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AID PATTERNS IN CENTRAL EASTERN EUROPE

Markéta Vavrečková



Vol. 5, No. 19

December 2008

Published with the support of the EU Commission

EUMA

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Miami - Florida European Union Center

University of Miami
1000 Memorial Drive
101 Ferré Building
Coral Gables, FL 33124-2231
Phone: 305-284-3266 Fax: (305) 284 4406
Web: www.miami.edu/eucenter

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Markéta Vavrečková*

Abstract

Central-Eastern European (CEE) and Baltic countries have undergone significant political and economic transformations since the 1990s. One transition that has not yet received sufficient scholarly attention is the shift in regional aid flows. Starting in the mid 1990s, this trend saw CEE and Baltic countries emerge as donors of foreign aid from a prior condition as net recipients. Why have these new democracies strived to make that change, to systematically begin to give foreign aid? What are the patterns of aid giving that they follow?

Evidence suggests that all the donor countries in the CEE and Baltic regions behaved similarly to each other as they institutionalized their own aid flows patterns. This research hypothesizes that: 1) national governments have determined their overall levels of aid spending in response to pressures and incentives from international organizations; 2) political and economic interests play a key role in determining top recipients of bilateral aid. Thus, donor interest overrides recipient need.

Introduction

This research aims to contribute to understanding why countries give foreign aid. It focuses on the new donors of Central-Eastern Europe (the Czech Republic, Hungary, Poland, and Slovakia) and the Baltic states (Estonia, Latvia, Lithuania). These countries represent a unique set of donors among the emerging donor community. They have all undergone major political and economic changes since the late 1980's. They have democratized and they have transformed their economies from centrally planned to market driven.¹

This paper seeks to explain the onset of aid giving. Why did the countries in the sample start to dole out aid? Second, I look at the overall levels of Official Development Assistance (ODA) from the CEE and the Baltic and examine the ratio between multilateral and bilateral aid. Third, I examine bilateral aid flows by looking at the aid recipients.

I Donor Interest vs. Recipient Need

Why countries give aid is a question that has occupied scholars for decades (Alesina, Dollar 2000). Most scholars have agreed that governmental decisions about aid disbursements have been shaped by a combination of self-interest and altruistic motivations (Maizels, Nissanke 1984; Neumayer 2003; Berthélemy, Tichit 2004; Bearce, Tirone 2007, etc.). International relations theories give support to both sets of motivations. While both classical realism and neo-realism

* A modified version of this paper was presented at Northeastern Political Science Association conference, Boston, November 15, 2008. This paper is a part of my dissertation project.

* Markéta Vavrečková is a PhD candidate in the Department of Political Science at Northeastern University in Boston. She holds an MA from Charles University, Prague, and has studied at Université Luis Pasteur, Strasbourg. Ms. Vavrečková has taught undergraduate courses in *Comparative Politics*, *International Relations*, and *Social Policy* at Northeastern University, Charles University and at the Global Institute for Leadership and Civic Development in Bloomington, Indiana. She has also been a researcher at the European Parliament and at the Czech Development Agency.

center on donor self-interest, idealism provides a set of explanations revolving around the needs of recipients.

In line with traditional realist thinking, Hans Morgenthau suggests that not all interests abroad can be secured by either military or diplomatic means. This is when foreign aid comes into play. Commercial and security interests can sometimes be better served by providing foreign aid than by using force (Morgenthau 1962, p.301). The neorealist perspective further suggests that states' foreign policy can be analyzed when looking at the international structure. This structure works as a constraint on state behavior. According to Kenneth Waltz, states act in a certain manner because the international system forces them to do so (Waltz, 1979). Countries are seeking to build political coalitions in order to insure their security (Snyder, 2004). Foreign aid allocations, whether symbolic or with a high impact factor on the recipient, can have a strengthening effect on coalition cohesion if performed by all members of a coalition. Foreign aid allocations can have especially positive effects on the standing of the weaker members in a coalition.

According to idealism, foreign aid allocations are a response to social and economic needs in less developed countries is . Poverty alleviation has become one the most pressing global issues in the 21st century (Millennium Declaration, 2000). International cooperation is on the rise. To idealists, the realist concept of international relations based on competition ignores such realities (Schraeder, Hook, and Taylor, 1998, p.298).

This research attempts to determine whether the realist/neorealist or idealist thinking prevails in governmental decisions regarding aid allocation from the CEE and Baltic countries. It recognizes that governmental decisions are neither purely selfish nor purely altruistic but it seeks to parse out the relative importance of realist/neorealist variables and idealist variables.

II International Environment vs. Domestic Arena

Much of the literature has been concerned with understanding governmental decision regarding foreign aid flows. Yet, there is a lack of research regarding the process shaping governmental decisions. What domestic and international institutions influence governments when allocating foreign aid resources and more importantly, which variables shape the onset of foreign aid?

On the international level, the influence of *international organizations* is paramount. In particular, the UN and the EU have had great influence on CEE and Baltic countries. These organizations have in numerous occasions used mechanisms of coercion and stimulation in order to influence policy outcomes in the examined emerging donor countries (Moravcsik, Vaduchova 2003).

In addition to formal international organizations, being a part of an *alliance* could have influenced new democracies in their decision to become donors. The relatively small size of the CEE and Baltic countries, their geographical position in the center of Europe, and their recent experience with oppressive foreign powers make security concerns in these countries highly topical. Once part of the Soviet Block, CEE and Baltic countries realigned their security alliance with Western democratic powers. However, loyalty to the new allies goes beyond formal institutional structures such as NATO. Countries usually coordinate their foreign policy positions regarding important international issues in accordance with the Western alliance. Foreign aid disbursements consistent with the interests of the new coalition can be an expression of support for the coalition's efforts and simultaneously a symbolic safeguard for ensuring a donor's own security.

