

Introduction

In June 1999, the United Nations, together with a large number of other international bodies, bilateral aid donors and non-governmental organisations (NGOs), embarked on a major programme of post-conflict reconstruction in the small, former Yugoslav province of Kosovo. To end the conflict between the ethnic Albanian population and the Yugoslav Government, an international security presence, Kosovo Force (KFOR), arrived to prevent renewed hostilities, and a UN-led international civilian mission, the United Nations Mission in Kosovo (UNMIK), came to support reconstruction, establish self government, maintain law and order and perform public administration functions. Within weeks, thousands of foreign UN staff and donor-funded consultants and advisers started arriving in the territory to begin what was, at the time, the largest ever post-conflict reconstruction operation.

In February 2000 I was one of them. I came knowing almost nothing about Kosovo and relatively little about peacekeeping or development assistance. I was recruited not by the UN but by one of the many participating aid donors as one of the technical experts engaged to set up new government institutions. Kosovo was my first experience of the implementation of development assistance and I found it significantly different from the well-ordered government administration with which I was familiar. As one of my Kosovar acquaintances succinctly expressed it some time later, 'The development world is a bit of chaos as far as I'm concerned. I don't think they operate in a very rational manner. They have good intentions, but the way they work – I'm still getting to grips with it.'¹

The role I played in the reconstruction effort was relatively minor but during my three years there I worked for several donors in different parts of the interim administration, including some of those examined in this study, and was able to observe the performance of the major international actors. My impression was that what should have been a united effort to restore normalcy and to improve the lives of the people of Kosovo was mired in bureaucracy and riven with conflict between the different organisations and the individuals who worked for them. While some parts of the exercise forged ahead, pushed by people who seemed to know what they were doing, others lagged behind, or seemed to travel in circles.

I went on to work in other post-conflict countries and on other types of development assistance projects. In 2010 I returned to Kosovo planning to assess for myself the long-term outcomes of the intense international activity of the first post-conflict years. The scrawny young men and women who had started work in the new government departments in the first months after the conflict were by then older and plumper. They sat behind executive desks, inside newly renovated buildings that had previously been derelict and unusable, and discussed some of the more advanced issues in governance and finance with confidence. Foreign technical advisers still had a presence, but far fewer than the hundreds that had been there in 2000. It seemed to me that, in some areas at least, a lot had improved over the previous decade. In the political sphere, the outcomes of the post-conflict mission also seemed relatively positive, certainly when compared to some other state-building interventions. Over more than sixteen years since the start of the exercise, peace has been maintained and Kosovo is now a reasonably stable democracy with regular elections. Following its unilateral declaration of independence in 2008, it became a new nation, recognised by most major powers. On this basis it would appear that the post-conflict exercise in Kosovo has been a success.

This is not the impression given, however, in much of the academic literature on UNMIK and evaluations of governance and public administration in present-day Kosovo. Many accounts of the results of the international intervention create a general impression of failure and disappointment. Annual progress reviews produced by the European Commission, for example, list numerous ways in which the administration fails to meet expectations.² Yet few of the current public administration institutions in Kosovo existed before the arrival of foreign experts, certainly not in their current form. During the period of international supervision after 1999, UNMIK's interim civil administration, and the other international bodies that supported it, passed new legislation, established new administrative procedures and set up new organisations to provide public services. It was only some time later that these responsibilities were transferred to the control of the Kosovo government and they remained under some form of international supervision until late 2012. The successes and failures of today's government must owe something to the efforts of the international community. The purpose of this book is therefore to examine what donors and international organisations did to construct government administrative institutions in Kosovo and how this has contributed to the current performance of Kosovo's public administration.

Most of the international organisations and national governments that joined the UN as partners in the post-conflict Mission saw the exercise as something much more than peacekeeping and physical reconstruction. Their efforts extended well beyond humanitarian relief, physical reconstruction and temporary administration, as set out in the United Nations Security Council resolution that authorised the Mission. Their programme comprised the full 'liberal peace' agenda of rapid democratisation and market liberalisation and the creation of new public institutions with

new policies in order to achieve and sustain the conditions considered necessary for lasting peace.³ Many organisations arrived with an ambitious agenda of social, institutional, political and cultural transformation, from Yugoslav socialism to democracy and a market economy, which they had been formulating even while the conflict was still under way. They assumed that almost everything would have to change, and it would need to change immediately. Their proposed activities addressed multiple areas of economic and social reform all at once in the rush to take advantage of the opportunity to create the right kind of institutions, administrative practices and laws, and to influence the policies and behaviour of a future government.

Not all international participants, however, shared these social transformation and economic development goals, at least to begin with. In particular, the UN, which had overall leadership of the international exercise and responsibility for a large share of the administrative institutions that donors intended to reform, had much more limited aims in this respect. Many in the UN initially saw the peace-keeping task simply as a holding exercise, to prevent conflict pending a political resolution⁴ and it was only some years later that the UN also began to adopt the language of development and to discuss the task in Kosovo clearly in terms of building governance institutions and state capacity.

Most non-UN actors approached Kosovo in the same way they approach all the other countries where they work, as somewhere in need of 'development'. The activities they implemented under the umbrella of post-conflict reconstruction were not all that different from the activities pursued by these international actors in any developing country. They were often implemented by the same organisations, drawing on the same sources of funding. They addressed much the same issues of 'institution building' and 'capacity development', and had the same ambitious objectives as development assistance programmes in other places. Ideas and theories from the development assistance literature provided the conceptual basis for donor programmes and influenced the attitudes and assumptions of the international personnel involved in the process. The methods they used, in particular the engagement of technical advisers to deliver 'projects', were essentially the same methods that have been used for decades to implement development assistance. Once the urgency of the immediate post-conflict period passed, the international intervention took on even more of the characteristics, methods, ideas and language of conventional aid programmes.

