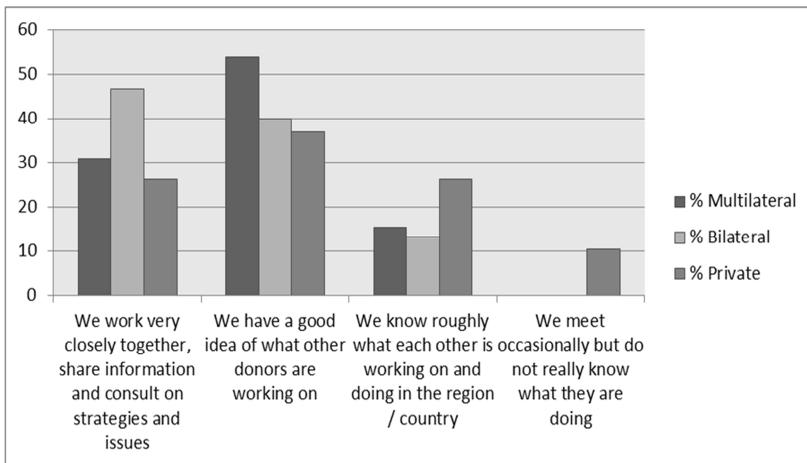
(iii) Co-operation and interaction between donors:

Co-operation and networking between and amongst donors occurs: approximately 60% of respondents have regular contact with other donors, although the proportion of donors reporting that they are in

contact with others, but not regularly, was high (40%). The proportion of donors who do not co-operate with other agencies is reassuringly very small (less than 2%); those that co-operate on a daily basis is also small (approximately 4%).

Overall, respondents indicated a moderate amount of interaction with other donors working on the Western Balkans, with none admitting that they have ‘no idea what other donors are doing’. However, only 34% work closely with other donors, whilst a majority of respondents (over 60%) have some knowledge about the activities of other donors in the country and in the region, but do not have a direct, structured relationship.

FIGURE D: Donor Relationships (by donor type)



NOTE: Donors were asked how they would describe their relationship with other donors (by donor type). (n=47)

If the data are now examined for the different types of donors, the proportion in the sample working closely with other donors is

slightly higher for bilateral donors, whereas a slightly higher proportion of multilateral donors have a good idea of what others are doing. This may be evidence of differences between multilateral and bilateral donors in the way each views and implements inter-donor coordination (multilaterals are likely to find it easier to work and co-operate with other multilaterals, whereas bilateral donors are wedded to states and national budgets, and therefore less likely to engage with others). Private donors, compared with governmental and multilateral institutions, have less overall capacity, and higher proportions of these respondents either know only roughly, or do not know at all the activities of other donors. The results are shown in [Figure D](#).

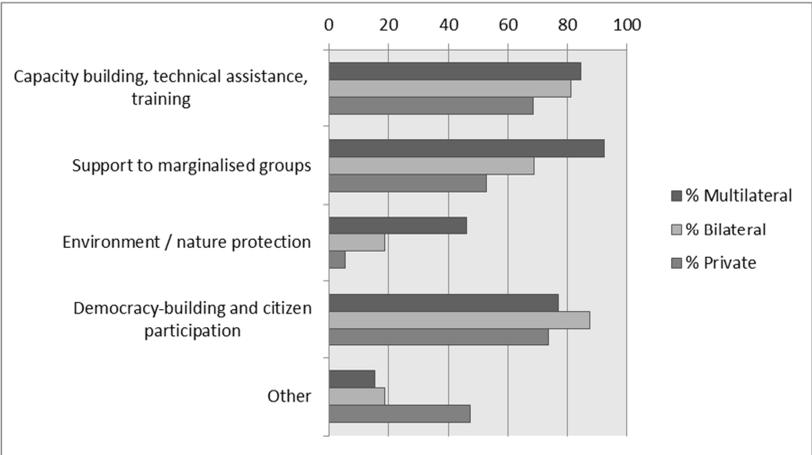
Perceptions about inter-donor co-ordination also seem to vary between representatives from regional offices compared to those working at the country level: amongst respondents in the study from country offices, a higher proportion believed that donors work closely together, compared to their counterparts working in regional donor offices, who have a good idea of what others are doing, but not how the interaction takes place. This may be explained in terms of the former's proximity to the delivery of projects on the ground and the day-to-day realities of working in a particular country compared to strategic planning across the region.