Thirdly, *individual countries* could pressure for the establishment of aid flows. Particularly, the CEE and Baltic countries have been a focus of US foreign policy because of their strategic position between the advanced democracies and Russia. For example, as part of its missile defense shield design, the US has declared its intention to plant a dozen anti-missile warheads in Poland and to place an anti-ballistic radar in the Czech Republic (Gordon, 2006). It is

reasonable to expect that the US could also pressure CEE and Baltic governments in order to obtain specific aid flow configurations, more in tune with its strategic preferences.

Lancaster claims that at the beginning the 21st century aid has increasingly become a *norm* supported by domestic governments and a substantial part of their constituencies in advanced democracies. Western donors no longer question whether they should give aid or not (Lancaster 2006). Emerging donors in the sample have undergone a successful transition from authoritarianism to democracy. Onset of aid giving can mean that the new democracies have adopted the values of international solidarity together with democratic standards.

Recognition that aid giving is a standard adopted by advanced countries can also have a distinct effect on the new democracies. These countries are aiming to “catch-up” with their Western counterparts. For example, typical benchmarks for assessing progress in the two examined regions are economic performance, levels of social spending, and standards of living in the old EU member states. From this catching up perspective, national governments can decide to mimic the activities of the “rich country club”, such as aid giving, so that they give the impression of being already “in”. In this case, aid giving would not be a reflection of a change in domestic norms and values but it would rather be an example of *symbolic activity* performed in order to gain status and international recognition.

On the domestic level, several actors might have contributed to the onset of aid giving. First, the newly established *non-governmental sector* started to play a role in the CEE and Baltic countries after the collapse of communism. A multitude of philanthropic organizations has emerged in the 1990s and they have attempted to lobby their governments to promote their priorities. For example, NGOs involved in humanitarian and developmental activities in the CEE and Baltic countries have united in national umbrella associations in order to facilitate policy dialogue with governments (Migliorisi 2003, p.31). This suggests a substantial commitment to influence policy making.

The collapse of the Soviet Block created a potential for establishing commercial relations virtually anywhere in the world. Governments around the world mostly support their private businesses in establishing commercial ties. Foreign aid is sometimes used as a tool for facilitating these commercial interests. For instance, governments can give out aid so the recipient country is more willing to accept donor exports. Pressures from *private companies* could be an important factor contributing to the onset of aid.

A development agenda is being adopted and pursued by *political parties* in Western democracies. For example, Thérien and Noël argue that, within the OECD countries, social-democratic parties have an effect on a country’s level of development assistance (Thérien, Noël 2000). Similarly, a foreign aid agenda could be incorporated into political programs of political parties in the emerging donor countries and could have influenced governmental decisions.

Finally, *values* held by domestic populations can also influence aid giving. Democratic transition has had an impact on the preferences and norms held by individuals in the emerging donor countries. Widespread free mass media reach, new economic ties, and extended possibilities to travel abroad have shaped the perceptions of ordinary citizens toward their countries’ role in the globalized world. Being exposed to international affairs also allowed citizens to fully develop their opinions on the role of their countries vis-à-vis less developed countries. All these new phenomena could have materialized into a support for aid giving.

Understanding the onset stage is especially important today when total aid flows have been globally on the rise since 2003 (OECD, 2008) and the community of donor countries is growing. In the mid-1990’s, when CEE and Baltic countries started to allocate foreign aid, Korea, Thailand, and Turkey began their transformation into donors of foreign aid as well. Later Arab countries like Kuwait, Saudi Arabia, and the United Arab Emirates joined the donor club. Currently, China and Russia are also establishing themselves as donors.

Lancaster claims that international organizations increasingly promote the solidarity of advanced countries with the less developed world and that such organizations are persistent their

efforts to push more national governments to provide more aid. In this environment, aid giving has become an international standard for governments in rich countries (Lancaster 2006, p. 5). This hypothesis presents a dynamic deserving rigorous testing in the case of emerging donors as well given that most of these countries have undergone economic growth in the recent years. This project is an attempt to test the hypothesis, particularly in the Central European region.

III Official Development Assistance (ODA)

Foreign aid refers to transfers among governments and between governments and international organizations. It can be in the form of cash (grants or concessional loans), in kind (e.g. food aid), or in the form of debt relief. The Development Assistance Committee (DAC) of the OECD uses the official development assistance (ODA) indicator to measure foreign aid flows (OECD, 2008). ODA flows are divided into two basic categories: multilateral aid (transfers from governments to international organizations) and bilateral aid (transfers from governments to governments).

The aim of ODA transfers is to contribute to economic development and welfare. ODA does not include military expenditures, subsidies to promote private investment, funding for anti-terrorism or other law-enforcement programs, bribes, costs of representation, or private charitable giving (OECD, 2007). It is important to keep in mind that foreign aid differs from humanitarian aid, which is typically provided in response to humanitarian crises. The primary objective of humanitarian aid is to save lives whereas development aid focuses on improving socio-economic conditions. ODA is typically measured in US dollars (\$) or as a percentage of gross national income (GNI)².

The DAC collects data from OECD members and affiliates regarding ODA flows. Although CEE and Baltic countries are not yet DAC members, they have adjusted their national statistics according to DAC methodology and they submit annual reports to the organization. Comparable data for the Czech Republic, Hungary, Poland, and the Slovak Republic is available starting in the mid-1990s through the OECD database.