Understanding post-conflict Kosovo therefore requires an understanding of development assistance ideas and methods. But here also a large amount of the literature is exceedingly pessimistic, both about aid in general and about how it is implemented. The practices of assistance to developing countries are fraught with problems and failures to the extent that some argue it should not be done at all.⁵ Most of the literature on development assistance, however, is based on the firm assumption that these problems can be fixed and that large amounts of money and expertise from the better-off nations ought to be able to solve the problems of poor countries.

This book is therefore also a study of the application of the practices of development assistance in a post-conflict setting. It focuses in particular on how different international organisations and bilateral donors approached the creation of Kosovo's public administration institutions in the immediate post-conflict period and how the combined actions of these organisations, working in the same space at the same time, led to the current reality in Kosovo. Development actors in Kosovo used the methods of development assistance, in particular technical assistance projects and foreign expert advisers, to construct new institutions, processes and systems in public finance and public administration. The shortcomings of these methods, which have been identified in the literature on development assistance many times in the past, also affected the performance of donors in Kosovo. In spite of this, in many areas international actors achieved considerable success against the goals they set themselves. The UN itself also had a large role to play in the creation of Kosovo's public administration structures but it did not wholeheartedly share the goals of the development actors or apply the same methods. The contrast between the activities of development organisations on the one hand and the actions of the UN on the other goes a long way to explaining the variations in the performance of Kosovo's administrative institutions today.

Kosovo as a case study of development assistance

Kosovo can be seen almost as a laboratory of development assistance practices. The post-conflict environment had several features that make it easier to examine questions about effectiveness and outcomes. In most other developing country contexts the effects of aid interventions are difficult to measure because the scale of activities is usually relatively small, the impacts are diffused and measurement is confused by the impacts of previous and subsequent projects. In Kosovo, many of these variables are controlled. There is a relatively clear 'before' benchmark and a precise start point for most international activity. Some of the largest and most influential development actors and international organisations were involved in the exercise, and a very large amount of assistance was invested in a relatively small place over a relatively short period of time. Moreover, all institution-building activities faced more or less the same contextual, political, historical and cultural challenges.

There is a tendency in much of the writing on Kosovo to treat the international presence as a single entity to which responsibility for all successes and failures should be attributed. Many writers refer to 'UNMIK', or more vaguely to the 'international community', as if they were clearly defined and had uniform motivations and interests. In fact, the collection of actors who made up the international presence in Kosovo, under the UN umbrella and outside it, had diverse objectives, motivations, strategies and methods, and sometimes disagreed strongly on the policies that should be pursued. Kosovo thus provides an opportunity to directly compare the activities and achievements of the major participants in the reconstruction exercise and the effects of the interactions between them.

The benchmark

The arrival of the first UN staff to set up the interim administration in mid-June 1999 marked the beginning of international development assistance in the territory.⁶ Although Kosovo had received some World Bank funds in the past, through the former socialist Yugoslav Republic, and donors had provided humanitarian aid during the conflict, all institution building and public administration development activities started from this date. The UN, the European Union (EU), the World Bank, the International Monetary Fund (IMF), the United States Agency for International Development (USAID) and a host of other organisations and national governments became involved in efforts to restore and develop Kosovo's economy and society. These actors invested a considerable amount of resources in the task. Between 1999 and 2010 the UN spent around \$2.7 billion (approximately €2.3 billion) on the civil administration, the European Commission contributed another €2.5 billion and significant amounts were provided by other donors.⁷ There is thus a large amount of development activity in Kosovo that can be studied.

From a geographical perspective, Kosovo was a convenient place to mount a major international exercise. It is a small territory located close to European capitals, just a two-hour flight from Vienna and a few hours' drive from Greece. But despite its proximity to other parts of Europe it had most of the characteristics of other recipients of development assistance, including severe poverty, dilapidated infrastructure and a cultural and political environment that was considered to be an obstacle to economic advancement. Kosovo's economy had always been less developed than the rest of Yugoslavia. The economic distortions of the Yugoslav system of 'self-managed socialism', the effects of discriminatory measures against Kosovo Albanians after 1989, Yugoslav government mismanagement of the economy during the 1990s, UN economic sanctions and the violence of 1999, all made things much worse.⁸ At the end of the conflict, almost half the population had fled from their homes, 120,000 houses had been destroyed, electricity, water and telephone services had stopped working and land mines made farm land unusable. Poverty and economic distress were obvious to the foreigners who arrived at that time and were clearly seen to justify a large programme of development activity.

