



Foreign Democracy Assistance in the Czech and Slovak Transitions: what lessons for the Arab world?

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1. Introduction

With the implosion of authoritarian governments in Central and Eastern Europe (CEE) after 1989, the region became a recipient of various types of assistance provided by Western public and private donors based mainly in the United States, Canada, Europe and Japan. Immediately after regime change in the Czech and Slovak Republics, Western donors started to create new grant schemes specifically designed to support democratisation, which further intensified when both countries moved towards integration into the European Union (EU) and the North Atlantic Treaty Organisation (NATO). Assistance came in the form of financial grants worth billions of euros, but also in know-how, contacts and inclusion into international networks. Beneficiaries included governments and a range of non-state actors such as political parties, media, companies, activist groups/non-governmental organisations (NGOs), foundations and research institutes. Although donors' priorities varied, the aid was primarily intended to support the reorientation from a centrally-planned to a market-driven economy, and a conversion of the legal and political system from an authoritarian one-party state to multiparty democracy. Free and fair elections and guaranteeing human rights were the priorities of the first months, soon followed by a desire to integrate into Western institutions, in particular the EU and NATO.

Given the different forms and channels of support, and its recent nature, data on foreign assistance is very fragmented and there is no comprehensive study encompassing all funding flows. In addition to money, foreign donors provided expertise and facilitated networking of Czech and Slovak people and institutions with their foreign counterparts, the value of which is hard to quantify. Rather than aiming for an exhaustive overview of resources invested and projects supported, this study explores the perception of Western funding in the Czech and the Slovak transitions.

In today's Arab transitions, numerous examples such as smear campaigns against activists and systematic legal and administrative hindrances against foreign funding to NGOs illustrate the high degree of sensitivity and politicisation of 'foreign funding' in the fragile political climate of transition. Several parallels between the Czech and Slovak experiences and today's Arab transitions suggest that the former hold a number of valuable lessons for donors on the 'do's' and 'don'ts' of democracy assistance.

Both regions have experienced an inflow of funding and intense local competition for it; a post-regime-change explosion of local initiatives; and occasional disputes over funding priorities, the sustainability of projects and their impact on policy. Both have experienced forms of nationalist backlash from political forces (often governments) that felt foreign assistance was undermining their own hold on power. At the same time, however, there is

a marked difference between both regions in terms of donors' principal motivations and approaches: while the gradual inclusion of Central European countries into the Western community was decisive and began almost immediately after regime change, no comparable integration prospects exist with regard to the Arab world. While funding amounts and nuances in priorities may have been altered, donor strategies towards Arab countries are still much in line with those of the pre-2011 era. Central European states faced only occasional and temporary visa requirements from select Western European countries, and benefited from a strong perspective of membership in Western institutions in many other ways. In contrast, two years after the uprisings, Arab countries still have to wait for the markets and mobility part of EU pledges made in early 2011. The West's reluctance to offer greater reciprocal institutional advantages accompanied by Arab leaders' reluctance to accept Western tutelage are two major differences between the Arab and the Central and Eastern European contexts, which provide a fertile ground for populism and anti-Western sentiment. While some lessons from assistance strategies can be shared, in the absence of a broader reorientation of Western foreign policy towards the region, foreign aid is unlikely to be a game-changer in the Middle East and North Africa (MENA).

2. Phases and perceptions of foreign assistance

During the Czech and Slovak transitions, local responses to foreign democracy funding were largely positive. Belonging to 'the West' and 'comeback to Europe' were prominent mobilising tools for Czech and Slovak political parties. As most political forces embraced this goal, resistance to the presence of Western donors was only marginal. The responses of the Czech and Slovak governments and their civil societies to Western assistance ranged from grateful through neutral to suspicious. Although aid recipients were in certain cases labelled as 'foreign agents' or accused of having 'an agenda', they did not face any significant consequences (economic or infringements on freedom) comparable in scale to those in some of today's Arab transitions. At the same time, although recipients generally appreciated the assistance, the cooperation between international donors and local actors experienced some hiccups. For most part though, the post-1989 Western support for democratic transition in CEE was conducted in an atmosphere of a shared (local and Western) consensus that in order to build democratic institutions, CEE needed foreign support in the form of financial resources, know-how and endorsement. Not surprisingly, those who were directly involved in the transformation processes and were also direct beneficiaries tend to highlight the positive aspects, while those who were not directly involved and/or felt their interests threatened by the activities supported by foreign donors tend to be more sceptical. Some nuance notwithstanding, both the assistance and form in which it was disbursed was generally considered a good and useful thing, especially in the pre-2004 period. Based on interviews with donors and aid recipients,¹ participant observation and a review of media and public debates, some general reflections on the perceptions of foreign assistance in the

¹ The interviews for this study took place in Bratislava and Prague in August-November 2012.

Czech Republic and Slovakia can be offered. Democracy assistance to these countries has undergone different phases, and so have public perceptions thereof.