(iv) Funding priorities:

Regarding the specific topics that were prioritized by the donors that responded to the questionnaire, most view the development of capacities through training and technical assistance as being of

paramount importance. Democracy-building and citizen participation receive a similar level of focus as funding priorities. Due to the compound legacies of conflict (with the exception Albania or Macedonia) and the authoritarian past, the topic of marginalised groups (including displaced persons) was also indicated by two-thirds of the sample as a main funding priority. Respondents also identified other priorities not included in the survey question such as local development (including rural development), justice, gender/women’s issues, and transnational co-operation. What this indicates is that donors continue to address fundamental issues of social and economic reconstruction, whilst post-materialist concerns such as the environment and nature protection are of much less importance.

FIGURE E: Main Funding Priorities (divided by donor type)



NOTE: Respondents were asking what their main funding priorities are. They could select as many as they felt were relevant (n=48)

If these priorities are now divided by donor type, multilateral respondents supported environmental protection more than other types of donors. Private foundations seem to focus slightly less on capacity building compared to the others, which could be a function of lower capacities to implement such programmes. Although the level of support for marginalized groups as a priority seems higher for multilateral respondents, many of the 'other' responses (listed by bilateral and private foundations) mentioned women's issues and justice, and so the differences between the three types of donors is not quite as pronounced as it appears. The results are shown in [Figure E](#).

(v) Agenda setting, co-ordination and planning:

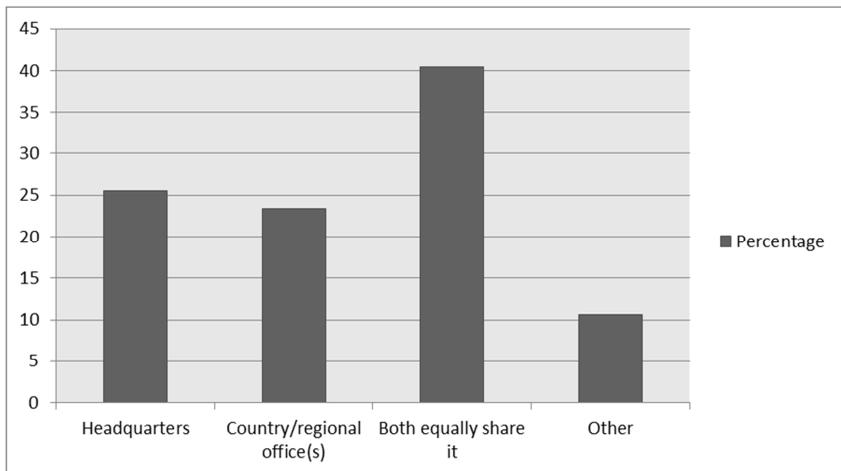
Donor priorities are determined, for the most part, by offices located in the region, or through a dialogue between the headquarters outside the Western Balkans and the country office. Of the five respondents who indicated other mechanisms for determining development strategies, three rely on a board or steering committee; one respondent mentioned a joint decision-making process between the donor and local partners; and one donor programme office based in the region sets priorities with the headquarters of the bilateral development agency. Just over 25% of the respondents revealed that priorities are set by the head office. The results are presented in [Figure E](#).

If the responses are now divided by donor type, priorities are developed by the country office in similar proportions. There are differences with the private foundations, but this could be due to

the fact that many of the foundations that participated in the survey have headquarters offices outside the region, but do not necessarily have country offices.

Country-focused and regional respondents answered differently regarding where priorities are set for civil society development. Not surprisingly perhaps, respondents from regional offices believed that the headquarters/regional office set the priorities more often than the country offices. However, by contrast, officials working at the country offices and country desks who replied to the survey largely believed that the agenda for civil society was set evenly by regional/headquarter offices and the country offices/desks. Regional offices exist, by and large, to plan and develop regional strategies.

FIGURE F: Priorities and funding development leaders in each donor organization? (n=47)



NOTE: Respondents were asked who leads the development of priorities and funding in their donor organizations.

(vi) Donors and CSOs – patterns of interaction and perceptions:

The analysis will now turn to the interaction between the international donor organisations and local CSOs. There were only three respondents who said that civil society was effective in the region, and no responses recording that civil society is non-existent. The remainder of the responses preferred more intermediate options about the state of civil society: the most popular response (73%) was that civil society was donor-dependent, but that it can represent interests; more worryingly, nearly two-thirds of the survey responses (63%) noted that civil society is unevenly developed and unsustainable. Of the respondents that provided “other” responses, two mentioned that the civil society sector is divided and politicized, another response underlined that the civil society sector is constantly evolving and beginning to engage with governmental institutions in some places, and one respondent mentioned that the situation varies significantly amongst countries in the region.