Historical accounts of the Kosovo region describe a traditional Albanian culture based on strong patrilineal clans or extended family networks and customary legal codes and values which, if they were still influential in modern-day Kosovo, would be in clear conflict with many of the ideas promoted by international actors engaged in development assistance. Traditional laws were based on principles of personal honour, which created a tradition of blood feuds and honour killings.⁹ Gender equity, modern legal codes, equality before the law and the state's monopoly on the use of power and punishment would be difficult to reconcile with this patriarchal, clan-based traditional culture, and many reports produced by donors imply that these traditions are still relevant.¹⁰ News reports of the persistence of blood feuds

and honour killings support these perceptions, as do stories of organised crime, political assassinations and illegal behaviour by some political leaders and businesses.¹¹

The legacies of the socialist government were also identified as an impediment to plans for institutional development. As a province within socialist Yugoslavia, Kosovo's society and economy had been influenced by a style of administration based on extreme centralisation and hierarchical control, the absence of independent civil society organisations, and economic policies that included controlled food prices, below-cost utilities, expansive staffing of state-owned enterprises and generous pensions for employees.¹² These practices, which were regarded positively by many in the local population, were quite contrary to the market-based, open economy model proposed by the World Bank, the IMF and other lead actors in the reconstruction effort. At the same time, however, many international actors saw the post-conflict environment as an opportunity to overcome these obstacles and to implement reforms and institutional changes that would be politically or administratively more difficult in other contexts. They regarded Kosovo as a green-field site for the construction of new, modern, best-practice public-sector organisations.¹³

Public finance and the civil service

The international involvement in Kosovo encompassed all aspects of government, from the provision of municipal services to the administration of justice. This account focuses on two aspects in particular: the establishment of institutions and processes for the management of public finances; and the creation of the framework for managing the civil administration. Sound management in these two areas is regarded as essential for achieving economic development and poverty reduction objectives and are therefore frequent targets for donor-funded institution-building programmes. Public finance management (PFM), in particular, receives attention from organisations such as the IMF and the World Bank as a consequence of their concern for economic stability and growth, and from many other donors because of its importance for the sound management of their donated funds. An effective civil service is also considered the basis for good public administration performance and an important component of good governance. The concepts and processes introduced to Kosovo by international experts in these two fields were, however, significantly different from what had existed previously in this part of the world. The task of the international organisations was therefore not simply reform and incremental development of existing institutions, but the construction of completely new organisations, structures, processes and behaviours modelled on their ideas about 'best practice'.

Within UNMIK's 'pillar' structure, public finance was nominally the responsibility of the EU, with the United States, through USAID, also playing a significant role. Civil service development, on the other hand, was one of the many public-sector functions managed by the UN itself. This account documents what these international

actors did to implement their ideas about the type of public finance and civil service institutions that would be best for Kosovo, and tracks developments in these two sectors over the period since 1999. It describes the gradual evolution and ongoing functioning of Kosovo's new institutions and the ultimate results, assessed in terms of the performance of the Kosovo government in these fields today.

The theory and practice of development

Official development assistance replaced colonial administration as the primary form of Western involvement in the affairs of less well-off nations after the Second World War. Over the decades since then academics and aid organisations have produced a vast amount of analysis and documentation debating questions about the best way to achieve development, and indeed how development itself should be defined.¹⁴ Their theoretical discussions, however, often seem far removed from the practical issues and challenges of implementing development projects. Current dominant ideas from this body of literature underpinned the policies adopted by development actors in Kosovo, but their efforts to implement these policies were often undermined by defects in the methods of development assistance.

Theories of development

Since the 1970s, the 'neo-liberal' economic ideas that have influenced government policies in Western economies have also had an impact on development theory and have directed aid policy towards market-led development, a reduced role for the state and structural adjustment programmes to transfer economic power from the public to the private sector.¹⁵ These policies have tended to portray government as an obstacle to development rather than its sponsor. Support for the extremes of neo-liberal policy prescriptions has retreated somewhat in recent decades in part as a response to the economic successes of a number of mostly East Asian economies under firm political direction, which appeared to challenge the idea that governments should simply leave economic development to market forces.¹⁶ There has thus been renewed interest in the role of state institutions in supporting economic change, and a recognition of the need to ensure sufficient state capacity to perform this role.¹⁷

Nevertheless, the policies currently promoted by the international financial institutions and major developed country donors continue to be based on a more or less neo-liberal agenda of market-led development through fiscal discipline, rapid privatisation of state-owned enterprises, low taxes, trade liberalisation and foreign investment. The role of government is generally limited to regulating economic activity and implementing fiscal policies that will be conducive to private-sector growth. These were the ideas at the centre of the programmes of economic and institutional development implemented by the lead actors in Kosovo. They were not, however,

necessarily the policies the Albanian population, including former socialist officials and employees of state-owned enterprises, had in mind as they returned to their homes after the conflict.

The activities of development actors are not limited to introducing the right economic policies. They also assume the need for changes in the political, social and cultural environment. Various formulations of ideas about the role of human motives and values in generating economic success have appeared in development policy literature including the concepts of 'social capability',¹⁸ 'culture'¹⁹ and 'social capital'.²⁰ Early post-war ideas about 'modernisation', for example, assumed the need for changes in social and political structures, ideas, values and ways of thinking as pre-conditions for economic 'take off'.²¹ This underlying assumption of modernisation, it can be argued, has not changed all that much in recent thinking on development.²² Several related and somewhat overlapping concepts of this kind dominate current discussions. Obstacles to economic progress are variously identified in terms of poor 'institutions',²³ inadequate 'governance',²⁴ or a lack of 'capacity' on the part of developing country governments and people requiring the implementation of 'capacity-building' projects.²⁵ The essential idea behind each of these concepts is that a large part of the task of development assistance is to replace the existing social, political and cultural systems with institutions, values and practices that donors consider necessary to sustain economic growth and improve social welfare.