This paper aims to reveal trends in overall aid giving among emerging CEE and Baltic donors. Absolute ODA and allocations relative to GNI are presented. Further, I focus on ratios between bilateral and multilateral aid in the case of the Czech Republic, Hungary, Poland, and the Slovak Republic. Top bilateral aid recipients for each of these donor countries will be identified. Eventually, I examine the onset stage in the case of the Czech Republic.

IV Findings

IV.1 Total Foreign Aid

In all seven examined countries, ODA/GNI ratios have grown between the years 2001 – 2006. The most radical growth can be seen in the case of Hungary and Poland, where the ODA/GNI ratio grew five times during the course of five years.

² The OECD defines GNI as GDP less primary incomes payable to non-resident units plus primary incomes receivable from non-resident units. (OECD Glossary of Statistical Terms, 2008).

Table 1. ODA/GNI

ODA/GNI ratio (in %)	2001*	2006**
Poland	0.02	0.1
Czech Republic	0.05	0.11
Slovak Republic	0.06	0,085
Hungary	0.02	0.1
Lithuania	0.02	0.064
Latvia	0.02	0.06
Estonia	0.01	0.06

*Migliorisi, Stephano (2003), The Consequences of Enlargement for Development Policy.

** CEC (2006), Communication for the Commission to the Council and the European Parliament,

“Financing for Development and Aid Effectiveness – The challenges of scaling up EU aid 2006 – 2008”

The DAC offers detailed ODA statistics for the Czech Republic, Hungary, Poland, and the Slovak Republic (Graf 1-4, source data Appendix 1). The data reveal that total ODA spending grew only incrementally between the years 1998-2002. Substantial growth is traceable since 2003. I attribute this pattern to the process of enlargement in the European Union (EU).

The Czech Republic, Hungary, Poland, and the Slovak Republic, together with the three Baltic countries and Cyprus, Malta, and Slovenia joined the European Union in May of 2004. Prior to accession, these countries had to harmonize their national laws and practices according to the European legislature. Foreign aid was one of the numerous areas subject to negotiation between the acceding states and the European Commission. The applicants agreed to join the EU’s development and humanitarian aid framework on the date of their accession. EU membership gave the new members the possibility to take part in decision-making on the European level.³ However, it has also brought new commitments. The countries were asked to restructure their national foreign aid framework, to increase development spending, and to start paying contributions to the EU’s foreign aid budget (European Development Fund).

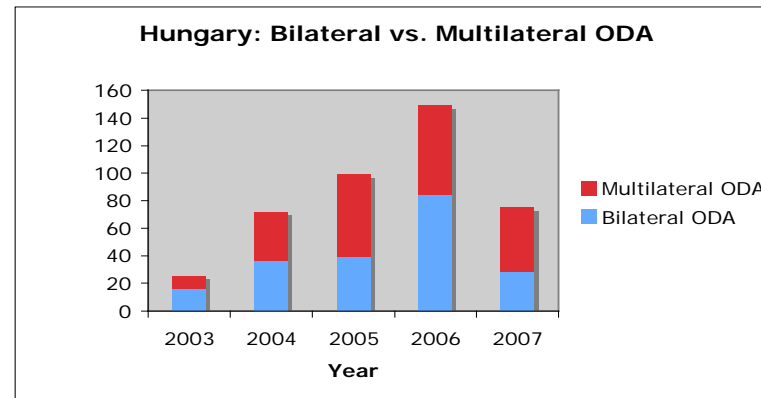
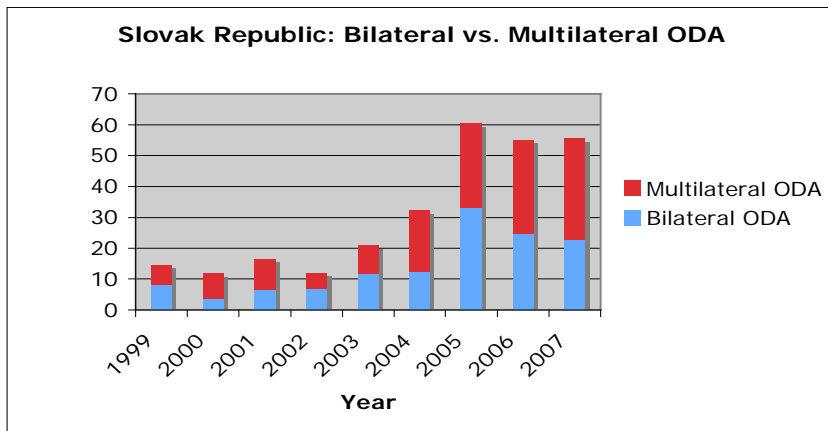
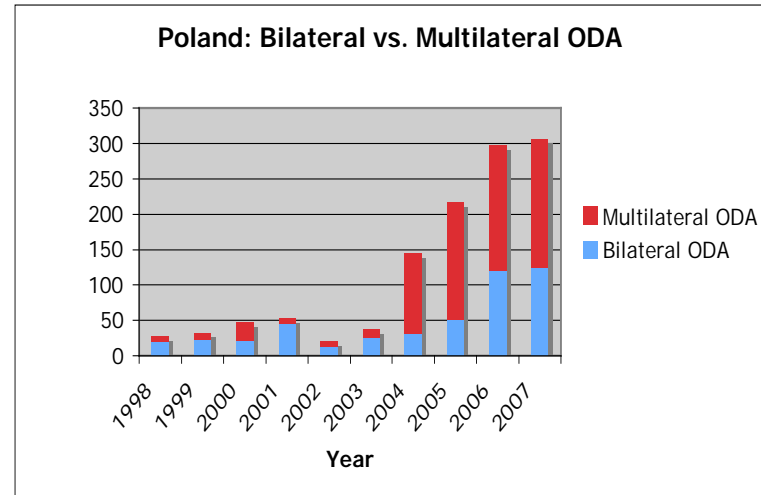
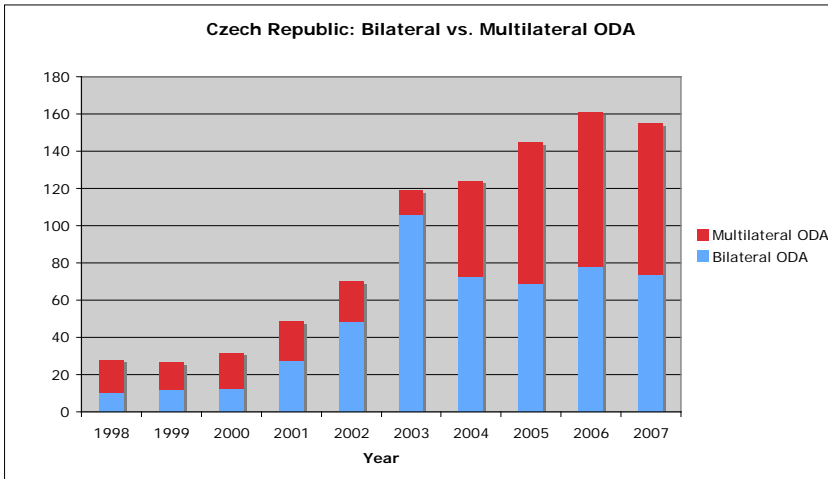
When examining ODA/GNI levels, the EU influence is evident. In 2003, a year prior the EU accession, ODA disbursements double in case of Slovakia and almost doubled in the case of the Czech Republic and Hungary. Poland witnessed steep growth of the ODA/GNI ratio in the following year.