The aftermath of regime change (1989 – 1993)

Czechoslovakia began disentangling itself from the authoritarian regime in the autumn of 1989 – police suppression of demonstrations on 17 November 1989 is considered the starting point of regime change. Following sustained protests, roundtable talks between representatives of new political movements and the old elite quickly brought results. Important early measures included the removal of the leading role of the Communist party from the federal constitution, amnesty for political prisoners, the restructuring of parliament chambers to include the new movements, and the election of a well-known dissident, the late Václav Havel, to the post of President of the Republic. In January 1990, legislation was passed that enabled multiparty political competition and in March 1990, further amendments guaranteeing freedom of speech, assembly and association were introduced.² The first free elections were held in June 1990. The new elite faced the daunting task of addressing past rights abuses, turning the state-planned economy into a market-oriented one, tackling the restitution of property confiscated during communism, and building new institutions from scratch. The economic and political transition had to go hand in hand with the reorientation of the country's external relations. To the difficulties of de-constructing the communist legacy added the challenge of relations between Czechs and Slovaks in the new federation. After the second free elections in June 1992 had led to distinctively different results in the Czech and Slovak Republics, high-level talks finally led to a 'velvet divorce'. On 1st January 1993, the Czechs and the Slovaks celebrated – many with bitter nostalgia as the separation was adopted without popular consultation – the New Year as citizens of two independent states.³

The first immediate set of foreign assistance came from the United States which supported Czechoslovak dissent activities already previous to 1989, both from public (National Endowment for Democracy, NED) and private (Open Society Institute, OSI) sources. Other US and European donors soon followed, concentrating mainly on activities that supported public participation in politics. Until the separation of Czechoslovakia, most donors had offices only in Prague, and Slovakia seems to have received a smaller amount of aid⁴ compared to the Czech part of the federation. However, this changed after the separation, in particular when the return of authoritarianism in Slovakia attracted more donor interest.

Post-1989 support first directly targeted newly emerged political parties and unions, but also newspapers, such as *Lidové noviny* [*People's Daily*], considered the voice of the newly-formed political elites in the Czech Republic in the early period after the revolution. However, some of the assistance was ill-conceived: while it was assumed that newly-formed parties would be structured along similar cleavages as those in Western democracies (i.e.



2 For a brief account of the early transition, see J. Suk, 'Czechoslovakia's Return to Democracy', in *Transformation: the Czech experience* (Prague: People in Need, 2006).

3 M. Heimann, *Czechoslovakia: the state that failed* (New Haven and London: Yale University Press, 2009); C.S. Leff, *The Czech and Slovak Republics: nation versus state* (Boulder: Westview Press, 1997).

4 J. Glenn, 'Civil Society Transformed: international aid to new political parties in the Czech Republic and in Slovakia'. *Voluntas: International Journal of Voluntary and Non-profit organizations*, 11(2), 2000.

appealing to a particular income, professional, confessional or ideological segment of the electorate), in Central Europe the success of the new parties in elections owed rather to the persuasiveness of their campaigns.⁵

The years around 1989 are commonly remembered as the halcyon days. A prevailing view among recipients of Western financial and technical support is that it provided not only financial assistance, but also an invaluable source of inspiration, including through activists' inclusion into, and networking with, European and American civil society communities. Especially in the early years, foreign funding, and in particular the extensive core funding available, was an irreplaceable tool to launch civic initiatives, especially given the limited availability of domestic funding. Although the pre-1989 CEE regimes painted 'the West' as an utterly negative, 'imperialist' force, the population felt otherwise. Western economic prosperity and civic liberties (though often reduced in the popular imagination to freedom to travel and abundance of goods in the stores) was envied and desired. After regime change, it was widely believed that Czechoslovakia belonged to the West and that after having been 'hijacked and occupied'⁶ for half a century, it was now ready to 'return' to Europe.

While foreign funding itself was rarely disputed by the authorities, it was often suggested that it should not go to civil society but to the government. A prominent representative of this sceptical stream of thought has been the former Czechoslovak minister of finance, later Czech prime minister and now president, Václav Klaus, who has consistently questioned the motivations of Western donors, which he suspected of having a 'vested interest to prolong transition as much as possible, and not to let transition countries to do it alone'.⁷ Yet, there was a powerful counterview represented most prominently by Václav Havel, then a well-known dissident, later Czechoslovak and Czech president. Havel often stressed the importance of broad public participation for the health of a society, and called civil society 'the cornerstone of democracy' and 'the best defence against any attempt to usurp power'.⁸ However, caution in accepting Western assistance was not always driven by political elite ideology, but also by concerns of intellectuals about their future role in the newly-liberated society and fears of competition from the West.

A powerful example of this reluctance to accept foreign assistance was the case of the Central European University, currently based in Budapest, Hungary, and one of the most prestigious institutions in Central Europe. George Soros' announcement soon after the velvet revolution of his interest to establish and fund a university with an international student body, library and top faculty was not met with enthusiasm. The first option was the Slovak capital Bratislava; however, very soon the liberals who had welcomed the idea stepped back, succumbing to the outrage of nationalists (suggesting that the building of the Slovak National Council would be given to a 'Hungarian Jew'). Soros was then approached by a group of Czech intellectuals who proposed that the university be established in Prague.

5 J. Glenn, 'International Actors and Democratization: US assistance to new political parties in the Czech Republic and Slovakia.' *EUI Working Paper SPS 99/7*, 1999.

6 Czech writer Milan Kundera labelled Central Europe during communism a 'kidnapped West'; M. Kundera, 'The Tragedy of Central Europe', *New York Review of Books*, 31 (7), 1984, available at: http://www.euroculture.upol.cz/dokumenty/sylaby/Kundera_Tragedy_%2818%29.pdf

7 V. Klaus, 'The Current European Challenge: the view from Prague'. Speech delivered at a conference in Barcelona, 22 September 1999, available at: www.klaus.cz/clanky/2460

8 V. Havel, *Projev u příležitosti dvacátého výročí sametové revoluce*, 2009, available at: <https://www.euroskop.cz/38/14413/clanek/projev-vaclava-havla-u-prilezitosti-20-vyroci-revoluce/>

Originally, the Czech government actively supported the idea, but internal resistance, as well as pressure from local universities which perceived the new institution as a competition, led to the rejection of the university's accreditation.

Doubts over the good intentions of Western aid were also partly rooted in some negative experiences with some Western consultants who did not know the local context and treated their local counterparts with arrogance and disrespect, while receiving high fees for little added value.⁹ By a similar token, some donors arrived with pre-set priorities, to which NGOs had to subscribe. None of these nuances and qualifications, however, was able to jeopardise the overwhelmingly positive perception of foreign democracy funding during the post-1989 period.