Although none of the respondents chose the most pessimistic option, over a quarter of the private donor respondents believed that civil society is very weak, with lower proportions for the other types of donors. However, private foundation respondents were generally more positive than other types of donors, with nearly 90% answering that ‘civil society requires support from donors, but is able to function and represent interests’, and around 16% agreeing that ‘civil society is effective’. This may be explained by the fact that private foundations (as opposed to multilateral or bilateral donors) deliver relatively modest amounts of funding to a small pool of local

CSOs, whom they get to know well and work with closely, usually over a longer period of time; whereas they may know the CSOs with whom they work particularly well, they may have a less extensive knowledge of civil society at large. Moreover, private foundation usually are the only donors offering longer-term core funding (see Figure B2 above) and this is perhaps key to understanding why they identify uneven development and express a concern about the sustainability of civil society (which relies heavily on the core funding they provide), but equally acknowledge that civil society is able to ‘function and represent interests’. The results are shown in [Table G](#).

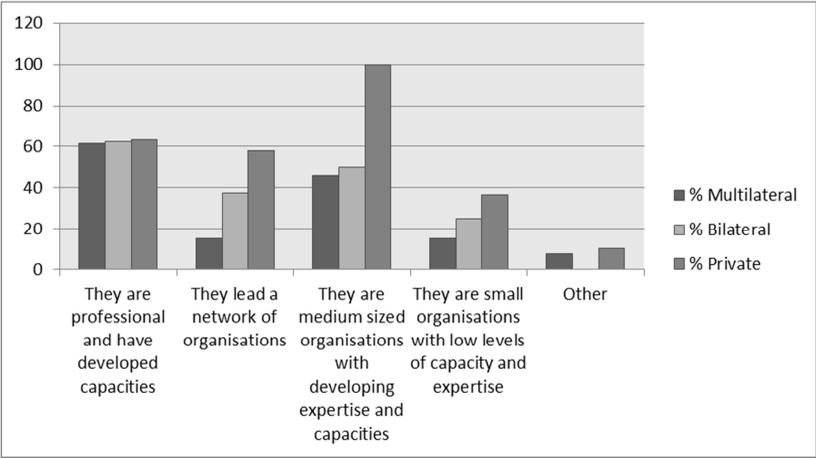
**TABLE G: Descriptions of civil society in the region?
(divided by donor type)**

| | Multilateral | | Bilateral | | Private | |
|---|--------------|-------|-----------|-------|---------|-------|
| | n | % | n | % | n | % |
| Civil society does not exist or function in the country /region in which we operate | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Civil society exists, but is very weak and undeveloped | 1 | 7.69 | 1 | 6.25 | 5 | 26.32 |
| Civil society exists, but is unevenly developed and unsustainable | 8 | 61.54 | 8 | 50.00 | 14 | 73.68 |
| Civil society is weak but becoming stronger | 5 | 38.46 | 7 | 43.75 | 7 | 36.84 |
| Civil society requires support from donors, but is able to function and represent interests | 9 | 69.23 | 9 | 56.25 | 17 | 89.47 |
| Civil society is effective | 0 | 0.00 | 0 | 0.00 | 3 | 15.79 |
| Other | 2 | 15.38 | 2 | 12.50 | 2 | 10.53 |

NOTE: Respondents were asked how they would describe civil society in the region. They could select as many as they felt were relevant (n=48)

Regarding the CSOs within these countries (as opposed to civil society generally), almost all (90%) of the donors that participated in the research noted that local organisations were dependent on donors. Half of the donors said that CSOs function but lack capacity, whilst over 60% had a more positive evaluation, believing that CSOs are developing and gaining influence. Donors providing “other” responses also noted that CSOs needed to spend more time fostering relationships with local communities and governmental institutions instead of pursuing donor priorities. However, it is difficult to make generalizations across the region: several respondents also wrote that the situation varies greatly in the region, depending on the donor presence and CSO-governmental relations. The results are presented in [Figure J](#).

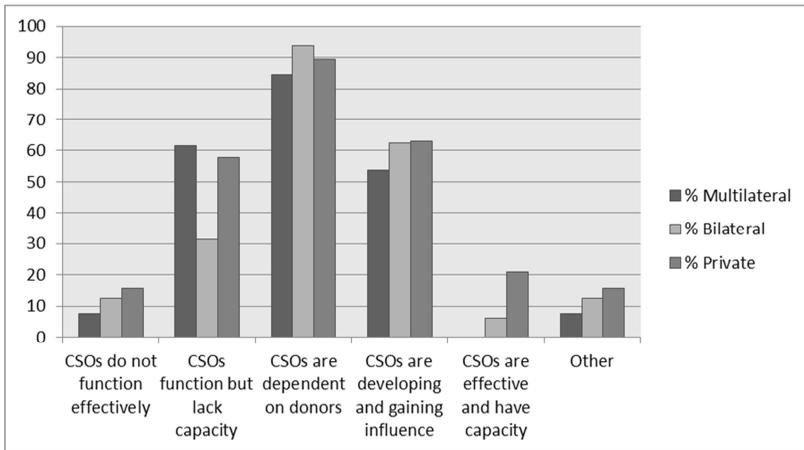
FIGURE J: Descriptions of the organisation(s) with whom donors work (Divided by donor type)



NOTE: Respondents were asked how they would describe the organisation(s) with whom they work. They could select as many as they felt were relevant.

