

You have downloaded a document from



The Central and Eastern European Online Library

The joined archive of hundreds of Central-, East- and South-East-European publishers, research institutes, and various content providers

Source: SEER - South-East Europe Review for Labour and Social Affairs

SEER - South-East Europe Review for Labour and Social Affairs

Location: Germany

Author(s): Aleksandar Fatić

Title: State Capture in the Balkans: Corruption and the International Organisations

State Capture in the Balkans: Corruption and the International Organisations

Issue: 01+02/2003

Citation style: Aleksandar Fatić. "State Capture in the Balkans: Corruption and the International Organisations". SEER - South-East Europe Review for Labour and Social Affairs 01+02:117-120.

<https://www.ceeol.com/search/article-detail?id=172253>

Aleksandar Fatić

State Capture in the Balkans: Corruption and the International Organisations

Western European tax payers may justifiably ask their policy makers and parliaments why a part of their funds is being used for development programmes in South-Eastern Europe and in other economically less developed parts of the world, when the talk of the day in media seems to be “corruption” among the recipients. Reports about “crooked politicians”, distorted schemes of development projects, and similar are often floated in the western press. Yet, these reports tend to be poorly informed and based on hearsay evidence that goes around some “hard facts” concerning the complex interplay of the international bureaucracies and local power establishments.

We cannot deny however that corruption is part of the daily life in South-Eastern European societies, and it is an important phenomenon of their institutional transitions.

It is of little help to blow the problem out of every proportion and use it as an argument to question whether international aid should be continued. This is not the core of the problem however, as corruption in the local environment does not greatly affect the way in which foreign aid is given and used: it is the corruption of the locally entrenched bundles of international bureaucracies that impacts on the integrity of the use of foreign aid. Specifically, aid that is channelled through international organisations, and not through bilateral channels, is a potential prey to careerist vagaries of the international “field” bureaucrats – various UN agencies come to mind – who build their own standing within these large international bureaucratic structures by “buying the support” of the local politicians.

For example, aid that is channelled through Western governments' development agencies is subject to direct scrutiny by those governments, and it is in principle used in beneficial and productive ways. This aid is crucial to the development of underdeveloped societies, because without that, these societies would be stifled by political elites that have monopolised the great part of the public budget, and yet civil societies remain even more crucial for a truly democratic future of South-Eastern European societies than the governments of the day.

The problems arise mainly when aid is channelled through international bureaucracies that establish offices “on the ground” in South-Eastern European societies. These offices then use their origin, the fact that they, in some distorted and highly indirect sense, represent “the international community”, to collect funds from locally active bilateral donors (thus to a large extent depriving the local NGOs and intellectuals of the funds that those donors normally distribute to them for locally based activities), and then use these funds “in a coordinated way”, which often means in telephone conversations with the government officials.

The “coordination” soon leads to large quantities of money being channelled into various government budgets, and to organisations controlled either fully or in part by

government members or by “shadow people” who control both the ministers and the money. The ministers end up travelling around the European capitals to receive taps on the shoulders for great societal reforms, and it is logical to expect that on the right occasions they say to directors of Western development agencies just how great a job their local office directors are doing “on the ground”, while those directors on the ground finance the activities that either directly or indirectly benefit the political elites. In other words, a kick-back model of corruption is quickly established, where the locally entrenched bundles of international bureaucracies blend into structures of corruption, rather than being a catalyst of processes of integrity that by their very nature militate against corruption. They “buy” career advancement not from their bosses, but through the influential local members of political establishments who promote them abroad. At the same time, the real workers, the intellectuals and the NGOs, who conduct hard work to address development and social justice issues, do not get a voice at all, unless their directors are so well connected that they are able to obtain visas and travel to European capitals to meet development officials and talk to them directly, even if in the shadow of their ministers.

In short, international development aid should not be distributed through international organisations that are based in the target regions, in order to avoid the improper use of the aid by international bureaucrats. It should be distributed through bilateral agencies, and it should not be given directly to the governments, but only to non-governmental actors who will be able to influence the governments. The only way to influence a government is to have sufficient resources to conduct the project independently on the government, as the government will draw benefits from the results of the project, and from its own participation in the project, rather than exercising control over the very distribution of the money of foreign taxpayers.