Mečiarism in Slovakia in 1994-1998 and the 'Soros agents'

While the Czech story is commonly referred to as a successful case of smooth transition, the Slovak one was more complicated. Between 1994-1998, Slovakia slid into a new authoritarian period, often referred to as *Mečiarism*, after Vladimír Mečiar, then prime minister and leader of the then strongest party in the governing coalition composed of three populist-nationalist parties.¹⁰ The period was characterised by violations of political and civil rights, harassment of human rights activists and attempts to exert greater state control over the public sphere (notably via the Law on Foundations adopted in 1996), a general antagonism between state institutions and non-state actors, and secret service monitoring of selected 'unfriendly' organisations. In 1996, the head of the Slovak intelligence service reported to parliament that 'developments in Slovakia are influenced by various supranational or international institutions, foundations, foreign interest groups and lobbies' and noted the detection of 'activities which are not in line with the national interests of the Slovak Republic'.¹¹ Among the methods used by the Mečiar government to suppress dissents was refusing to grant perceived opponents of the regime access to the already limited local funding from the Ministry of Culture, and the formation of media or youth counter-organisations (governmental non-governmental organisations, GONGOs).¹² As a result, Slovakia's integration into Western institutions slowed down. While the Czech Republic was invited to start accession negotiations with the EU in 1997 and joined NATO in 1999, Slovakia had to wait until 1999 for an EU invitation and joined NATO only in 2004.

Apart from pressure on the Slovak government (including via demarches and statements of EU institutions and member states), foreign donors increased their coordination and focused on supporting the Civic Campaign 1998 (*Občianska kampaň 98*), in which hundreds of NGOs mobilised to spread awareness about the upcoming elections. The decision of key donors to pool their resources allocated for Slovakia and support the election mobilisation campaign was deemed by contemporaries as important to the campaign's success. Support



⁹ Problematic examples of Western aid are well-documented in J.R. Wedel, *Collision and Collusion: the strange case of Western aid to Eastern Europe* (New York: Palgrave Macmillan, 2001).

¹⁰ HZDS – Hnutie za demokratické Slovensko [Movement for Democratic Slovakia]; SNS – Slovenská národná strana [Slovak national party]; ZRS – Združenie robotníkov Slovenska [Alliance of the Slovak Workers].

¹¹ M. Bútora, *Aktívne občianstvo a mimovládny sektor na Slovensku* (Bratislava: Včelí dom, 2012).

¹² More on the attacks on civil society in J. Forbig, 'Civil Society: theory and practice in East-Central Europe'. PhD Dissertation. Florence: European University Institute, 2004.

for the campaign took place under the condition that no political party would be openly endorsed. The goal was to mobilise the electorate to vote. At the same time, a profusion of workshops and public debates and concerts (including the ‘Rock the vote’¹³ – Rok volieb (Year of the election) in Slovak – model imported from the US) took place in Slovakia. The goal was to raise youth awareness on the meaning of elections and increase voter participation. In the end, the anti-Mečiar opposition won the 1998 elections. The formation of a new governing coalition led to talks on EU and NATO accession to resume, and these were eventually concluded in 2004.

The Mečiar period in Slovakia was the period with most open government attacks against intellectuals and civil society representatives who disagreed with the regime. They were labelled as ‘traitors’ or ‘enemies’, accused of ‘selling out’ and ‘bad-mouthing’ the country abroad. The most common target of the backlash and symbol of unwanted foreign interference was George Soros and his organisations. While many other donors supported activities similar to those promoted by the Open Society Institute, it is hard to trace any other name-calling. As one observer noted, ‘perhaps it is the only donor name our critics know’.

During *Mečiarism*, even relatively low-profile activities such as debate programmes aimed at training argumentation and critical thinking were suddenly politicised as ‘anti-Slovak’, although the strong rhetoric was rarely followed by repressive action. Such rhetoric typically came from those segments of society that never benefited directly from donor support. Although civil society was not meaningfully deterred by these attacks, activists could not help wondering why they were attacked for doing work in the public interest without straining Czech/Slovak taxpayers’ pockets. Still in 2008, ten years after the end of his autocratic rule, Vladimir Mečiar claimed in the Slovak parliament that Soros gave \$20 million for his deposition and accused the opposition of being an embarrassment ‘for the whole state [...] for selling out as prostitutes’.¹⁴ However, it is questionable to what extent such rhetoric actually appealed to the population at large, as there has never been a representative poll on this subject.

Post-2004 period: uncertainty and disillusion

Once the Czech Republic and Slovakia joined NATO, the EU and the Organisation for Economic Cooperation and Development (OECD), both countries were considered to have ‘graduated’ from transition. Moreover, after their accession to the OECD, the Czech and Slovak Republics became providers of development assistance. Except for providing resources to Least Developed Countries (LDCs) in Africa, they quickly found their new territorial priorities in the Western Balkans and Eastern Europe – countries with which they shared an authoritarian past and EU aspirations for the future. Thus, the Czech and in particular the Slovak ‘transition experiences’ became a toolbox to be offered to other countries. Additionally, a number of non-governmental organisations, drawing on the experience acquired during key periods of the Slovak transformation are now running projects in Eastern Europe, the

¹³ Rock the vote – rockthevote.com – campaign that emerged over two decades ago to mobilise youth voters. In Slovak the campaign’s name was *Rok volieb*, which also stands for Year of the election.