As a new EU member, the Czech Republic, Hungary, Poland, and Slovakia took part in the European Council negotiations of 2005. Together with other 20 EU members, the countries made a commitment to strive for a goal of 0.56% of ODA/GNI per year. However, more specific and realistic commitments based on economic potential were negotiated on a country grouping basis. Old members committed themselves to 0.5% of ODA/GNI per year. The ten new members set a goal of annual 0.17% of ODA/GNI.

Data indicate that ODA/GNI continued to grow in the following years approaching the commitment levels made to the EU. Increase in ODA disbursements under EU pressure was

³ Detailed discussion of the harmonization process and its possible implications for the EU can be found in Granell, F. (2005).

Graphs 1- 4: Bilateral vs. Multilateral ODA



probably opposed by some segments within the new members' governments. Nevertheless, membership in the EU was a long-term economic and geopolitical interest of the Thus, sacrificing a small fraction of their GNI as foreign aid was a minor cost compared to the benefits of EU membership.

However, experience from previous waves of enlargement shows that the logic of long-term benefits is oftentimes forgotten once applicants are in the Union.⁴ Thus, it is likely to expect that after accession new members would relax their commitment to EU membership pre-conditions. This trend can be perhaps already witnessed in the case of the Czech Republic, Hungary, and Slovakia where ODA/GNI ratio has decreased slightly in 2007.

IV.2 Bilateral Aid

Are the bilateral allocations of the new donors driven by their interests or the recipients needs? McKinlay and Little used these two independent variables to explain aid allocation for the first time in the 1970s (McKinlay, Little, 1977, 1978i,ii,iii, 1979) and they continue to be the most standardized variables today (e.g. Bearce, Tirone, 2007). Numerous studies have operationalized the variables in different ways. Nevertheless, most scholars have included political, economic, and cultural aspects within the "donor interest" variable (Neumayer 2003, p. 19). I do the same in this research. Further, I operationalize recipient need based on identification with the group of Least Developed Countries. This classification takes into account per capita income and combines it with quality of life indicators (UN, World Bank, 2006).

In the following section, I discuss bilateral flows allocated by the Czech, Hungarian, Polish, and Slovak governments. OECD database does not include any data for disbursements from Estonia, Latvia, and Lithuania. Czech Republic receives most attention in this section due to the availability of most detailed data and my most immediate experience with aid management in the country.

In the Czech Republic, bilateral aid was traditionally dispersed among many recipients in the period of 1998-2000. This dispersion happened mainly because ten ministries used to be responsible for project implementation (Migliorisi 2003). There were attempts to streamline the number of countries receiving aid by identifying eight long-term priority and two mid-term priority countries. Yet, the effort was not concentrated enough until the late-2000s. For example, the country carried out over 100 projects in about 35 countries in 2005.

Starting in 2001, states of the former Yugoslavia have received more intensive attention. According to the amount of total aid received, Bosnia-Herzegovina, Serbia, and Moldova ranked among the top recipients (Appendix 2, Table 1). None of these countries belongs to the group of least developed countries thus the hypothesis of prioritizing based on recipient need can be rejected. There are two possible alternative explanations for this choice of recipients. First, the former Yugoslavia is a region in Southern Europe thus geographical proximity is clearly an advantage when implementing the project. Further, Slavic populations prevail in all post-Yugoslavian countries. The linguistic familiarity can additionally facilitate project management and effectiveness. A second alternative explanation suggests that the Czech Republic started to be deeply engaged in former Yugoslavian countries because of the pressure of Czech NGOs. Section IV.3 will further discuss these hypotheses.