Development and post-conflict reconstruction

Programmes of post-conflict peace building are also generally based on similar assumptions that democratisation and marketisation will create prosperity, stability and the conditions for a lasting 'liberal peace'.²⁶ The boundary between 'normal' development and post-conflict reconstruction is further blurred by the fact that many of the least-developed countries receiving development assistance have also experienced conflict at some time in the not-so-distant past, or remain at risk of falling into conflict. Both post-conflict and developing countries are therefore assumed to need a democratic government and regular, free elections, an active parliament, an independent, incorruptible judiciary, an effective, merit-based government bureaucracy, transparent, policy-based budgets, a free press, sound labour market policies, enforceable property rights, efficient social welfare programmes, active civil society organisations, anti-corruption measures and a raft of new government agencies to support them. Along with these institutions comes a set of values that the society is expected to embrace including, for example, the idea that individual merit should take precedence over kinship, clan or political allegiance in public employment; that government should serve the needs of the population as a whole rather than just the ruling group; that women are as entitled to education, employment, civil rights and justice as men; or that people of different faiths or different ethnic or racial backgrounds also have a right to participate in society. For most of the people

who work for development organisations these are strongly held principles, but in many developing or post-conflict countries they amount to an ambitious and complex transformation of the existing society and culture. They also tend to identify the non-compliant attitudes, values and behaviour of the people of the recipient country as the major problem to be addressed by development programmes, setting up a clear divide between development actors and the subjects of development.

These donor expectations of institutional development and cultural change have generated an increasingly complex, demanding and sometimes internally contradictory agenda for change in developing and post-conflict countries. The reform agenda 'constitutes an overwhelming smorgasbord of changes deemed necessary to assure government effectiveness'.²⁷ In Kosovo, for example, while the World Bank, the IMF and their collaborators focused on new economic policies and institutions, other international actors saw a need to completely reorganise the education system, restructure higher education, transform the delivery of health services, regulate the media, revise the road rules and promote the concepts of gender equity and ethnic harmony.²⁸ The post-conflict environment itself, however, presents challenges to development assistance. The context is significantly more complex and the range of issues to be addressed, their urgency, the volume of assistance, the number of international actors and the level of public attention are all much greater than in more stable developing countries. Conflict and competition between the major international actors may also be more significant as they struggle to claim a prominent role for their organisation, their government or their policy agenda.

In literature on post-conflict reconstruction there is a clear divide between those who see the post-conflict enterprise as a special activity to which the normal public administration practices and rules of economic management might not apply, and those who regard it as no different from the situation in any other developing country. There is thus disagreement over the balance to be struck between short-term, pragmatic solutions to immediate problems and the desire to entrench good practices for long-term sustainable results. This tension is particularly significant in matters of economic policy. International actors often have different views on the importance of imposing fiscal discipline, controlling inflation, introducing new taxes and privatising public enterprises, on the one hand,²⁹ relative to the need to deliver a 'peace dividend', place former combatants in public employment, or provide short-term stimulus to the economy, on the other.³⁰ The post-conflict environment also highlights tension between the desire of foreign actors to take advantage of the opportunity to achieve rapid change and their expressed commitment to consultation and local ownership. The possibility of meaningful ownership of the reconstruction and development programme by the local population is significantly undermined by the disruption and uncertainty of the immediate post-conflict environment and the fact that international actors, under pressure to achieve results quickly, are reluctant to lose valuable time in consultation and negotiation.³¹

Critiques and alternatives to development

Within the relatively closed world of development assistance there is broad agreement on the value of development aid and the agenda it should pursue. In the wider context of academic and popular literature, however, there is considerable debate about the processes of economic and social change supported by aid donors. Some authors are enthusiastic about the benefits of capitalism, or of Western 'civilisation', and the inevitability of its spread around the world.³² Others challenge the generally Eurocentric focus of these works, but nevertheless agree that the development of global markets necessarily brings standardisation and predictability in laws and practices, and changes in concepts, values and ideologies.³³

For many, on the other hand, the practice of development assistance, which purports to help people in less developed parts of the world, is in fact intrinsically malign and destructive.³⁴ The activities of development actors are seen as a form of Western or liberal imperialism that seeks to exploit or subjugate fragile and disadvantaged communities, undermine local cultures, deepen deprivation and create relations of dependence.³⁵ Peace building and post-conflict reconstruction are also identified as part of this larger hegemonic project that has the ideological purpose, despite the good intentions of the individuals involved, of spreading the values and norms of dominant powers and implementing economic policies that would not be acceptable to the population in other circumstances.³⁶ The 'Europeanisation' policies of the EU have also been portrayed as a process of neo-liberal restructuring that reflects the interests of transnational capital.³⁷ Generally these criticisms are based on explicit opposition to capitalism, industrialisation and globalised economic relations and consequently reject the practices of development that intend to spread these systems further.

Another body of writing asserts that there must be alternative, more culturally appropriate paths to development than those promoted by conventional development programmes.³⁸ Rist, for example, argues that 'there are numerous ways of living the good life, and it is up to each society to invent its own.'³⁹ The imposition by donors of Western institutions and values on traditional societies, it is suggested, is preventing these alternatives from emerging. Arguments about the need for alternative approaches to development have been around for a long time. Essentially the same debates about the hardships resulting from economic development, the loss of traditional values and community life, and the need for alternative approaches, have recurred since the beginning of the industrial revolution, whenever traditional societies face change.⁴⁰

Neither of these radical challenges have much impact on the practices of development assistance. On the contrary, most major international development organisations take it as given that the primary objective of development is to bring more countries into economic relations with the developed world,

for their benefit. Promoting forms of social and economic organisation that are compatible with the global economy is thus one of the explicit and unquestioned intentions of their aid programmes. International actors are often well aware of available alternative non-Western modes of governance and behaviour, but explicitly reject them because of the risks they may pose to their strongly held beliefs about the value of transparency, equity, human rights and gender equality. In these circumstances, therefore, it is not at all clear how alternative paths to a better life, based on indigenous cultures and non-Western modes of behaviour, and without the imposition of foreign values and ideology, can be achieved given the power and dominance these critiques attribute to the Western model and its supporters.

