The Bumpy Road toward the EU and the Impact of Donor Programs on Public Administration Reform: Perspectives from Southeast Europe

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INTRODUCTION

International (aid) organizations have substantially intervened in the transition processes of the so-called "post-communist space" of Central and Eastern Europe, but after years of assistance, alongside positive effects, those interventions have also had negative and unintended consequences[3]. In the specific case of Southeast Europe (SEE), otherwise referred to as the Western Balkans, aid has focused on the politico-economic stabilization of the region, and movement toward membership in organizations such as the Council of Europe (CoE), the European Union (EU), and the North Atlantic Treaty Organization (NATO). This process has occurred amidst warnings that this strategy could lead to path dependency often reflected in ineffective absorption of international aid on the part of

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[3]See Zellner (2008)

institutions benefiting from it[4]. Most significantly, EU accession and *acquis communautaire* requirements associated with the process have driven the aid agenda of most donors operating in the region[5].

By adding value to the accounts of the European Commission (EC) and the Organization for Economic Cooperation and Development (OECD) reports on the progress of reforms as related to the process of EU accession, this policy brief takes a critical look at both the broad impact of donor policies and some of the challenges encountered by aid agencies, and in particular the EU, in the implementation of their programs. However, while focusing on public administration reform, this brief does not necessarily make any claims about the broad spectrum of international and EU aid on democratization processes in SEE.

It is hoped that this brief may provide a context for considering the role of Canadian foreign (aid) policy in the region, as well as its implications for reforms in the developing world, and more broadly, for engagement in the global aid effectiveness agenda and international development cooperation[6].

A BROADER REGIONAL CONTEXT

Since the early 1990s, international and regional initiatives in SEE have mainly focused on democratization and state-building. To this end, in July 1999, forty countries met in Sarajevo (Bosnia and Herzegovina) and agreed to provide financial support for a Stability Pact for Southeast Europe (SPSEE) to assist the region in rebuilding its infrastructure and in promoting economic liberalization, respect for human rights and democratization. This initiative replaced the previous, reactive crisis intervention policy in SEE with a comprehensive, long-term conflict prevention strategy in order to achieve stability in the whole region[7]. Under the auspices of the Pact, nowadays replaced by the Regional Cooperation Council, numerous aid programs have been undertaken by international

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[4] See Denzau and North (1994), Pierson (2000, 2004) and Stubbs (2005)
[5] *"Acquis communautaire"* is a French term referring to "the cumulative body of European Community laws, comprising the EC's objectives, substantive rules, policies and, in particular, the administrative legislation, all of which form part of the legal order of the EU". See also Verheijen (2003), Hoffmann (2005) and Dimitrova (2006)
[6] In March 2005, over 100 DAC members and partners agreed the *Paris Declaration on Aid Effectiveness*, a seminal international agreement binding donors and recipients to standardized and simplified practices in aid delivery. The full text of the declaration is available at http://www.oecd.org/dataoecd/11/41/34428351.pdf
[7] See SPSEE (2007)

organizations such as the World Bank (WB) and the Open Society Institute (OSI), in addition to the EC, the CoE, and the OECD. By contrast, the orientation of efforts by other donors, including, among others, the United Nations Development Program (UNDP), U.S. Agency for International Development (USAID), the Deutsche Gesellschaft für Internationale Zusammenarbeit/German Agency for International Cooperation (GIZ), the Austrian Development Agency (ADA), and the Swedish International Development Agency (SIDA), has gradually moved from "state-building" towards "good governance", whereby "administrative reform has become the sine qua non component of placing the countries of the region on the path of sustainable change and good governance"[8].

For the SEE countries, public administration reform has been central to good governance programs supported by the donor community, and a key conditionality for EU accession. The Bretton Woods Institutions (BWIs), i.e., the World Bank and, to a lesser degree, the International Monetary Fund (IMF), which originally focused most of their efforts on structural adjustment and on ensuring financial stability, increased their direct involvement in development across the region, especially in the 1990s. Such a strategy was consistent with the Washington consensus, their "new aid framework" within which instruments of aid, stabilization, and structural adjustment programs were all oriented towards assisting the internal restructuring of economies of the target countries[9]. Nowadays, public administration reforms in the region are mainly supported though Instruments of Pre-Accession (IPA). As a streamlined mechanism created by the EU to deliver aid efficiently to SEE, IPA represents the new focus of the EU strategy for enlargement and contains the following elements: general capacity building, cross-border cooperation, regional development, human resources management (HRM), and rural development.