Another noticeable trend is that Iraq and Afghanistan have become major recipients of Czech foreign aid since in 2003. The two countries received almost 50% of total Czech bilateral aid in 2003. The flows have decreased since then, but Iraq still obtains the most aid of all bilateral recipients. Diplomatic purposes behind these disbursements are clear. The Czech Republic entered into an alliance with the US and Western European powers after the end of the Cold War.

⁴ Expansion of this idea can be found for example in Moravcsik, A., & Vaduchova, A. M. (2003). "National Interest, State Power, and EU Enlargement". *East European Politics and Societies*, 17(1), 42-57.

Providing resources for operations conducted by its allies is a most efficient symbol of political support. However, in the case of Afghanistan altruistic motivations are also present, since the country belongs to the group of least developed countries (UN, World Bank 2006).

Hungary displays similar, yet less distinct patterns than the Czech Republic (Appendix 2, Table 2). Former Yugoslavian countries remain the primary recipients of Hungarian bilateral ODA. However, Hungary provided a large proportion of its foreign aid to in 2004 and 2006. This timing parallels the military operations of Hungary's allies in these two countries. In 2005, allocations to both Afghanistan and Iraq were only marginal (\$ 0.07 and \$ 0.38 million, respectively) and this represents a deviation deserving further qualitative exploration.

The Polish case displays similar patterns in some regards, yet it substantially differs in others. The former Yugoslavia has been the highest recipient of Polish between the years 1998 – 2006. Nevertheless, Poland's disbursements to Iraq and Afghanistan have been rather negligible (Appendix 2, Table 3).

This is a rather surprising trend. Out of the seven examined countries, Poland has traditionally been the closest ally to the US. In 2005, President George W. Bush asserted that "Poland has been a fantastic ally" (White House in McNamara 2007, p.1). Poland is one of the four leading countries in the coalition for the War on Terror, alongside Australia, Britain, and the US. The Polish government initially sent 900 troops to Iraq. In 2006, it committed an additional 900 troops to fight the insurgency in Afghanistan (Malkin and agencies 2006). Thus, it would be reasonable to expect that US – Polish alliance would be reflected in the Polish preferences for top aid recipients. However, the evidence shows the opposite. Iraq and Afghanistan received in 2006 only \$0.47 million and \$0.55 million, respectively, which refutes the hypothesis of political alliance between the US and Poland influencing aid disbursements.

Furthermore, Poland shows a consistent commitment to Kazakhstan, a former Soviet Republic. With an annual PPP GDP of \$ 10,400 and 7.3% growth rate (CIA Fact sheet), Kazakhstan does not belong to the group of least developed countries. Thus, I refute altruistic explanation for this commitment. On the contrary, I hypothesize that this commitment is related to the fact that Kazakhstan possesses enormous fossil fuel reserves and plentiful supplies of other minerals and metals, which could be potentially beneficial to the Polish economy.

In 2005 and 2006, Poland allocated relatively substantial sums to Belarus, Ukraine, and Uzbekistan, three other post-Soviet countries. It is too early to state whether these allocations represent a major trend. However, a potential explanation for these allocations could be a mix of economic considerations (especially in the case of Uzbekistan) connected with geographical proximity and cultural similarity.

For Slovakia, as is the case with the other three new donors, the primary focus has been the former Yugoslavia. Afghanistan established itself as one of the major recipients of Slovak aid between 2004 and 2006. A combination of donor political interests and recipient need is probably reflected in this trend. Afghanistan has been a major target for Western intervention and at the same time it belongs to the group of least developed countries.

Sudan has been a recipient of Slovak aid between the years of 2002 and 2006, which comprises the entire period of recorded Slovak bilateral disbursements. In 2005 and 2006, Sudan became the biggest recipient of Slovak aid, substantially ahead of other recipients. Slovakia does not have any political nor economic interests in Sudan. Sudan is a longstanding member of the least developed countries group thus it is of great need of foreign assistance. Slovaks allocations seem to be responding to this need.

In conclusion, all four examined countries display a clear common pattern in their focus on the states from the former Yugoslavia, which is probably motivated by geographical and cultural proximity. While the Czech Republic, Hungary, and Slovakia strengthen their political alliance with Western powers thorough generous allocations to Afghanistan and Iraq, Poland focuses on Kazakhstan, a resourceful country once a part of the Soviet block. Slovak allocations to Sudan seem to indicate altruistic motivations.

IV.3 Czech Republic Case Study

Capacity Building

What were the forces that shaped the onset stage of aid giving? Has the institutional framework of the new economic policy towards developing countries developed as a result of domestic or international incentives?

In 1995, the Czech Republic became a member of the OECD, which fosters cooperation among developed democracies. Within the organization, the Development Assistance Committee (DAC) aims at improving governmental policies towards developing countries. The Czech Republic obtained the status of an observer in 1996, which allowed it to participate in DAC activities without partaking in any negotiations.

The DAC introduced Czech public sector administrators to its methods of collecting information on foreign aid flows in the second part of the 1990s. Since then, the country has adopted the concept of official development assistance as the principal unit for measuring its foreign aid disbursements. Data based on the OECD methodology are available for the first time for the year 1999. Czech ODA in this year was \$ 26.42 million, or 0.027% of the GNI.