Moreover, the 'Westernisation' and modernisation policies of donors often have strong support from within the developing countries themselves. Those on the receiving side of donor interventions, or at least the educated elites in these countries, share the transformation objectives of international actors and cooperate with the proposed change agenda. This was expressed, for example, by Tadeusz Mazowiecki, Poland's first prime minister after the end of communism, when he told his parliament 'We in Poland do not want a Polish way, a third way, because we know what works in the world and we know what doesn't work and we want what works.'⁴¹ The elites do not, of course, always represent the views of other sectors of the society, and their reasons for supporting the proposed changes may be misguided, or self-interested. In some countries, their enthusiasm for the new policies may wane when they realise the full implications of democracy, transparency, the free market and the rule of law for their own power and influence.

Although development organisations generally support the broad 'liberal peace' institution-building agenda, they are also aware of its limitations and risks. There are numerous examples of the over-enthusiastic or inappropriate application of neo-liberal policies, and these have provided ample ammunition for their critics.⁴² International intervention in post-conflict countries can be difficult to implement and can have adverse impacts.⁴³ Rapid development of a market economy and democratic politics can be destabilising. Paris argues, however, that the solution to this is not less intervention but an even more intrusive and longer-lasting involvement of outsiders in the domestic affairs of countries emerging from conflict in order to establish stable institutions and achieve phased reform.⁴⁴ Neo-liberal development programmes may not always work as well as donors hope they will, but there is no clear evidence that any other policy would achieve better results in terms of peace, political stability and individual welfare. Certainly most development actors are convinced that their ideas of best practice in government administration are what developing countries need.

Good enough governance

A critique of the current development model that is more likely to have an impact on aid practitioners questions whether many of the 'modern' practices promoted by donors are in fact essential for development. There is evidence, for example, that developed nations themselves did not necessarily have ideal, rational, Weberian government structures in place at the time of their rapid economic development. Many of the practices that development projects work hard to eradicate, such as nepotism, sinecures, tax farming, unaccountable public officials and political appointments to government posts, were common features of public life in Europe and the United States until relatively recently,⁴⁵ and a number of countries, such as China, Vietnam and Malaysia, have achieved significant economic success with institutions that are a long way from the ideals promoted by donors.⁴⁶ This suggests that, if institution building is required at all, it could be more effectively focused.

Grindle, for example, argues the case for donors to pursue 'good enough governance', a minimally acceptable level of government performance that at least does not hinder economic and political development and that enables poverty reduction initiatives to be implemented.⁴⁷ A realistic reform agenda, she argues, should set priorities among reforms, giving precedence to those that are essential over those that are less so, and those that are relatively easy to implement in the short term over those that are more difficult and longer term. The problem for donors, however, is deciding which aspects of governance should receive their attention and which can be ignored. 'Good enough governance' sounds sensible, but its implementation in aid practice inevitably produces conflict over what exactly constitutes an essential priority reform, as various advisers and policy entrepreneurs lobby on behalf of their particular field of interest or expertise, and donors pursue their strongly held ideas about the necessity for social change.

Development in practice

Donors' ideas about development as transformation set ambitious aims for their assistance programmes. Aid donors produce country strategy papers, multi-annual planning documents and logframes setting out how they propose to support the transformation of institutions, values and behaviours, and then conduct regular assessments of progress towards their goals. The means they have available for achieving their objectives, however, are actually quite limited and the impacts of their activities are always uncertain. The methods commonly used by donors to deliver aid have often been the subject of criticism in the literature on development.

The implementation of institution building generally relies on the formulation of targeted technical assistance 'projects' delivered by foreign advisers. The use of a project model for the delivery of aid has been the basis of development assistance

for many decades. It has its origins in the idea of development as a largely mechanical process focused on capital formation and therefore amenable to an engineering approach. This means that complex development programmes, carefully formulated on sound analysis of local political, economic and cultural conditions, and agreed with the national government, are subsequently broken down into a sequence of smaller, manageable projects which more easily fit within the budget cycles and procurement plans of donor organisations, and which can be separately explained, approved, funded, contracted, reported on and accounted for.

This model has been widely and frequently criticised. Projects, it has been argued, make it difficult to take account of the wider context, past history or previous efforts, are inflexible, have fixed objectives that are difficult to change, and tend to be dominated by officials or advisers from the donor country. They are often badly designed, of insufficient duration, inadequately funded, poorly supervised and not well coordinated.⁴⁸ The alternatives to projects are not particularly obvious, however, and may have their own drawbacks. A longer term, less focused programme approach, for example, may lose sight of the objectives and mask a lack of activity.⁴⁹

Institution building and capacity development projects almost always involve technical experts from more developed countries who are engaged to provide advice and transfer knowledge, abilities and attitudes to local counterparts. Like 'projects', technical assistance, also called technical cooperation, has always been a feature of development assistance and has attracted much the same criticisms. The US government initiated its first major programme to provide advisers to work abroad in 1949⁵⁰ and the United States continues to invest heavily in providing technical advice and expertise. UN-affiliated organisations, the World Bank and other bilateral and multilateral donors also established technical cooperation and training programmes at about the same time.⁵¹ This type of donor activity has consistently made up around 20 per cent of all official development aid.⁵²