¹⁴ *Soros dal podľa Mečiara na politickú zmenu 20 mil. Dolárov, SME*, 3 July 2008, available at: <http://www.sme.sk/c/3960473/soros-dal-podla-mečiara-na-politicku-zmenu-na-slovensku-20-mil-dolarov.html>

Western Balkans, and more recently in the Southern Mediterranean (mainly in Egypt and Tunisia). The 'transformation assistance' schemes funded by their governments (through implementing development agencies) have for many Czech and Slovak NGOs become a way to utilise capacities built up during their own transitions, but also a source of income, since foreign money for civil society support became less accessible.

When after 2004 funding sources from private foundations were substantially reduced, EU programmes became the main source of funding for democracy and human rights. These were much less flexible and accessible and more administratively demanding than US governmental assistance and resources from private donors. Although Czech and Slovak civil society activists were nostalgic of the heydays of flexible foreign funding, they were also critical of their own political elites which failed to respond to their demands to create real and tangible schemes for domestic funding of civil society organisations (CSOs). Although local private philanthropy has emerged in these countries in the past two decades, new donors are reluctant to fund initiatives that are deemed 'too political' or controversial (e.g. monitoring of party-financing or supporting the rights of the lesbian, gay, bisexual, and transgender community, LGBT), or simply too difficult to communicate to the general public.

Unlike in the early days of the transition when core funding was quite common, in the post-2004 period NGOs have access mainly to funding for projects with limited duration and a very specific focus. The uncertain institutional future and the need to jump from project to project has been a hurdle in the professionalisation of these CSOs. With Slovakia's and the Czech Republic's impending EU accession, most of the opportunities for core support disappeared, as donors believed that the main battle in the path of democratisation was won and so moved their operations further South-East or elsewhere. In order to continue their programmes, NGOs were expected to fundraise among domestic donors, which proved difficult.

Today, civil society's situation is marked by uncertainty, as NGOs' lack of sustained financial security and the changing priorities of donors largely impede them from launching long-term research programmes or projects. In this sense, civil society support has reversed from an initial emphasis on professionalisation in specific sectors towards a forced thematic fragmentation, as organisations' financial needs require them to splinter their capacities into a large number of areas, with the main criteria not being their expertise or track record, but the potential for securing funds.

To be sure, today there is still some foreign funding available for both countries. The Open Society Institute and its local foundations (OSF) have been and still are major private donors in terms of democracy and human rights, focusing on a wide array of priorities including education; health; integration of minorities (mainly Roma); migrants and anti-discrimination measures, with gender equality as a specific priority; as well as measures to strengthen the rule of law, increase public accountability and combat corruption. Moreover, the European Union offers post-accession funds chiefly to catch up with their West-European counterparts.¹⁵



¹⁵ For the period 2007-2013, the EU allocated €26.3 billion for the Czech Republic (€2,502 per capita) and €11.4 billion for the Slovak Republic (€2,094 per capita). These funds are earmarked for economic development, energy, environment, healthcare, human resources development, public administration, research and development, transportation, urban and rural development and technical assistance. KPMG, *EU Funds in Central and Eastern Europe: Progress Report 2007-2010*, 2010, available at: www.kpmg.com

However, these funds are hard to access for a number of civil society organisations working on human rights or democracy since the declared priorities do not coincide with what NGOs see as priorities, or the NGOs have limited administrative capacities to participate in the competition. Moreover, some – including the Czech president – consider EU funds as a ‘fertile ground for corruption’.¹⁶ Today, local NGOs can also compete for funds in the new European Economic Area and Norwegian Financial Mechanisms – a framework agreed between CEE governments and donors for 5-year periods since 2004¹⁷ to help them catch up with their West-European counterparts. Priority areas include environmental protection and management; climate change and renewable energy; civil society; human and social development and protecting cultural heritage.

Private donors, many of which cut down their activities after the Czech Republic and Slovakia joined the EU, have not left altogether. In 2001, six major private donors (Atlantic Philanthropies, Charles Stewart Mott Foundation, Ford Foundation, German Marshall Fund of the United States, Open Society Institute and Rockefeller Brothers Fund) announced¹⁸ their intention to continue supporting CSO capacities in seven¹⁹ CEE countries, including the provision of core funding. Yet, although helpful, these funds could not cover all the needs of the region, and the application process proved to be very competitive. The CEE Trust closed down in late 2012, and while some members of this consortium will continue supporting specific priorities individually, in general NGOs active in the fields of human rights and democracy (i.e. watchdogs) are in dire straits. In the twenty years of foreign support and after a number of discussions with the political elite at home, domestic mechanisms to support civil society operating in these areas were not sufficiently developed.

Similarly, smaller institutes frequently complain about the difficulties to access EU funding. As one think-tank programme director noted, ‘many EU calls seem to be tailored more for state or public institutions. Often the first instalment comes a few months after the project has started – a NGO cannot afford this. We would have to take a loan and that is not always possible’. In some projects, the lack of substantial advanced payment (the condition being refunding after the completion of the project) was considered a problem that threatened the very existence of the organisation. Often, calls for EU-structural funds are announced later than expected, thus threatening the continuity and sustainability of programmes. Moreover, delays are often due to frequent renegotiation and re-approvals of budgets or contents. A representative of a human rights organisation commented: ‘While the employees of the donor organisation review my projects in their paid time, we write our projects in our free time, since there are no grants for project writing. In case of big EU projects, it can be months’. Once again, administrative hurdles are currently more of an impediment to dynamic NGO development than political manipulation.

A number of smaller and more flexible donors remained active in both countries, and their presence is appreciated by civil society representatives. It is possible to communicate directly with these donors, who can also follow recipients’ activities on a regular basis. Yet, their contributions are mostly project-based and rarely high enough to sustain the running costs

¹⁶ V. Klaus, ‘Klaus: Evropské dotace jsou korupčním systémem’, *Mladá Fronta Dnes*, 4 April 2012.

¹⁷ Currently Norway provides 97 per cent of the EEA/Norway Grants for the Czech Republic and the Slovak Republic, while Iceland and Lichtenstein provide the remaining 3 per cent.