In 1999, the United Nations Development Program (UNDP) launched a series of projects which aimed to create national capacities for international development cooperation. Several administrators were trained in order to understand foreign aid concepts and managerial tools. Further, Czech administrators were able to visit developing countries and learn about the needs of potential aid recipients. The UNDP financed the founding of the Development Center. The Center was created outside of governmental structures at a research institute for international relations. The main objective of the Center has been to carry out consultative services to the Ministry of Foreign Affairs, which forms governmental strategies for foreign aid. In doing so, the Center has helped with the design of national policy for cooperation with developing countries. The UNDP ceased capacity-building activities in 2004, just as the Czech government was about to enter the European Union. The total of contributions from the UNDP towards Czech capacity-building has reached over USD 1 million over the course of five years. The Czech government complemented the UNDP budget with an additional USD 0.12 million.

In 2002, the Canadian International Development Agency (CIDA), which has a strong international reputation as a foreign aid agency, launched a program for strengthening ODA delivery agencies in the Czech Republic, Hungary, Poland, and Slovakia. This five-year long project aimed to spend USD 15 million in order to increase the amount and quality of assistance given by new donors to developing countries. The project has been divided into two phases. The focus in the first phase was institutional support and capacity building. The second phase was centered on trilateral cooperation, when the CIDA and a new donor conduct projects in developing countries together. The first phase, in which the Czech Republic received training and technical assistance finished in 2004 when the CIDA declared the Czech institutional capacities as sufficient. The second phase of trilateral cooperation finished in 2007. In 2008, the Development Center became a Development Agency, fully comparable to those of OECD/DAC members.

The impact of CIDA's assistance on capacity building has been smaller than the UNDP's impact. Most of the resources allocated for the Czech Republic were further used for projects in developing countries. However, the collaboration of Czech administrators with their Canadian counterparts in project management led to significant know-how transfers for the Czech specialists.

The aforementioned evidence shows that the initial setup for foreign aid management in the Czech Republic was heavily shaped by international institutions. The OECD, through the DAC, provided expertise in policy design and introduced basic concepts used for aid processing. The UNDP and CIDA financed national capacity building. These organizations trained Czech

administrators to become experts in foreign aid and also were the force behind the origin of new institutional capacities, which are now concentrated in the Czech Development Agency and the Ministry of Foreign Affairs.

Bilateral Aid

I have identified the states from the former Yugoslavia as the biggest recipients of Czech ODA. In this section, I claim that the Czech government has consistently been engaged in these countries because of pressure from domestic NGO's.

People in Need (PIN) is by far the largest non-governmental organization providing relief aid and development assistance in the Czech Republic. It is one of the largest organizations of its kind in post-communist Europe and has administered projects in thirty-seven countries over the past fourteen years. The annual budget of PIN in 2005 was 10.9 million EURO (\$ 13.7 million) (King, Exnerova, Blazek, eds., 2006).

PIN began in 1992 when dissidents and leaders of the Czechoslovak Velvet Revolution teamed with conflict journalists working for the Czech Public Service Television. They aimed to provide humanitarian aid to the civil war torn region of Nagorno-Karabakh (former USSR). Since then, the activities of the organization have proliferated. Although the organization works in fourteen countries in Asia, Europe and Africa, the main focus of its work has remained in the countries of the former Soviet Union or the former Soviet bloc. The organization has been primarily involved in Ukraine, Moldova, and Tajikistan. Throughout the nineties, it provided robust assistance during the humanitarian interventions in the war-torn countries of the former Yugoslavia and later during the reconstruction of these areas. According to PIN's long-term plan, the organization would like to further contribute to the reconstruction of the countries of the former Yugoslavia. The cultural similarities between the Czech Republic and the region of the Balkan should facilitate such assistance.

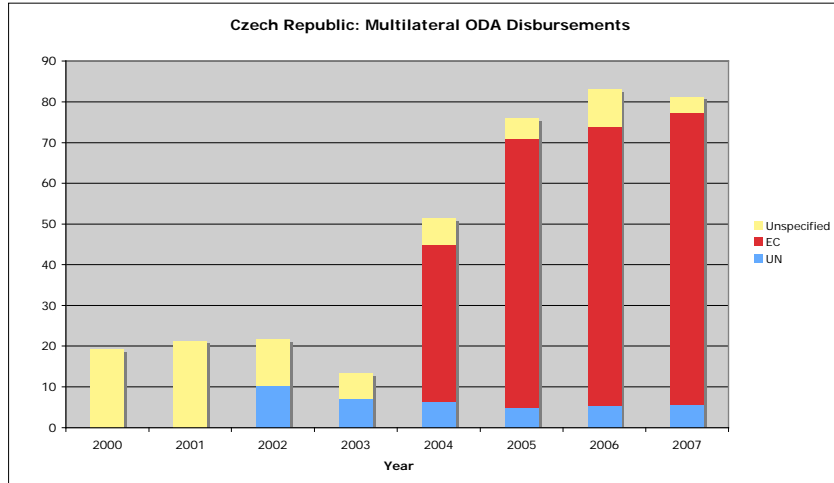
Caritas is another organization working in the field of foreign humanitarian and development assistance. Because the main objective of the organization is provision of social services in the Czech Republic, the magnitude of its foreign projects is limited. In 2005, the resources allocated to the activities abroad reached \$ 1.6 million, which was approximately one tenth of PIN's budget (Caritas, 2006). Throughout the nineties, the organization worked in Chechnya, Georgia, Ukraine, Moldova, and the countries of the Balkan, which have received priority throughout the 1990s and in the beginning of the 21st century.