Key arguments in the literature assume that "international aid in Central and Eastern Europe in the early years after the fall of communism was framed not in terms of national economic development goals, but rather in terms of establishing conditions for successful participation in international markets and for the role of governments to secure conditions for such participation, including rule-of-law and anti-corruption measures, alongside accountable and effective government"[10]. While some believe that, on a larger scale, aid to Southeast European countries has been practically negligible,

[8] See Elbasani (2009)
[9] See Mosse and Lewis (2005) and Riddell (2007)
[10] See footnote 7

"aid programmes in a number of countries in the region (i.e., the new EU members) have formed part of the EU cohesion policy designed to step up the economic growth in the Member States"[11]. This brief argues that international aid in the case of countries of the SEE, including Croatia, which acceded to the EU on July 1, 2013; official EU candidate states including Albania, the Former Yugoslav Republic of Macedonia (FYROM), Montenegro, and Serbia; and potential candidates, namely Bosnia and Herzegovina (B&H) and Kosova/o[12], has been almost entirely focused on reform as linked to the goal(s) of EU accession and meeting the *acquis* requirements[13].

Overall, initial democratic reforms and liberal economic policies throughout the 1990s and later led to a somewhat improved economy and reforms in infrastructure development. However, the bureaucratic policies and practices of short-lived governments and associated political deadlocks had serious implications for public administration reform[14]. Irrespective of progress in other areas such as NATO's acceptance of Albania and Croatia in 2009 and the approval by the European Parliament of a visa liberalization regime for Albania and Bosnia & Herzegovina in the Schengen zone in November 2010, tremendous internal roadblocks still lie ahead for the countries of the region on the road to EU accession. Corruption, for example, is still a big challenge and seriously damages the SEE's economic potential[15].

CHALLENGES OF DONOR PROGRAMMES

"Public administration" started to appear as one of the key categories of EU assistance since the launch of the EU PHARE Program[16], the first aid programs targeting all post-communist governments of Central and Southeastern Europe in 1992. A joint initiative of the EC and the OECD led to the creation of the Support for Improvement in Government and Management (SIGMA) with

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[11] See Böhning and Schloeter-Paredes (1994) pg. 6

[12] Albanian: *Kosova*; Serbian: Косово / *Kosovo*

[13] As of 2013, under UN Security Council Resolution 1244, the category of EU candidate countries includes: Croatia (official EU member since July 1, 2013) Iceland, FYROM (Former Yugoslav Republic of Macedonia), Montenegro, Turkey, and Serbia. The potential EU candidate countries category includes Bosnia and Herzegovina (B&H) and Kosovo/a (EC 2012). Albania became an official EU candidate in June 2014.

[14] Such is the case of Albania, when a September 2009 political stalemate over alleged electoral fraud culminated in January 2011 with the opposition calling for anti-government corruption protests, drawing parallels to pro-democracy movements in North Africa and the Middle East, and causing stoppage of parliament business. It was also considered the key reason for failure to adopt EU-supported PA legislative reform, which required 3/5 of qualified parliamentary approval, thus jeopardizing chances of the country's accession to the EU.

[15] See BalkanInsight (2010)

[16] Originally "Poland and Hungary: Assistance for Restructuring Their Economies," PHARE was later replaced by CARDS and, most recently, by IPA.

the aim of providing assistance with administrative reform and capacity development in those countries. However, the original idea behind the creation of SIGMA was to establish templates that would guide the EU's strategy for "Preparing Public Administration for the European Public Space" through an assessment of administrative capacities of candidate countries[17]. Specifically, this would be done through the adoption of laws to guarantee the independence of the civil service and the establishment of a career system, pay reform, and training strategy. This approach would represent the EU's orientation towards the *Rechstaat* model, where the emphasis is placed upon drafting administrative laws as key to governing public administration reform policy[18]. The approach was embraced by the World Bank, another key donor that assisted in drafting civil service management laws oriented towards a managerialist, performance-based model, often clashing with the career-based approach to public administration reform as one of the key characteristics of the Weberian public administration doctrine and *Rechstaat* model adopted by the EU.

More specifically for the context of SEE, there were two specific programs designed to support the process of signing the Stabilization and Association Agreements (SAAs) as the first step towards EU accession for countries in the region. The first of these was the Community Assistance for Reconstruction, Development and Stabilization (CARDS) Program. The CARDS projects in SEE broadly supported six elements: democratic stabilization and good governance, institutional and administrative capacity building, justice and home affairs, economic and social development, environment and natural resources, and participation in Community Programs (EC 2010). In terms of Public Administration reform, the *vertical* platform of the program focused on projects addressing the implementation of the *acquis* in areas such as statistics, procurement, state aid, and internal and external financial control; the *horizontal* platform concerned projects supporting overall administrative capacity building and reforms at central and local-level administrations, such as civil service reform and European integration. However, as the literature suggests, the existence of two separate platforms on the part of the EC regarding the progress of reforms in SEE, that is, the introduction of the Stabilization and Association Agreements as a political process (the vertical platform) and of general administrative capacity building (the horizontal platform), has been criticized as indicative of the fact that EU accession policies were not necessarily synchronized with general reform policies in the region. Besides, it has been claimed that administrative capacity

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[17] See Fournier (1998) and Verheijen (2002)
[18] See Pollitt, C. and Bouckaert G. (2004)

building was perhaps introduced as an almost exclusive criterion to aid the political process of preparations for EU accession, rather than as fundamental to the general reforms in SEE[19].