Private donors in the survey sample also seem more positive towards CSOs, with nearly a quarter of respondents believing that local CSOs are effective and have capacity. The responses to this question were consistent across the options, except for a lower proportion of bilateral donor respondents believing that CSOs function but lack capacity compared to multilateral and private donors. The results are shown in [Figure H](#).

**FIGURE H: Evaluation of CSOs in the country / region?
(Divided by donor type)**



NOTE: Respondents were asked how they would evaluate CSOs in the country / region. They could select as many as they felt were relevant (n=48)

Respondents to the questionnaire refrained from giving overly negative opinions about their interaction with local CSO partners in the Western Balkans, with none of the responses reflecting opinions about ‘a lot of work remaining to be done’, lack of effective co-operation, or contemplation of leaving the country/region. Of the remaining options, donors in the sample did indicate that there was

a partnership, but less than 30% said that CSOs are proactive and take initiative in designing/proposing activities. In other words, there may be a partnership, but it is one that is still led largely by the international agencies. The results are presented in Table I.

TABLE I: Donor relationships with the organisations the support (n=47)

| Response | Freq. | % |
|---|-------|-------|
| It is a partnership - they appreciate our assistance and we work well together | 26 | 55.32 |
| They are learning to work in partnership with us and to deliver what we want and expect | 7 | 14.89 |
| They take initiative in proposing projects/activities which we then support | 14 | 29.79 |
| There is still a lot of work to be done | 0 | 0.00 |
| We do not co-operate effectively | 0 | 0.00 |
| We are contemplating ending our involvement | 0 | 0.00 |

NOTE: Respondents were asked how they would describe their relationship with the organisations they support (n=47)

If the responses are divided by donor type, private foundation respondents to the questionnaire see their interaction with local CSOs more as a partnership, with 68% choosing this option, versus lower percentages for the other types of donors. Again, this may well be explained in terms of private foundations having a closer and longer-term interaction with a narrow band of CSOs. However, private donors also seemed to indicate that their local partners were not proactive in initiating proposals, whilst 40% of the respondents from bilateral donors believed that local CSOs shaped their projects and activities.

There was also an observed difference in perceptions about local CSOs between country-based donors, and those working at a regional level: only one response from the latter category believed that local CSOs are learning to work in partnership, whilst nearly a quarter of the replies from country offices/desks selected this option. Again, this apparent discrepancy in perceptions may be explained in terms of those donors working within individual countries engaging more closely with local CSO networks and having a more nuanced sense of emerging partnerships.

Nonetheless, the donors seem largely to have a positive opinion overall about the capacities of the CSOs with which they work. Less than 30% of the respondents worked with small organisations with low levels of capacity, whilst over three-quarters of the donors that participated in the research reported that they worked with small and medium-sized organisations (one of the 'other' responses wrote that there are also small organisations with developing expertise and capacities), and over 60% of the respondents wrote that the local CSOs with which they worked are professional.

These findings can suggest one of two things: either that the existing scholarly assessment of local CSOs in the Western Balkans has been overly pessimistic and that the level of capacities is not as bad as widely reported, or only CSOs with developed capacities interact with international donors. In other words, the smaller local organisations with low or moderate capacities are either excluded from the orbit of donor funding, or are increasingly marginalized by the process of allocation.

There is some evidence that the major donors in the region tend to build and bolster organisations with existing capacities, instead of

supporting smaller CSOs. This is evidenced by the fact that only 15% of the multilateral respondents worked with smaller CSOs, whilst over one-third of the private foundation donors in the sample did so. But it is not necessarily the case that donors only work with the most successful CSOs.

Indeed, the interview data reveal that multilateral donors seem to work less with organisations that lead networks, favouring instead a tier of mid-ranking successful 'client' organisations that succeed in obtaining project funding in each project round, but remain dependent on donors. This corroborates the earlier finding that multilateral donors, more than other types of donors, are more inclined to provide funding for the provision of services rather than political advocacy. All of the private foundation donors in the questionnaire sample worked with medium-sized organisations, and nearly 60% worked with CSOs that led networks. This suggests that the private foundations focus more on working with local CSOs and CSO networks compared to their multilateral and bilateral counterparts. This may mean that governmental and multilateral agencies neglect smaller CSOs and networks, or more positively, the approaches by private and other types of donors in the Western Balkans complement each other. The results are shown in [Figure J](#).