¹⁸ J. Wojnarowski, ‘Alliance: a trust for Central and Eastern Europe’, *Alliance*, 6(2), 2001, available at: www.ceetrust.org/article/70.

¹⁹ CEE Trust operated in Bulgaria, Romania, Slovenia, Czech Republic, Poland, Hungary and Slovakia.

of civil society organisations. It is difficult to pay salaries of administrative staff and staff that regularly liaisons with donors, follows the demanding procedures and takes part in the selection of priorities. In 2005, for example, a number of NGOs withdrew from an EU-funded consultation scheme regarding EU-funding distribution²⁰ because their concerns over financial-administrative procedures were not taken into consideration and because given the limited core funding available, many NGOs cannot employ people to follow the legislation and lack the capacities to formulate thorough policy proposals. As one NGO representative commented: 'We are fewer and fewer. I would like to hire new people, but I cannot promise them any salary'.

Although both countries have developed their own funding schemes for civil society – much stronger in the Czech Republic compared to Slovakia –, some activities cannot get domestic support and thus have to rely on foreign funding. These activities are usually related to transparency in public life (i.e. monitoring of political party funding), advocacy or the substantive quality of democracy in general (implementation of human rights mechanisms). Such activities are not easily readable to society at large. As one civil society leader put it: 'While it is easy to explain why one needs to support handicapped children, it seems impossible to convince that democracy needs to have its watchdogs'. A large number of domestic private donors do tend to see philanthropy as a way of improving their image, and visibility is often considered a precondition of assistance. Slovakia, which has adopted a 2 per cent tax assignment (i.e. private individuals and companies can choose to donate 2 per cent of their taxes to specific non-governmental organisations) has seen a rapid increase in the number of foundations. However, the main recipients are foundations established by big private companies and charity organisations such as the League against Cancer,²¹ while organisations dealing with human rights or the accountability of power holders are rarely considered.

3. Major donors

The main donors to the Czech and Slovak transitions were governmental and non-governmental donors from the European Union and its member states, the United States, Canada and Japan. Their contributions came via government agencies and private foundations, in grants distributed directly to Czech and Slovak recipient institutions and individuals or via proxies in the donor country of origin. Contemporaries remember US and European bilateral (public or private) funding as being much more flexible and less bureaucratic than that which came from the EU's budget (especially the assistance provided after the completion of the first stages of transition and accession to the EU).



²⁰ Bútorá, 2012, op. cit.

²¹ For illustration, in 2011 only one of the top 10 recipients dedicated a substantial part of its activities to human rights, http://rozhodni.sk/index.php?databazy_k_%25_z_dane/sl/108. In 2002, the situation was even more dire. The following organisations were the top 10 recipients of the 2 per cent tax donation: League against Cancer; Association for the Support of Child Oncology; Comenius University; Association of Child Oncology Kosice; Foundation for Cancer Research; Liberty for Animals; University Foundation Trencin; Catholic Charity in Spis; Association of Private Doctors in the Slovak Republic; ZSNP Foundation Ziar nad Hronom. Source: E. Marcek, 2006. Also, polls by Taylor, Nelson and Sofres in 2008, 2009 and 2010 have repeatedly confirmed this. To illustrate this point, the poll from 2010 shows that 26.5 per cent of people were willing to support youth-related activities; 17 per cent health protection activities; 15.9 per cent supported citizens with health and/or other handicap; while only 2.3 per cent wanted to contribute to human rights. Available at: http://rozhodni.sk/index.php?analyzy_a_statistiky_o_2%/sl/88

Illustrative funding flows by major donors to the Czech and Slovak transitions²² [in millions EUR]²³

DONOR	CR	SR
EU (PHARE, Transitions Facility) ²⁴	776	500
EU ²⁵	26,300	11,400
USA ²⁶	99	132
Canada ²⁷	16	12
Norway/EEA Grants ²⁸	243	151
Japan ²⁹	9	12
CEE Trust ³⁰	7	6

The United States government

Although European donors also stepped into the game quite early after the fall of the communist regime, civil society veterans recall American assistance as the first and most immediate support. In 1989, the American Congress passed the Support for East European Democracy (SEED) Act, which defined the priorities of US assistance to post-communist states.³¹ US government support was then disbursed via various agencies including the United States Information Service, the National Endowment for Democracy and later mostly through the United States Agency for International Development (USAID). The US government first prioritised economic transformation (including privatisation) and democracy; at a later stage, some of the focus shifted to addressing the side-effects of economic reforms (e.g. unemployment). Support for civil society initiatives was only a portion of the assistance, and the priorities included democracy-building, enterprise development, environment and social development. In the first years, the NED provided a number of grants mainly to US-based organisations such as the International Republican Institute (IRI) or the National Democratic Institute (NDI) to pay for training, seminars, experts who provided advice in drafting electoral laws and organising the first free and fair elections, equipment, and public opinion surveys.

22 The information provided in this table does not include all foreign assistance to the Czech and Slovak Republics in the past two decades. Although (or maybe exactly because) the period of Central European transition is quite recent, data on foreign assistance is fragmented, and only few donors have made public an overview of their contributions (or responded to our research query) and this only for selected periods. Therefore, we provide only an illustrative account of some of the major flows.

23 The data provided in currencies other than euros were converted using the ECB rate on 1 February 2013. All figures rounded.

24 This sum indicates data provided by Phare (programme of pre-accession assistance) since 1993 until accession in 2004 and by Transition Facility in the period 2004-2006. Information provided by the European Commission is based on the data provided by the Czech and Slovak national authorities.