Both organizations started their activities in former USSR countries and in the Balkan prior to the intensification of governmental flows into these countries. The projects were primarily funded by donations or through multilateral agencies. Later on, governmental funding played a substantial role. It is reasonable to expect that this change has occurred due to pressure from these organizations. The government might have been easily willing to accommodate the NGOs as their experience in the regions ensured the quality and sustainability of projects.

Multilateral Aid

Czech multilateral ODA disbursements (Graph 5) have followed a similar pattern as total ODA (Graph 1, p.10). Multilateral ODA remained rather constant between the years 2000 – 2003. Starting in 2004, a dramatic increase occurred. I have attributed this growth to entry into the EU in section IV.1. This explanation is further reinforced when looking at the specific recipients of multilateral aid. The European Union is by far the largest recipient following the year of the country's accession into the Union. The importance of other recipients is decreasing or remains constant as in the case of the UN.

Graph 5: Czech Republic Multilateral ODA Disbursements



V Preliminary Conclusion

When relating the findings to the theoretical framework outlined in the introductory sections, the following conclusions can be made. First, the case of the Czech Republic suggests that the onset of aid giving has primarily been driven by the international arena. Intergovernmental and overseas governmental organizations provided the financial support necessary for capacity building. They have also offered substantial transfer of foreign aid know-how. Domestic actors such as political parties or non-governmental sector have not played a major role at this stage.

Second, evidence for the Czech Republic, Hungary, Poland and Slovakia reveals that the EU, an international actor, has played a major role in determining current ODA levels. Significant growth of total ODA is evident only after the EU mandated and presented it as one of many conditions for EU accession. The underlying influence of the EU also manifests itself in the multilateral aid disbursements of the Czech Republic, where the vast majority of the funds go to the European Union budget.

Third, several trends show up when analyzing bilateral allocations. For the Czech Republic, Hungary, Poland, and Slovakia, post-Yugoslavian nations have been primary recipients of foreign aid. Pragmatism, rather than altruism derived from recipient need is probably behind this pattern. Geographical proximity, cultural similarity, and a shared experience of a communist past are factors potentially leading to effectiveness in aid allocations. The case of the Czech Republic suggests that the non-governmental sector played a constitutive role in prioritizing former Yugoslavian countries.

Starting mid-2000s, the prioritizing of Afghanistan and Iraq in the Czech, Hungarian, and Slovak aid disbursements implies that the donors seek to strengthen their political coalition with Western powers. Yet, donor interest is combined with recipient need in the case of Afghanistan since the country is included on the list of least developed countries.

Polish bilateral aid has also been strongly shaped by donor interest, but one of a different nature. As the country focuses on Kazakhstan, natural resources endowed country with rapidly growing GNI, economic interest is paramount.

Lastly, Slovak focus on Sudan in the last couple of years could represent a genuine altruistic response to recipient needs as Sudan belongs to the group of least developed countries (UN, World Bank 2006). However, it is too soon to conclude if allocations to Sudan form a long-term pattern or if they are merely isolated events without a solid institutional anchor.

Overall, donors' interest prevails over recipient need when analyzing bilateral allocations. Yet, different interests motivate the direction of bilateral disbursements. Evidence suggests that political and economic motivations are the most frequent ones. Recipient need is being reflected primarily when combined with donor interest. Isolated instances of altruism occur sporadically.

Appendix 1

Tables 1 – 4: Total, Bilateral, and Multilateral ODA

Donor Amount Type of flow	Czech Republic Constant Prices (2006 \$ millions) Net Disbursements									
Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Type of aid										
ODA	27.69	26.42	31.73	48.81	70.04	118.96	124.19	144.92	160.86	155.04
ODA/GNI	0.03	0.03	0.03	0.05	0.07	0.11	0.11	0.11	0.12	0.11
Bilateral ODA	10.06	11.85	12.49	27.53	48.32	105.58	72.88	69.06	77.7	73.77
Multilateral ODA	17.63	14.57	19.24	21.28	21.73	13.39	51.31	75.87	83.16	81.27
UN Agencies					10.34	6.98	6.34	4.77	5.24	5.7
EC							38.54	66.19	68.74	71.67
Unspecified			19.24	21.28	11.39	6.41	6.43	4.91	9.18	3.9

Donor Amount Type of flow	Hungary Constant Prices (2006 \$ millions) Net Disbursements				
Year	2003	2004	2005	2006	2007
Type of aid					
ODA	25.01	71.6	98.66	149.49	74.87
ODA/GNI	0.03	0.07	0.11	0.14	0.07
Bilateral ODA	16.37	36.23	38.89	84.34	28.13
Multilateral ODA	8.66	35.36	59.78	65.15	46.74

Donor Amount Type of flow	Poland Constant Prices (2006 \$ millions) Net Disbursements									
Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Type of aid										
ODA	27.58	32.08	46.46	52.26	20.41	36.93	143.99	216.56	296.79	306.28
ODA/GNI	0.01	0.01	0.02	0.02	N/A	0.01	0.05	0.07	0.09	0.09
Bilateral ODA	20.12	23.13	21.04	45.15	12.73	25.76	30.5	50.72	118.99	124.26
Multilateral ODA	7.45	8.95	25.41	7.11	7.69	11.18	113.49	165.84	177.8	182.02
UN Agencies							9.66			3.98
EC							93.76			170.7
Unspecified							10.07	165.84	177.8	7.34