Unsurprisingly, as with the other questions in the survey, respondents did not select the most negative or pessimistic options. For donor impact, there were no responses for the option that their involvement has been 'a waste of time and money', and only one donor replied that donors had not helped civil society development. On the other hand, 39% of the participants believed that civil society would not exist without donors, though 35% of the

respondents believed that support could have been used more effectively. Nearly one-third of the respondents had a positive view of donor impact, i.e. that funding created professional CSOs and that donor support has created sustainable civil society. The most popular answers were more cautiously positive, with 67% of respondents replying that donors had strengthened civil society on the whole and that donors have created leading CSOs (though not throughout the sector). Similarly, participants in the survey replied that donors had created professional individuals in civil society, but had not developed the whole sector. The results are presented in [Table K](#).

TABLE K: Descriptions of the impact of donor funding in the country/region

| Response | n | % |
|--|----|-------|
| Donor funding has strengthened civil society generally | 31 | 67.39 |
| Donor funding has created several leading and professional CSOs and not the whole sector | 31 | 67.39 |
| Donor funding has created professional individuals/experts in CSD and not the whole sector | 21 | 45.65 |
| Civil society would not exist without donors | 18 | 39.13 |
| Donors could have used their resources more effectively | 16 | 34.78 |
| Donor funding has created professional CSOs | 15 | 32.61 |
| Donor funding has built capacities and helped create sustainable civil society | 15 | 32.61 |
| Donor funding has not helped to build civil society | 1 | 2.17 |
| Donor funding has weakened civil society | 1 | 2.17 |
| Donor funding has been a waste of time and money | 0 | 0 |

NOTE: Respondents were asked how they would describe the impact of donor funding in the country / region. They could select as many as they felt were relevant (n=46). Responses have been sorted with the most popular options listed first.

4. Identifying problems with civil society development⁹

There seemed to be a broad consensus amongst the donor organisations across the region about the problems facing CSOs and civil society development in the Western Balkans. The concerns raised are also familiar criticisms levelled at NGOs and externally-funded civil society development globally. The main concern expressed by several donors was dependency: one of the private foundations referred to civil society as ‘project society’, since the survival of CSOs depends on continuing short-term grants to retain staff and to complete projects. According to another foundation operating in the region, donor priorities steer the activities of CSOs, so local organisations focus more on chasing international money rather than focusing on their core activities. A side effect of this is that CSOs, instead of working together on issues of common concern and expertise, find themselves in competition with each other, creating a weakened civil society voice in the country and in the region. A large bilateral donor based in Kosovo noted that competition amongst local CSOs has diluted their potential power. One of the bilateral European development agencies active in Bosnia-Herzegovina pointed out that this project-driven strategy has also weakened long-term governance-building, since capacity building has been driven by donors, not by the countries themselves, resulting in weak co-ordination and co-operation between state and non-state actors. More importantly, by pursuing donor initiatives instead of listening to the needs of citizens, CSOs have become unaccountable, and according to one regional

⁹ Respondents completed the questionnaire with the proviso that their answers would be anonymous. Thus, attributions in this section only refer to the donor type and country of operation.

foundation, CSOs in the Western Balkans suffer from an 'inability to genuinely blend with the society'. In Albania, one of the country offices for a bilateral development agency stressed the need for better internal accountability and transparency amongst CSOs, since many have non-member decision-making processes.

Other respondents also indicated that the financial weakness leaves CSOs vulnerable to politicization or marginalization by political parties, especially since donors are gradually shifting their priorities to other parts of the world and are leaving the Western Balkans. One of the large bilateral development agencies active in Bosnia-Herzegovina noted that there are no alternative revenue streams for CSOs, since governmental assistance is given in an unaccountable and non-transparent way, and the business sector does not as yet see CSOs as potential partners. Due to the lack of long-term certainty, CSOs are often dependent on political parties and may become interwoven with party political interests and agendas, as pointed out by a private foundation active in Serbia. In Macedonia, one bilateral development agency noted that local organisations are reluctant to speak out against the government. One of the multilateral agencies in Albania also identified political independence as a problem with CSOs in the country. Another related problem associated with the weakness of CSOs and low sustainability is that there is a high turnover of staff and thus, there is no accumulation of expertise. The high turnover of CSO staff was noted by an international organisation working in Bosnia-Herzegovina and by a European bilateral development agency working in Kosovo.