25 Funds allocated by the EU for the programming period 2007-2013. Source: KPMG, 2010, op. cit. More detailed information on annual figures and specific sectors in which EU assistance was already disbursed is available at: http://ec.europa.eu/budget/figures/interactive/index_en.cfm

26 Funds provided by the US government in the period 1990-2000/2. Information obtained by email from USAID and from R.J. Maushamer, 'Slovak-American Development Partnership' (Bratislava: USAID, 2000). The figure also includes support of private sector development, municipal finance, social services, health care, energy and environment. To illustrate, the total share of 'Democracy Building' sector in the case of Slovakia was €23.7 billion.

27 Information provided by the Canadian Embassy in Prague on assistance provided to the Czech and Slovak Republics in 1990-2004. Available at: <http://www.canadainternational.gc.ca>

28 Data for the period 2004-2014 (i.e. the sums include also resources that have already been allocated but not disbursed yet). Norway has also provided substantial transformation assistance before the Czech and Slovak Republics joined the EU.

29 Information obtained by email from the Embassy of Japan in the Czech Republic and from the website of the Embassy of Japan in Slovakia. The data represents the total sum of the aid provided in 1992-2005: Funding targeted transition to a market economy and environmental conservation by the dispatch of experts and the acceptance of trainees. Japan had also provided support in the area of culture.

30 Data for the period 2001-2012. Information provided by the CEE Trust. A number of the listed foundations provided significant contributions also in the 1990-2000 period, and continued funding other civil society activities beyond the scope of the CEE Trust funding programme.

31 J.R. Wedel, 'U.S. Aid to Central and Eastern Europe: results and recommendations', *Problems of Post-communism*, 42(3), pp.45-50, 1995.

The European Union and member states

Although entering the field slightly later than the US, European donors combined have provided the biggest share of transition assistance to Czechs and Slovaks. European funds were primarily intended to prepare both countries for EU membership at a later stage. Resources were first channelled through embassy grants and bilateral democracy assistance programmes, and later from the EU's budget. The key source of foreign funding in the period 1993-2003 was the pre-accession programme (PHARE). This programme was specifically oriented at restructuring the economy – abolition of monopolies, modernisation of public enterprises and promotion of private entrepreneurship, with emphasis on small and medium enterprises, as well as the reform of welfare systems.³² Training and technical assistance were provided in priority areas agreed between the EU and national governments, a very different approach from US donors, as the EU's programme was intended directly to induce structural reforms and harmonisation with EU legislation. Both CEE countries established, following consultation between their respective governments and the European Community institutions, separate foundations to administer the civil society components of the pre-accession assistance.³³ Funding priorities included minority rights, election awareness campaigns and technical assistance, and civil society capacity-building. After the conclusion of the pre-accession assistance programmes, both countries were further entitled to participate in the Transition Facility programmes implemented in 2004-2006 (2009 for some projects).³⁴ Supported activities included advocacy in the fight against corruption, discrimination or environmental protection.

It is interesting to note that although EU funds were used to build governmental and civil society capacities and to achieve systemic changes, they were hardly ever considered as 'sensitive' or an unwelcome interference in the pre-accession period. Nevertheless, the Czech and Slovak governments were not happy that a share of the pre-accession assistance had to be allocated to strengthening civil society. A number of contemporaries have concluded that if this had not been a condition, EU funds would have been allocated solely to strengthening the capacities of state institutions. For many in the political elite, civil society was a tolerated yet unwelcome companion.

Apart from EU resources, a number of European bilateral donors were active in the Czech and Slovak Republics. Given the scope of change that swept the CEE region after 1989, a number of donors established new funding schemes designed specially to cover what was perceived as CEE's most pressing needs. An example of such programmes was the Matra (*Maatschappelijke Transformatie*), established by the Netherlands in November 1993.³⁵ While early support focused on assistance to civil society and local governments/authorities – post-communist states were still struggling with decentralisation and development of local initiatives – the programmes were also active in building the capacities of political parties



³² European Commission, PHARE: Assistance for economic restructuring in the countries of Central and Eastern Europe, 1992, available at: <http://bookshop.europa.eu/en/phare-pbCC7492588/>

³³ In Slovakia, Nadácia pre podporu občianskych aktivít (NPOA) and in the Czech Republic, Nadace pro rozvoj občanské společnosti (NROS). To illustrate with an example from Slovakia, in the period 1993-2003 NPOA disbursed €11 million for various civil society capacity building projects.

³⁴ In the Czech Republic, the total contribution was €35.8 million, out of which €4.9 million were allocated for civil society support.

³⁵ In 1994-2002, Slovakia alone received over €27 million from various Matra programmes (Marcek, 2006, op. cit.). For an evaluation of the Matra for European cooperation see SPAN consultants, 'Final Report on evaluation of the Matra Training Programme for European Cooperation and its predecessors', 2008, available at: <http://www.government.nl/documents-and-publications/reports/2008/07/10/final-report-on-the-evaluation-of-the-matra-training-programme-for-european-cooperation-mtec-and-its-predecessors.html>

(and building their network with the Dutch parties) and strengthening those of the central governments heading for EU accession.

The United Kingdom committed resources to CEE via the British Know How Fund (BKHF), established in 1989 for Poland and further expanded to cover other countries including Czechoslovakia. It initially focused broadly on assistance towards democratisation and transition to a market-economy. The fund's first specific priorities included finance, privatisation, small and medium enterprises and management training – in fact, most of the UK's resources went to the economic sector.³⁶ In parallel, the UK established a Charity Know How, aimed to support civil society, also via working on joint projects with British organisations.