Since 2007, CARDS has been replaced by Instruments of Pre-Accession, whereby the EU makes a clear distinction between "candidate countries" and "potential candidate countries". The latter benefit from only two out of the five aforementioned components of IPA: a) transition assistance and institutional building (general capacity building), and b) regional cooperation[20]. On the one hand, scholars of Europeanization have identified shortcomings in the accession/integration policy as being twofold: it neither adequately addresses contextual factors leading to non-transfer, nor provides sufficient and strong accession incentives. However, on the other hand, another important consideration is that the policy excludes "potential candidate" countries in the region from aid in public sector HRM, which is essential to administrative reform, and otherwise a key conditionality for EU accession and membership[21]. In addition, funding provided by the EU for administrative reform and capacity building in SEE countries under the most recent IPA is considerably lower than the funding allocated during CARDS.

It is perhaps not surprising that EU support for public administration is driven by compliance with the requirements of the *acquis communautaire*. Donors such as the EC, ADA, GIZ, and SIDA strongly support the EU integration component through modalities such as bilateral twinning,[22] direct support to national ministries responsible for EU integration, and alignment with European standards in donor programming. The same objectives are evident in initiatives such as the Regional School of Public Administration (ReSPA), supported by the EC Directorate for Enlargement and modeled after the École nationale d'administration (ENA). In contrast, some non-EU donors, including the Swiss Development Cooperation (SDC) and USAID, approach reform in PA systems of countries in the region as part of their broader national socio-economic development strategies.

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[19]See Elbasani (2009)
[20] EA 2008
[21]Börzel 2003, Papadimitriou and Phinnemore 2004, Hoffman 2005, Petersen 2010, Karini 2013
[22] Bilateral twinning is an instrument for the cooperation between Public Administrations of EU Member States and of beneficiary countries. See http://ec.europa.eu/enlargement/tenders/twinning/index_en.htm

IN LIEU OF A CONCLUSION: POLICY IMPLICATIONS AND FUTURE DIRECTIONS

Much of the current comparative public management literature suggests that SEE countries are gradually adopting the hybrid New Weberian State model of PA reform, which blends together elements of both Weberianism and New Public Management (NPM).[23] However, an alternative perspective is that the focus on EU accession and its preference for the improvements in the regulatory frameworks may increasingly orient reforms towards a traditional Weberian model of public administration reform. As this policy brief attempts to demonstrate, this focus, combined with the heavily externally-motivated nature of public administration reform, may not have sufficiently contributed to the progress of such reforms, which have been otherwise undermined by the polarized politico-administrative contexts of SEE countries. The combination of all of the above explains why the support and conditionality mechanisms that the EU and other donors have provided may have not resulted in actual policy transfer. Therefore, it is suggested that EU donors and other donors should promote and incentivize the capacity development of human resources in the public sector, going beyond capacity building for management of EU integration processes. This may necessitate engaging in more intensive policy dialogue with senior policy-makers to highlight the relevance and benefits of HRM as part of national socio-economic development strategies in the region.

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[23] See Pollitt and Bouckaert (2011)

LIST OF ACRONYMS

ADA	Austrian Development Agency
B&H	Bosnia and Herzegovina
BWIs	Bretton Woods Institutions
CARDS	Community Assistance for Reconstruction, Development and Stabilization
CoE	Council of Europe
EC	European Commission
ENA	École nationale d'administration – French School of Public Administration
EU	European Union
FYROM	Former Yugoslav Republic of Macedonia
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit – German Agency for International Cooperation
IMF	International Monetary Fund
IPA	Instruments of Pre-Accession
NATO	North Atlantic Treaty Organization
NPM	New Public Management
OECD	Organization for Economic Cooperation and Development (OECD)
OSI	Open Society Institute
PA	Public Administration
PHARE	Poland and Hungary: Assistance for Restructuring Their Economy
RESPA	Regional School of Public Administration
SAA(s)	Stabilization and Association Agreement(s)
SDC	Swiss Development Cooperation
SEE	Southeast Europe
SIDA	Swedish International Development Agency
SIGMA	Support for Improvement in Government and Management
SPSEE	Stability Pact for Southeast Europe
UNDP	United Nations Development Program
USAID	U.S. Agency for International Development
WB	World Bank