Since respondents to the questionnaire identified USAID and the EU as the two most important donors in the Western Balkans, it is instructive to briefly examine the problems for CSO development identified by representatives of the two donors. The responses of the USAID and EU representatives across the region seem to mostly identify the same sets of problems, although one EU representative identified the uneven development of CSOs, and USAID respondents identified the lack of CSO-business partnerships and inter-CSO competition as significant obstacles to CSO development in the Western Balkans. The results are shown in [Table L](#).

TABLE L: Main problems with CSOs identified by one or more respondents, for USAID and the EU

| | EU | USAID |
|--|----|-------|
| Lack of sustainability | x | x |
| Unevenly developed | x | |
| No financial autonomy | x | x |
| No social responsibility or civic engagement | x | x |
| Lack of transparency regarding public sources of funding | x | x |
| Dependence on donor funding | x | x |
| Lack of trust from citizens | x | x |
| Lack of capacities (technical, knowledge, fundraising, etc.) | x | x |
| Lack of political independence | x | x |
| CSOs and the business sector are not in partnership | | x |
| CSOs compete amongst themselves, and do not co-operate | | x |

In sum, there were **four** main problems for civil society development identified by respondents that are evident in all parts of the Western Balkans:

Most CSOs have relatively *low capacity*, and even the more successful organisations have developed project management capacities only through pursuing donor priorities, not via locally driven initiatives. As a result of the over-dependence on donor funding, CSOs have *not developed alternative fund-raising strategies*, and the state and private sector do not have the interest or accountability to fill the gap as donors gradually focus on other parts of the world. This leaves CSOs vulnerable to *political pressures* without having a partnership with governmental actors. Due to the attention paid to donor priorities, CSOs have become *detached from their local constituencies* and, as a result, there is *low trust* amongst citizens in these countries towards CSOs. As a result of these weaknesses, there is *high turnover of CSO staff*, so it is difficult to build a pool of expertise in the civil society sector.

5. Examples of 'Best Practice'

Despite these problems, respondents were also asked to provide specific examples of best practice in their own involvement in civil society development in the Western Balkans. As suggested from Figures B and E above, there are two types of work that donors tend to undertake. The first is fundamental capacity-building work for the private and public sectors, to *increase participation* of the target group in political processes. The second is to augment and construct links between pivotal state and non-state actors, in order to *build national and regional policy networks*.

Participation/capacity building examples:

USAID developed CSO capacities through their Civil Society Strengthening Project (CSSP), which was implemented separately in Macedonia and in Kosovo. In Macedonia, the programme supported approximately 150 CSOs in 34 cities, building up their organisational capabilities. Moreover, the programme also addressed the policy environment in which CSOs operate by advocating for a more permissive legal framework towards CSOs. The CSSP in Kosovo also worked to change the legal mechanisms related to CSOs, with local organisations being given training in how to respond to and better articulate the needs of their constituencies.

OSCE in Macedonia supported the CSO “Centre for Continuous Education of the Macedonian Judges Association”, which became a national training academy for judges and barristers in 1999 and is now supported by the government. The OSCE initially provided

institutional support and strategic guidance for handling war crime cases and conducting criminal trials.

The *Olof Palme Center* office in Belgrade, a donor organisation funded by SIDA, worked with the European Movement in Serbia (a well-funded CSO with high levels of capacity) to implement a project on social entrepreneurship in Serbia. This has included advocacy by the European Movement in Serbia and other CSOs to change legislation in the country. A regional project on social enterprise and entrepreneurship was also implemented by the UNDP Bratislava Regional Centre (another respondent) in 2005-7.

Examples of building civil society networks:

- In the area of social enterprise, the *UniCredit Foundation* (Italy and global division) supported two networks of social entrepreneurs in Serbia and Croatia. These networks advocated the development of a better legal framework. The project included capacity building for local social enterprises, a study visit to meet with their Italian counterparts, and participation in conferences on social economy and local development.
- The *Heinrich Boell Foundation* office in Serbia identified the CSO study visits to EU Member States as their most effective activity. These visits are particularly important since they offers local CSOs the opportunity to build stronger local, national and regional CSO networks when they return to their respective countries in the Western Balkans.
- The *EU Delegation in Serbia* oversaw the IPA 2007 (2 million Euros) to support cooperation between professional organisations in Serbia and the EU by strengthening contacts

and a mutual exchange of experience between the business community, professional organisations and social partners. IPA 2008 prioritised building networks between local CSOs and organizations in EU Member States.

- The *Balkan Trust for Democracy* runs a programme across the entities that led to the establishment of new student council networks in Bosnia-Herzegovina, and brought together representatives from these networks to train participants on public advocacy, policy development, communication, networking, and research into needs assessment.