Most of this technical assistance is delivered by private-sector consulting firms or non-profit non-governmental organisations (NGOs) under commercial contracting arrangements. These bodies, in turn, usually subcontract the actual work to independent consultants, generally self-employed professionals who are paid on a daily or monthly fee basis and who form a floating pool of specialist consultants moving from project to project, from firm to firm and from country to country, depending on the employment opportunities that become available. One of the crucial issues in the implementation of institution-building projects, therefore, is finding the right people to do it. Technical assistance employment is something of a closed shop. Consultant roles invariably require previous experience on similar projects, but there is no apprenticeship system through which to gain this experience. The pool of people who are both interested in this kind of employment and have the qualifications to do it is thus relatively limited, and experts with the necessary professional skills and experience in law, accounting,

economics or information technology can rarely be expected to also have the right language skills, knowledge of the local culture, understanding of local politics or even the awareness of development policy issues that might be considered essential for this work.⁵³ Graduates of development studies courses, on the other hand, have the theoretical knowledge but lack real-world experience. The firms who are contracted to deliver donor-funded technical assistance projects are constantly searching for people to fill adviser roles, and projects with short timeframes multiply these difficulties.

Recipient governments and critics of development sometimes query the relative costs and benefits of technical assistance, noting the high fee rates of advisers and that very little of the money paid to consultants remains in the local economy.⁵⁴ The cost of technical assistance is easily identified in aid budgets but the benefits advisers provide through training, advice and competent management are generally less visible than tangible outputs such as roads and schools. There is thus a tendency to assume that the benefits of technical assistance are low or non-existent. Critics also argue that the presence of foreign advisers may erode ownership and create dependence, undermine the capabilities of local staff and encourage adoption of policies that are too complex, misguided or unsustainable, while failing to transfer skills to local counterparts.

In spite of these doubts about the value and effectiveness of technical assistance, donors continue to make extensive use of foreign experts, in part because of the lack of viable alternative methods, but also because technical advisers can have subsidiary benefits rarely referred to in project specifications. They often function as financial controllers and monitors, information gatherers and commercial ambassadors on behalf of the donor country or organisation. Reports submitted by advisers provide donors with information on the workings of the government, the performance of senior government officials and the rate of progress in implementing policies recommended by donors. International consultants can also, usually, be relied on to account accurately for the use of donor funds, to curtail opportunities for mismanagement and misappropriation, and to pursue the donors' political, economic or commercial interests.⁵⁵

Most of the development actors operating in post-conflict Kosovo applied their normal aid 'modalities', or methods, to the task of institutional development and economic transformation. They implemented aid projects in various forms and engaged foreign technical experts to set up new government organisations and to provide advice and training. Although most UN and some EU staff were not recruited specifically as technical advisers, and may not have seen themselves in that role, their responsibilities in Kosovo's administrative departments and ministries were essentially the same as those of the technical consultants working alongside them. The decisions they made had the same long-term implications for the future Kosovo administration and their work faced the same challenges experienced by technical advisers in all developing country contexts.

Aid effectiveness and national interest

Despite the numerous reported deficiencies and failures of development assistance, many in the field are certain it could be much more effective if it was implemented correctly. Over the years various reports and studies have exhorted donors to change their aid delivery practices to address past criticisms.⁵⁶ The 2005 'Paris Declaration on Aid Effectiveness', one of the more recent initiatives in this direction, for example, committed donor signatories to modify their practices with a view to making their programmes more effective.⁵⁷ They agreed, among other things, to coordinate their activities, to minimise overheads and transaction costs, and to harmonise their procedures for reporting, procurement and disbursements. Donors also agreed they should support the recipient countries' own development strategies and base their programmes on them. A considerable investment in promoting and monitoring the achievement of aid effectiveness reform has been made since then including several more high-level conferences and agreements.⁵⁸

Most of these aid effectiveness ideals are by no means new, however. Many have long been seen as best practice in aid administration. References to country ownership and donor coordination, for example, appear in some of the earliest literature on development assistance.⁵⁹ Donors have, however, found it difficult to put them into practice in their work. The results of the final 2011 monitoring survey on the Paris Declaration were described by the OECD as 'sobering'. Only one out of the thirteen measurable targets established in the 2005 agreement had been met, and that by a narrow margin.⁶⁰

One of the main reasons for the poor results from efforts to reform aid implementation is that they ignore the political nature of development assistance as an instrument of donor country foreign policy. In addition to its stated goals of economic development and social transformation, official development aid has many other objectives which may include serving national interests through improved security, trade, national prestige, expanded spheres of interest and the ability to project national values. It was long ago observed that 'International politics lies at the heart of foreign aid and, indeed are the very reason for its existence.'⁶¹ Little has happened in the intervening time to change this assessment. Harmonisation between donors in these circumstances is not easily achieved, and alignment of donor programmes with recipient country development plans is only possible when the recipients' plans are already largely compatible with those of donors.

The development agenda in Kosovo

Donor planning for post-conflict development in Kosovo largely accepted the premise that, in a globalised economy, adopting institutions and practices that meet the needs and expectations of foreign interests is increasingly unavoidable for any country, and that this might involve significant change in the existing culture and values.

In previous decades, Yugoslavia had also been engaged in a programme of transformation of this rural backwater of the Federation. Fifty years of socialism had already generated a significant amount of 'modernisation' of institutions and values. It had, for example, brought almost universal literacy and longer life expectancy, urbanisation, and employment opportunities for women. This socialist transformation had itself followed previous efforts to influence local ways of life and belief during five hundred years of Ottoman rule. The aim of most international actors now was to replace the socialist institutions of Yugoslavia with Western-style democracy and markets, following the apparently successful model already applied elsewhere in Eastern and Central Europe. The post-conflict situation gave them significant scope to do this. In the immediate post-conflict period international personnel were much more than simply technical advisers to the government: in effect they were the government. Kosovo's political leaders were also, on the whole, willing to go along with these reform and development plans of international actors in exchange for the prospect of independence and, in due course, a place in Europe.