Donor Amount Type of flow	Slovak Republic Constant Prices (2006 \$ millions) Net Disbursements									
Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Type of aid										
ODA	14.45	11.72	16.48	11.92	20.84	32.27	60.32	55.11	55.46	
ODA/GNI	0.04	0.03	0.04	0.02	0.05	0.07	0.12	0.1	0.09	
Bilateral ODA	8.05	3.42	6.75	6.64	11.77	12.29	33.01	24.75	22.65	
Multilateral ODA	6.4	8.3	9.73	5.28	9.05	19.97	27.3	30.36	32.81	

Appendix 2

Tables 1 – 4: Top 3 Recipients of Bilateral ODA

Donor	Czech Republic		
Amount	Constant Prices (2006), \$ million		
Type of flow	ODA net disbursements		
Year	Country	\$ million	
1998	1	Palestinian-Administered Territory	1.66
	2	Vietnam	0.70
	3	Bosnia-Herzegovina	0.53
		Former Yugoslavia (total)	1.02
1999	1	Palestinian-Administered Territory	1.50
	2	China	0.66
	3	Bosnia-Herzegovina	0.55
		Former Yugoslavia (total)	1.39
2000	1	Palestinian-Administered Territory	1.69
	2	Mongolia	0.94
	3	Bosnia-Herzegovina	0.92
		Former Yugoslavia (total)	1.45
2001	1	Serbia	5.18
	2	Vietnam	1.77
	3	India	1.97
	4	Moldova	1.71
		Former Yugoslavia (total)	8.29
2002	1	Former Yugoslavia (total)	11.00
	2	India	2.21
	3	Georgia	1.53
		Former Yugoslavia (total)	12.90
2003	1	Iraq	52.50
	2	Afghanistan	8.04
	3	Serbia & Montenegro	5.45
		Former Yugoslavia (total)	14.40
2004	1	Iraq	15.68
	2	Serbia & Montenegro	7.90
	3	Afghanistan	6.98
		Former Yugoslavia (total)	10.90
2005	1	Iraq	8.72
	2	Serbia & Montenegro	6.89
	3	Ukraine	4.95
		Former Yugoslavia (total)	10.50

Donor	Czech Republic		
Amount	Constant Prices (2006), \$ million		
Type of flow	ODA net disbursements		
Year		Country	\$ million
2006	1	Iraq	11.8
	2	Serbia	6
	3	Afghanistan	4.2
		Former Yugoslavia (total)	10.6

Donor	Hungary		
Amount	Constant Prices (2006), \$ million		
Type of flow	ODA net disbursements		
Year		Country	\$ million
2003	1	Serbia	3.05
	2	Vietnam	0.52
	3	Croatia	0.54
		Former Yugoslavia (total)	5.5
2004	1	Bosnia-Herzegovina	19.20
	2	Serbia	3.32
	3	Iraq	1.81
	4	Afghanistan	1.66
		Former Yugoslavia (total)	23.14
2005	1	Serbia	10.12
	2	Yemen	9.86
	3	Tanzania	9.41
		Former Yugoslavia (total)	10.23
2006	1	Iraq	67.15
	2	Afghanistan	0.39
	3	Vietnam	0.31
		Former Yugoslavia (total)	0.59

Donor	Poland		
Amount	Constant Prices (2006), \$ million		
Type of flow	ODA net disbursements		
Year		Country	\$ million
1998	1	Bosnia-Herzegovina	3.73
	2	Vietnam	3.26
	3	Kazakhstan	2.14
		Former Yugoslavia (total)	4.19

Donor Amount Type of flow	Poland Constant Prices (2006), \$ million ODA net disbursements		
Year	Country	\$ million	
1999	1	Bosnia-Herzegovina	3.55
	2	Macedonia	2.82
	3	Kazakhstan	2.34
		Former Yugoslavia (total)	8.97
2000	1	Argentina	5.19
	2	Kazakhstan	3.16
	3	Vietnam	1.64
		Former Yugoslavia (total)	1.74
2001	1	Yemen	34.7
	2	Kazakhstan	2.56
	3	Vietnam	2.32
		Former Yugoslavia (total)	1.14
2002	1	China	5.28
	2	Kazakhstan	2.4
	3	Vietnam	0.44
		Former Yugoslavia (total)	0.92
2003	1	Serbia	15.2
	2	Kazakhstan	2.4
	3	China	2.02
		Former Yugoslavia (total)	15.7
2004	1	Ethiopia	10.7
	2	Serbia	9.97
	3	China	1.9
	4	Kazakhstan	1.62
	Former Yugoslavia (total)	10.4	
2005	1	Serbia	19.8
	2	Ukraine	6.51
	3	Uzbekistan	6.3
		Former Yugoslavia (total)	20.4
2006	1	Angola	92.4
	2	Ukraine	6.51
	3	Belarus	6.77
		Former Yugoslavia (total)	1.75

Donor	Slovak Republic		
Amount	Constant Prices (2006), \$ million		
Type of flow	ODA net disbursements		
Year			\$ million
2002	1	Former Yugoslavia (total)	0.83
	2	Sudan	0.18
	3	Kenya	0.16
2003	1	Former Yugoslavia (total)	3.07
	2	Iraq	1.13
	3	Kenya	0.39
2004	1	Former Yugoslavia (total)	3.64
	2	Hong Kong, China	1.58
	3	Georgia	0.54
	4	Afghanistan	0.43
2005	1	Sudan	18.57
	2	Afghanistan	4.74
	3	Former Yugoslavia (total)	4.08
2006	1	Sudan	14.98
	2	Afghanistan	1.54
	3	Mongolia	0.64

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