- The Open Society Foundation in Macedonia has worked to open twelve NGO Support Centres (NGOSCs), set up in order to strengthen the NGO sector outside the capital, Skopje. In this endeavour the OSF worked in conjunction with the EAR and SDC. NGOSCs strengthened CSO capacities in their communities and initiated cooperation, coordination and joint actions amongst local organisations, as well as with local government, media, and the business sector. NGOSCs have subsequently encouraged the development of CSO coalitions and networks and increased their impact on issues of public interest.

6. Discussion and Recommendations

Despite the aforementioned limitations of the survey data, the research has provided a significant amount of information about past and present donor activities, from which it is possible to suggest a series of recommendations.

It is first instructive to revisit the questions listed at the beginning of the study:

- **What is the donor understanding of civil society development?** Although the respondents were bilateral, multilateral, and private donors, with significant variation in budgets and experience in the region, there was a consensus amongst those who completed the questionnaire regarding the persisting problems faced by civil society and CSOs in the region. The over-riding perception is of CSOs as service providers, partners for projects, and sources of potential knowledge and expertise. Most donors identified the importance of engaging local and smaller organisations rather than just working with large well-established organisations or networks. The vast majority also emphasised the importance of engaging CSOs with governmental or multilateral agencies, as well as the importance of network building.
- **What proportion of aid is deployed towards supporting watchdog activities, capacity-building, networking or activism?** As shown in [Figure C](#), almost all of the respondents have undertaken CSO training and/or technical assistance. Donors also seemed to focus heavily on network-building and advocacy activities. This confirms research conducted in parts

of the Western Balkans and in post-socialist Central and Eastern Europe showing that instead of simply funding direct action or participatory projects, international donors have tended to prioritise transactional activities, or activities that promote stronger links (domestically and regionally) between governmental and Non-Governmental actors, and amongst Non-Governmental actors.

- **What are the preferred mechanisms for delivering support (i.e. project grants, tenders)?** Despite the criticism levelled at short-term project grants as a development tool for civil society, most donors (80%) still channel their assistance predominantly or entirely through grants for projects typically lasting for 24 months or less ([Figure B](#)). By contrast, long-term core or programme funding, which most of the larger CSOs in the region have secured, is only provided by less than a quarter of the donors that responded to the questionnaire.
- **Is duplication of initiatives, or indeed conflicts between donors, really such a problem? Does co-ordination take place, informally if not formally? Are there any synergies and the exchange of best practice?** Insofar as donors discussed their various initiatives, it was revealed that many international agencies and foundations active in the region are either focusing specifically on Kosovo, or are moving away from country-focused activities towards fostering cross-border or regional linkages. Perhaps due to the differing capacities, both the questionnaire and the interview data suggest that larger donors and smaller donors have complementary activities, though they may work around similar themes. Larger donors

tend to work more on top-down strategies and may employ service provision, whereas smaller donors seem more likely to use core funding and target localised grassroots development. Despite these complementary activities, there is still insufficient co-ordination, since private foundations tended to be less informed about other donors' activities.

- **Is there real and effective collaboration between donors and local stakeholders, especially local civil society organisations (CSOs)? If so, at what stage (i.e. design, implementation, and evaluation) and how does it occur?** The results from [Table K](#) suggest that most respondents believe that there is a partnership between local CSOs and donors which works well. However, if the regional and country offices are analysed separately, a larger proportion of international actors believe that local CSOs are still learning to become effective partners, whilst only one regional office representative chose this option. Less than one-third of the donors that completed the questionnaire believed that CSOs were taking a proactive role in setting programme priorities (Table K), which indicates that most CSOs are not involved in activities such as programme design and evaluation. Although respondents avoided selecting the most pessimistic options regarding existing CSO capacities, the results from [Figure H](#) and [Figure J](#) suggest that donors are aware of the dependence of local organisations on funding and other assistance from international sources.
- **Do donors really value networking and the knowledge formation value of CSOs?** The interesting finding from the narrative responses of self-selected examples of best practice is

that whether a donor is a large bilateral/multilateral agency or a private foundation, there are two types of activities on which donors tend to focus: developing basic and participatory capacities; and building local, national and/or regional networks that include CSOs.

Drawing on the findings above, there are FOUR recommendations to improve donor efforts to develop civil society and CSOs in the Western Balkans:

- **Institutional legacies:** The Western Balkans had been the focus of international development agencies since the 1990s and the onset of violent conflict, but the focus has now shifted to the post-conflict and/or democratizing states of South Asia, North Africa and the Middle East. Many of the donors that have previously worked in the Western Balkans have not only departed, but they have not left any way for local and international actors in the region to build on their work or legacies. Knowledge of previous programmes is extremely patchy and uncertain. This makes duplicating work more likely, but also allows the same errors to be made. One way to deal with this is to create an online repository for summaries of donor activities/programmes that are accessible by other donors, governmental actors, and CSOs. For example, it would be a valuable resource to current actors involved in civil society development to learn from the work of DFID, which has closed all of its offices in the region except for the mission in Pristina.