The UN was the odd one out in this respect. Its multinational membership, representing all variations in political ideology, means it has no particular position on questions of economic policy or social change. UNMIK was thus not committed to the neo-liberal model promoted by some of its international partners and had no blueprint of its own. The successive Special Representatives of the Secretary General (SRSGs), who were always from Europe, and the Deputy SRSG, who was always American, were generally supportive, but the position of UN Headquarters staff and many of the officials within UNMIK itself was less clear.

All of the complex issues and debates in post-conflict reconstruction were encountered when international actors intervened in Kosovo. They were confronted with urgent problems and conflicting opinions on how they should be resolved. Donor representatives, technical consultants, and UN and EU officials found themselves embroiled in debates about the policies that should be adopted, the speed at which they should be implemented and the difficulty of balancing short-term expedience and long-term outcomes. The pursuit of political stability was given primacy by some actors, while others considered effective government institutions an equally important long-term priority. The desire by some international actors to restart the economy and provide employment ran up against concerns about future fiscal sustainability and the need for merit-based public-sector recruitment. While most international actors expressed a public commitment to consultation to achieve local ownership, they also acknowledged that the urgency of the situation, and the absence of a recognised government, would make this difficult.

Kosovo's institution-building outcomes

Measuring the results of any specific development assistance activity is difficult and ultimately largely subjective. For donors the success of a project could mean simply

that the proposed outputs, such as training courses or reports, have been delivered, but this provides little indication of the wider or longer-term impacts. On the other hand, attempts to link development assistance inputs to improvements in high-level indicators such as gross domestic product (GDP) growth or poverty rates produce disappointing results. This study focuses on the extent to which international actors have produced the outcomes they intended to achieve, setting aside for now debates about the legitimacy of these objectives. Multiple sources of evidence are drawn on to judge their relative successes and failures in institutional development, including the views of donors on their own activities, the results of external assessments and progress reports, the opinions of technical advisers and other observers, and most importantly, the views of Kosovo's citizens on the performance of their own government institutions.

While these sources suggest that international actors have failed, so far, to achieve their more ambitious aim of transforming Kosovo into a smoothly functioning, ethnically harmonious and prosperous market democracy, there have been institution-building successes on a more modest scale. From a territory which in mid-1999 had no recognised government or established public institutions, Kosovo is now a self-governing entity with an elected parliament, government ministries, a civil service, a budget, a public revenue-raising regime and a body of enacted legislation. Many of these government institutions have been provided with trained and capable staff. In this respect, some international organisations and donors have achieved much of what they set out to do. However, the results of the development of public administration functions in the emerging Kosovo government have been very uneven. Some organisations and some functions are considered to perform satisfactorily, while others are well below expectations.

In the field of PFM the outcomes have generally been positive. Donors' own assessments, official reviews and evaluations, comments by independent observers and interviews with international advisers and Kosovars, all indicate that most of Kosovo's public finance institutions, including the revenue agencies, the Ministry of Finance, the central bank and expenditure management systems, are performing satisfactorily. Indeed public finance is widely regarded as a success of the international intervention. The Kosovo Customs Service, in particular, stands out as a professional organisation compared to its counterparts in neighbouring countries, despite having characteristics that would normally be expected to predispose it to poor performance and corruption.⁶² It needs to be emphasised that these assessments refer to relative success, measured within the context of Kosovo, or the Balkan region more broadly. Even the best performing of Kosovo's institutions have shortcomings that, if considered in isolation, might be identified as signs of failure.

The performance of many other government functions, however, is regarded much less positively. These institutions are repeatedly cited as major problems needing further development assistance and reform. Serious weaknesses are found, for example, in the conduct of public procurement activities, and the Kosovo civil

service in general is struggling to achieve the standards of performance expected by international observers. The more successful outcomes in many areas of public finance and the less positive results in civil service development are associated to a significant extent with the actions of the different international organisations involved in each sector.

It is, of course, always easy in hindsight to criticise actions taken, or not taken, by others in the past without appreciating the realities of the situation at the time. Any assessment of the achievements or failures of international actors in Kosovo needs to take account of the politically complex and physically challenging conditions in the early phases of the intervention, during which many difficult-to-reverse decisions were made. In conducting this research I noted a tendency for people who had only recently become involved in Kosovo to express an ideal view of how things should have been done by those who came before, failing to understand the obstacles that had existed at the time. Some of what happened in the early years of the intervention may have been, for political and financial reasons, unavoidable. This analysis shows, however, that some initial failures have had long-term consequences for contemporary Kosovo, while the focused early interventions of some actors produced good long-term results in key areas. Contrary to the assumptions of many critics, these findings support the value of institutional development programmes, the use of technical assistance and indeed the role of development assistance projects, for achieving the outcomes that donors pursue, and suggests that interventions of this kind in the right circumstances and with sufficient resources can have a lasting positive impact.