A specific case is that of independent but fully government-funded German political party foundations, the most active of which have been the Konrad Adenauer Stiftung (KAS), the Friedrich Ebert Stiftung (FES) and the Heinrich Böll Stiftung (HBS). While their general goals and methods have been similar to most European cooperation organisations in terms of sharing sectoral know-how with Czechs and the Slovaks and viewing this cooperation as a way of educating their future EU and NATO partners, the non-grant-making German party foundations placed more emphasis on working with individuals rather than institutions. Also, given their physical presence in the recipient countries, hiring of local staff and 'avoiding an air-raid approach dropped from a distance', as one German donor remarked when contrasting their strategy with the US's grant schemes, they have rarely been a target of criticism. During Slovakia's *Mečiarism* period, the KAS in particular played an important communication role between the anti-Mečiar opposition (a key part of which endorsed Christian Democratic values and thus KAS was a natural partner), civil society and the West. It provided the opposition with contacts and means to communicate its perspective to the German and other EU leaders. The contact network of German foundations in CEE countries has also served as a point of reference for other European leaders.³⁷

According to available evidence, none of the donors provided direct cash transfers to political parties. The parties rather profited from political pressure, networking and capacity-building tools provided by the foundations.

Private foundations

The main private foundations active in the Czech and Slovak Republics included the Open Society Institute, Charles Stewart Mott Foundation, Sasakawa Peace Foundation and the German Marshall Fund of the United States. George Soros had already provided assistance to Czechoslovakia during the pre-1989 period via the Charta 77³⁸ Foundation, established

³⁶ In the period 1990-2003, the Fund spent £24.6 million in Slovakia and £16.4 million in the Czech Republic. The BKHF spent in those years a total of £301.5 million for all CEE; 44.8 per cent of this assistance went to the economic sector, 16.9 per cent to governance. Other priorities included education, social issues, environment and health. See T. Faint, 'Review of DFD/ODA's Programmes in Accession Countries', Department for International Development, *Evaluation Report 650*, 2004, available at: <http://webarchive.nationalarchives.gov.uk/http://www.dfid.gov.uk/funding/khf.asp>. This study also ranks Germany as the second (after the European Commission) most important donor in the transition period – based on OECD data for the given period, Germany provided €96,899,736 to the Czech Republic and €65,750,513 to Slovakia.

³⁷ D. Dakowska, 'German Political Foundations: transnational party go-betweens in the process of EU enlargement', in: Kaiser, W. and Starie, P. (eds.), *Transnational European Union* (London: Routledge, 2005).

³⁸ Charta 77 (Charter 77) – a petition signed in Czechoslovakia (by the end of 1990 about 2,000 signatories, originally a few hundred) that called for the Czechoslovak regime to stand up to commitments it took by signing the Helsinki accords in 1975, including the International Pact on Civil and Political Rights. This initiative is widely considered as one of major anti-communist citizen acts.

in Sweden in 1978 and led by Czechoslovak émigré František Janouch. These funds were used to support opponents of the regime (e.g. maintenance of their families or legal costs, given that a number of them were imprisoned). After regime change in 1989, the Charta 77 Foundation opened offices in Bratislava and Prague, and served as the main channel for the distribution of Soros funds to Czech and Slovak activists until the establishment of Soros foundations/OSF offices in both countries.

After the initial wave of expert gatherings and elite trainings on ‘everything about Western democracy’, when immediate post-regime change challenges were addressed, a number of donors (including OSI, the Ford Foundation, the GMF and the Mott Foundation) turned their support toward more systematic approaches and invested in the strengthening of local civil society institutions. Much appreciated were for example OSI’s programmes on youth engagement in public life as well as a number of scholarship and visiting fellowship programmes, such as an undergraduate exchange programme that enabled CEE students to spend a year at US universities. Another notable scheme was the East-East – Beyond Borders Programmes that allowed civil society from a number of CEE countries to meet and discuss joint challenges and prepare common projects to address these in their respective countries. OSI/OSF served as an incubator for a number of initiatives that today operate independently (e.g. Debate Association, Slovak-Czech Women’s Fund). US public and private donors also formed partnerships that resulted in the establishment of independent Czech and Slovak organisations (e.g. the US-based Foundation for Civil Society, the Czech Via Foundation and the Slovak Pontis Foundation). More commonly seen, however, were local initiatives that, with the help of Western grants and trainings, established their own non-profit organisations. Some donors (such as the German Marshall Fund)³⁹ also established offices in Central Europe, enabling them to liaise regularly with their grantees. GMF funding continued until the late 2000s via small grants, fellowships and training seminars aimed at sharing West-European and US know-how with their CEE counterparts, and core grants to NGOs and research institutes.⁴⁰ Recipients appreciated that funding was relatively flexible and that they had the freedom to decide on concrete projects. Civil society capacity-building and networking activities (e.g. study trips) also inspired local activists to bring in new models of philanthropy and civic engagement. A strong example are the present community foundations that operate in smaller administrative units (e.g. regions with tens to several hundred thousand inhabitants), whose goal is to fundraise and re-grant resources for local concerns. This concept was ‘imported’ from the US during one such trip and successfully developed in Slovakia with the support of the Mott Foundation, the Rockefeller Brothers Fund, OSF and USAID. Thus, Western donor initiatives did not concentrate only on ‘national’ priorities but contributed also to local development. In the first years of Central European transitions, donors primarily focused on funding initiatives at the national/macro level, while attention to grassroots/local initiatives came at a later stage.⁴¹



³⁹ GMF was established as a non-profit organisation in the US in 1972; its endowment was a gift from the government of Germany.

⁴⁰ The Bratislava office operating in 2000-2010 disbursed \$2.8 million annually to support the activities of its grantees in the CEE. As the EU membership perspective of CEE countries became clearer, the GMF committed more resources. A typical annual institutional grant for a research institute in Slovakia or Czech Republic would be \$25,000-40,000. N. Siegel, ‘The German Marshall Fund of the United States: a brief history’, 2012, available at: <http://www.gmfus.org/about-gmf/>

⁴¹ For an analysis of the impact of delayed support for local initiatives in a similar Polish case, see J. Regulska ‘Building Local Democracy: the role of Western assistance in Poland, *Voluntas: International Journal of Voluntary and Non-Profit Organizations*, 9 (1), 1998.