- **Sharing best practice:** A related problem is that although international agencies are in contact with one another, the interaction is mostly not regular. Since there are strong constraints on time and financial resources to meet physically, one possible solution is a web-based database or weblog that contains examples of best practice projects submitted by the donors to share their experiences of civil society development with other donors as well as with local CSOs. This database would have the added value of bringing CSOs into the process.
- **Grassroots networking:** The research has revealed a concerted effort amongst the major multilateral and bilateral donors to create national and regional networks of CSOs, and to build networks linking smaller organisations with larger ones. The major challenges are: to change attitudes towards CSOs amongst citizens and help foster legitimacy; and to build levels of basic capacity. Both can be dealt with by focusing on building stronger links (through technical assistance and training) between grassroots/community organisations and newly established (and donor supported) CSOs, and encouraging both types of organisation to engage with local authorities and access resources and know-how.
- **Information from the CSO sector:** There have been previous attempts at building a reliable and comprehensive census of CSOs in the Western Balkans, such as on-going measures to register active CSOs by the European Commission.¹⁰ Without a complete or nearly complete census of organisations, local

¹⁰ PADOR (Potential Applicant Data Online Registration)
http://ec.europa.eu/europeaid/work/onlineservices/pador/index_en.htm

CSOs - even those working within the same local areas – will remain unaware of the activities of other organisations. Moreover, if donor strategies are to be responsive and appropriate, as much data on CSOs as possible is required, particularly levels of capacity, the numbers of employees and basic resources of organisations, and the networks and partnerships that are established.

Despite two decades of experience in the region, the main donors chiefly continue to work with only a moderate level of inter-donor co-ordination, primarily funding larger CSOs through short-term projects, thus perpetuating some of the problems identified in the existing academic and policy literature on civil society development. On the other hand, larger bilateral and multilateral donors work with larger CSOs, whilst private foundations are more likely to support grassroots organisations, which shows that there is a complementary approach amongst donors based on their own capacities. Moreover, donor organisations have started to focus on building transactional developmental capacities, indicating a longer-term, post-donor horizon. Thus, our study shows that donor-driven civil society development in the Western Balkans continues to operate, even with the challenges of donor flight and the global financial crisis, but it needs further improvements in inter-donor co-ordination and information on local CSOs to be more effective.

ANNEX: List of Respondents

DFID (Kosovo)
ERSTE Foundation
EU Delegation to Albania
EU Delegation to Bosnia and Herzegovina
EU Delegation to Montenegro
EU Delegation to Serbia
European Commission, DG Enlargement
European Cultural Foundation
European Fund for the Balkans
Fondacija tuzlanske zajednice
Foundation Open Society (Albania)
Foundation Open Society (Macedonia)
Foundation Open Society (Serbia)
German Organisation for International Development (Headquarters)
Heinrich Boell Foundation
Hungarian Interchurch Aid
King Baudouin Foundation
Mott Foundation
National Endowment for Democracy
OSCE Mission to Montenegro
OSCE Mission to Macedonia
Oak Foundation
Robert Bosch Stiftung GmbH
Swedish International Development Cooperation Agency - SIDA
(Headquarters)
Swedish International Development Cooperation Agency - SIDA (Albania)
Swedish International Development Cooperation Agency - SIDA (Bosnia-
Herzegovina)
Swedish International Development Cooperation Agency - SIDA (Serbia)

Swiss Agency for Development and Cooperation - SDC (Albania)
Swiss Agency for Development and Cooperation - SDC (Bosnia-Herzegovina)
Swiss Agency for Development and Cooperation - SDC (Macedonia)
Swiss Agency for Development and Cooperation - SDC (Serbia)
Swiss Cultural Programme in the Western Balkans
The German Marshall Fund of the US, The Balkan Trust for Democracy
The Olof Palme International Center (Serbia)
Think Tank Fund - Open Society Foundations
UNDP Bratislava Regional Centre
UNDP (Albania)
UNDP (Bosnia-Herzegovina)
UNHCR (Bosnia-Herzegovina)
USAID (Albania)
USAID (Bosnia-Herzegovina)
USAID (Kosovo)
USAID (Macedonia)
USAID (Serbia)
UniCredit Foundation
Westminster Foundation for Democracy
The World Bank (Albania)
The World Bank (Macedonia)