Outline of the book

This book tells the story of the development of several important public sector institutions in Kosovo during the period of international supervision. It describes what happened when various aid organisations put their ambitious reconstruction plans into effect and considers the extent to which the actions of these international agencies and aid donors during the rebuilding effort are responsible for the current performance of the Kosovo government. The main focus is on the early post-conflict years, but it also provides information on more recent developments that may have affected current public administration performance. The analysis deals with these events at several levels. It discusses the big-picture issues of why the various international actors became involved and what they hoped to achieve, and the more detailed questions about methods and process that are of interest to those who are responsible for delivering development and reconstruction. It pays particular attention to the effectiveness or otherwise of technical assistance and foreign expertise as a means of achieving change. The account of PFM and civil service development therefore provides considerable detail on exactly what was done, how it was done and the obstacles that were encountered, information that is often lost in more general discussions of ideas about post-conflict reconstruction.

Although these descriptions tend to highlight examples of disagreement and discord between international actors, it should be acknowledged that there were also many areas of cooperation.

International organisations and donors have produced a considerable amount of documentation on their activities in Kosovo, assessments of the performance of the public administration and proposals for further reform and assistance. Most of this material has been published on the internet, although some of it is now difficult to find as websites have been closed down or archived. Many academic works have also been written on the early years of Kosovo's reconstruction, some by people who were directly involved in various capacities.⁶³ Few of these independent studies have dealt in any detail with the development of public finance institutions and civil service management. Much of the information in the book is drawn from these published sources, but I also sought out many of the people I had met when I was working in Kosovo to get their first hand, unedited versions of what really happened. Some of these people shared their personal documents and unpublished papers. During a visit to Pristina in 2010 I also met the advisers who were implementing the latest iteration of donor technical assistance projects and talked to representatives of the major donor organisations, most of whom were in fact Kosovars, as well as some of the remaining UN staff in the downsized UNMIK. I also had formal meetings with senior government officials, some of whom had once been my trainees, and interviewed a range of other Kosovo government staff.

The following account of public administration development in Kosovo is a synthesis of information from all these sources. In this introduction I have argued that the intervention in Kosovo was essentially, for most actors, a development assistance exercise and have described the ideas about post-conflict reconstruction and development that informed their actions, the methods they used and the complaints frequently made about these methods. Chapter 1 briefly sets the scene for the reconstruction exercise and explains the intense donor interest in determining the direction of Kosovo's post-conflict development, which soon turned what may have initially been conceived as a relatively straightforward operation into a large and complex exercise. This chapter also describes the situation in Kosovo in the immediate aftermath of the conflict and provides a brief chronology of the development of Kosovo's independent government over the years of international supervision.

Chapter 2 identifies the lead players in the story. These comprised some of the largest and most influential international organisations, development bodies and bilateral donors. It examines each of their objectives and motivations, the methods they used, the resources they made available for the task, the relationships between them and how these all affected what they were able to achieve. Chapters 3 and 4 describe what happened when these actors applied their ideas and methods to creating new PFM institutions and a new civil service as the foundation for a future government. I explain the significance of these two issues for development and the difficult policy

debates they sometimes generate, and then describe the steps taken to resolve these issues in Kosovo and the results achieved.

The conclusion to this book assesses the factors that contributed to successes or failures of donor activities and the implications for future post-conflict missions and for current debates on development assistance more broadly. Successful donor intervention required agreement on the objective and consistency in applying it, sufficient resources over an extended period, a focus on promoting merit-based recruitment and performance-based management of public sector staff, and a degree of insulation from the vested interests of politicians. Other factors were also relevant, however, in particular the opportunity presented by the post-conflict environment and the ability of international advisers to exercise control over the new institutions for an extended period, conditions that are rare in the world of development assistance.

Although the opinions of many Kosovars are included, this account is written largely from the point of view of the outsiders who intervened in Kosovo and in particular the technical advisers and the donors who engaged them. It recounts their experiences and addresses questions of concern to them about the effectiveness of their activities. All the individuals I spoke to were promised anonymity to allow them to express their personal views frankly. Some strong opinions were repeated in interview after interview, including torrents of complaint about EU aid management, an unexpected lack of criticism of USAID implementation practices, and generally negative views readily expressed by international actors about their Kosovar counterparts.

In this work I generally adopt the terminology used in the official documents of major international organisations and thus use 'Kosovo' rather than 'Kosova' for the name of the country, and 'Kosovar' rather than 'Kosovan' to refer to the people of Kosovo. In most instances, 'Kosovar' can be assumed to refer to Albanian Kosovars – despite the UN's vigorous pursuit of the idea of a harmonious multi-ethnic Kosovo, ethnic Albanians were the dominant local actors in the events described. Given the political evolution from the Federal Republic of Yugoslavia to the Republic of Serbia over the period, a reference to Yugoslavia can in most cases be taken as a reference to Serbia and vice versa. The term 'international actor' refers both to the multilateral and bilateral organisations that made up the international presence and to the individuals that worked for them or on their behalf. By discussing the development and performance of the current government administration the book necessarily accepts the present reality of Kosovo's separation from Serbia.

The story of what took place once UN officials and donor-funded technical experts arrived in Kosovo to put the plans of the international community into action has moments of triumph and glory, and elements of tragedy and occasionally farce. The people of Kosovo sometimes seem to have been merely the audience rather than actors in this play. The entire process was certainly much more complex than is sometimes suggested in official accounts. However, the overall conclusion

of this investigation is reassuring. Although there were many failures and inadequacies in what was done by international actors, even those considered to be effective, the institution-building outcomes in some parts of the public administration were reasonably positive and at this point appear to be sustainable. Comparing these successes with the less positive outcomes in other areas of international involvement produces a fairly clear picture of the factors that contributed to relative success and the circumstances that generated relative failure.

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