There is another, perhaps even more important reason why this is so. Namely, when international bureaucrats, working for international organisations rather than for bilateral agencies and diplomatic representations, act in the above described way, they sometimes inadvertently hijack the agenda of public policy and cause a special form of the so-called “state capture”. They distribute aid according to the political popularity of certain recipients, while neglecting the objective criteria of need and development priorities, and thus push the public policy agendas of the recipient societies in directions that may not be legitimised through the political process. For example, most South-Eastern European societies suffer severely from problems in the maintenance of the public health care systems. The priority here is clearly to solve the burning problems in the large hospitals and of the health care infrastructure. However, it happens that patients who are operated on in the large clinical centres in the Balkan capitals do not have the bedding on their beds, the food and the heating, while the international bureaucrats who sit just next door to these hospitals send funds to build GP’s offices in villages where, for example, “ethnic issues” are prominent, while the population that will benefit from such infrastructure is very small.

Similarly, agendas of donors often influence the policy agendas of the recipients in ways that detract attention from broadly recognised issues of priority amongst the public, namely the voters. One of the main concerns of the democratic constituents in the new

democracies of South-Eastern Europe is work on the increase of transparency and legitimacy of governance. This work involves the solidification of salaries of public servants, and the nitty-gritty, painstaking work on establishing the models of participatory decision-making, where citizens would be able to influence public policy. However, this general, albeit crucial goal of the transitions does not satisfy the criteria of “quick, visible results” that most donor agencies' local bureaucrats honour as the paramount principle, especially those active in multilateral organisations. So, erecting a hospital on a mountaintop in an ethnically “famous” region may bring an aid bureaucrat promotion, or at least positive points in the work record, while persuading judges to undergo extended training in modern judicial proceedings and conditioning aid to the judiciary with the efficiency of court proceedings over a long period of time is seen as too expertise-intensive, too long-winded, and insufficiently visible over the term of an annual report.

State capture is a dangerous thing, because in the long term it inflicts greater damages on the host societies than the benefits arising from the absolute amount of aid that is directed to those societies. This is why bilateral donor agencies have adopted the principle of supporting projects conducted by non-governmental, expert associations and organisations, which will have an influence on the public policy, but which will not be conducted by policy makers. This decision was not taken arbitrarily. It was a result of long experience and observation. Multilateral organisations, on the other hand, find it far easier to operate on an inter-governmental level, and thus the large amounts of aid that they operate with, tend to target recipient governments, thus potentially creating all the structures mentioned above.

In Serbia and Montenegro, for example, the bilateral government agencies have tried to be discriminative in targeting the very nerves of transition, but the large funds, administered through the United Nations Development Programme, have basically been placed in the hands of a couple of locally based bureaucrats, whose local affiliations and discretionary decision-making remain to be explored. Naturally, this has created a certain reluctance on the part of the bilateral donors, or at least their better informed local representatives, to contribute to the UNDP funds. The crux of transitional work, in terms of the expert effort to devise platforms, policy recommendations, new draft laws, and similar results of intellectual work, is usually done by local intellectuals gathered with activists in non-governmental organisations, with a strong consultancy profile. These are the natural recipients of foreign aid. At the same time, these are the most cost-effective recipients, because these organisations are known to produce high quality results in a short time and with very small funds. However, one gets “more bang for more dollars” (dramatically more dollars), when one funds those wielding political power. It is for the taxpayers of the Western European societies to encourage their governments to intervene directly in the South-Eastern European societies through their development agencies, and to be careful about the way in which the UN and the other international organisations are managing their funds that are distributed on a multilateral basis. In this way, rather than the “bang”, *results* will be created by the foreign aid, and less of it will go to international bureaucracies that develop perversely complicated procedures just to perpetuate their own jobs and expenses over a maximum period of time.

The experience of the Swedish International Development Agency, which has accumulated considerable experience, and reputation, in the region, will probably go to similar conclusions that working directly with those who can “pull the weight” of projects is what yields results, rather than going for the “bang”, so characteristic of multilateral donors. In this way, state capture is largely avoided and the democratic processes in the volatile transitional societies are allowed to unfold unhindered.