4. Conclusion: lessons for donors

Reactions to Western funding provided to strengthen democracy in the Czech and Slovak Republics were mostly positive. Civil society in particular appreciated the assistance in the first phases (before EU accession) as it was more abundant and more responsive to the country's needs; priorities were chosen on the basis of dialogue with civil society leaders; aid was more results-oriented; there was more core-funding (i.e. CSOs could actually devote more energy to the content of their work as opposed to constant fundraising); less perceived corruption; and reporting and financial procedures were much less bureaucratic than in subsequent phases.

When shortly before both countries' EU accession a number of private and public donors significantly reduced their support and reoriented their resources further East or Southeast to countries perceived as more needy, this was generally accepted by Czech and Slovak civil society as inevitable. Yet, civil society representatives are disappointed with their own political establishments, whom they consider to have failed to set up favourable conditions for the work of and support to civil society organisations while funding was abundant. As a result of these failed policies, domestic funding opportunities have not developed sufficiently, and NGOs in both countries still have to rely heavily on foreign funding. Although the political elites often declare that civil society is vital to democratic development and have experienced the importance of civic initiatives while in opposition, once in power, activists say, they do not consider civil society support as a priority. In general, governments' attitude toward foreign funding has for the most part been positive – as far as government agencies themselves were its major recipients. In short, governments aimed to keep a tight control over those types of foreign funding which they felt may threaten their own grip on power, legitimacy and long-term visions of the countries' geopolitical orientation.

The Czech and Slovak experiences offer a number of tentative lessons for the activities of foreign donors in other transition countries, including in the ongoing Arab transitions:

Firstly, communicating the goals and objectives of foreign funding programmes to the broader public and political elites is as important as project activities themselves. Deducing from the Czech and Slovak experiences, in order to avoid nationalist backlashes, the core principle in funding social and political change seems to be openness of the funding mechanisms to a broad variety of political and social forces. Picking winners from abroad can only antagonise parts of society. If donors are interested in investing in pre-election mobilisation and political education in general, they would be well advised to stay far away from choosing favourites.

Secondly, in order to have a lasting impact, donor support in the most sensitive areas must be sustained in the long term. Even twenty years after regime change in the two countries under assessment, foreign donor support for politically-sensitive issues strongly linked to political elite accountability is still essential, as domestic donors are reluctant to support these activities and public donations are more directed at less controversial topics such as health-care, education or childcare. In this light, a number of activists remark with bitterness that some capacity-building projects from earlier periods of transition can be considered 'wasted money'. Due to the scarcity of resources in the later years, a number of organisations had to cut down their activities and many former NGO activists have left the sector altogether. Thus,

while initially foreign assistance was a source of hope and inspiration, it has in recent years gradually turned into a matter of disillusion and frustration, perceived as part of the problem rather than a remedy. Hence, ensuring the financial sustainability of political civil society, both through continuity in donor relations and the gradual generation of domestic funding opportunities is key. This is especially necessary for organisations working on sensitive issues that require long-term attention and do not deliver immediate results.

Thirdly, while core funding is essential in any phase of a transition, it is more crucial at the beginning. In the absence of significant domestic funding opportunities, donors should give preference to supporting the development of civil society institutions rather than just specific projects. The common donor concern of being perceived as impartial can be addressed by carefully studying the activities of existing civil society groups and directing core funding to those that have a track-record and the ambition to act as multi-stakeholder fora, rather than offshoots of separate political movements. An important lesson from Central Europe is that there should be a balance between core funding of groups and institutes in the recipient country and the creation of opportunities for long-term study trips in Western universities and policy institutes for the politically-active youth from Arab countries.

Fourthly, a more careful pre-assessment of existing initiatives (rather than just trying to set up new initiatives) would also help to address another common concern of civil society: the modalities for determining funding priorities. While grant recipients are grateful for any support, it is greatly appreciated if a donor shows interest in the organisation's work, regularly liaises and discusses progress, and is flexible and open to grantees' suggestions about the content and structure of projects. If some donors act as if they knew better than the locals do, they are merely fuelling the stereotypical image of the condescending Westerner, who offers alms without having much interest in the impact and consequences on the ground.

Fifth and crucially, the reform of public education systems needs to get more donor attention from the beginning. This was not the case in the CEE and the results of this include low citizen interest regarding activities related to political elite accountability. Also, electoral results in the Czech and Slovak Republics still show considerable support for populist parties. In the post-revolutionary heat, donors and local change-makers tend to be more preoccupied with setting up new election systems and writing better constitutions. Donors – in both the CEE and Arab states – have often invested resources in narrow groups of individuals, who were expected to multiply the effect of the know-how and resources they received via sharing it with others. Although these groups have tried to reach society at large, including the rural communities, results are often limited. Trainings and workshops on democracy, the rule of law and human rights that have limited participation can never bring the same level of social change as investment in the form of money, know-how and human resources in the reform of educational systems accessible to the general public, not just the elite's pockets. Unless strong efforts are dedicated to structural changes in public education systems – which hold the biggest potential for outreach, including spreading the word about the benefits of philanthropy – Arab transitions risk repeating the Central European mistakes.

While there are a number of issues on which stakeholders in the Central European and Arab transitions can speak to each other, there is one crucial aspect in which they differ completely. Central Europe became part of the West – both institutionally and via the development or rediscovery of a shared identity. The incentive of EU accession has been the single key factor

responsible for the lack of meaningful resistance to Western funding in CEE countries. By observing the post-Arab awakening cooperation between the EU on the one hand, and Libya, Tunisia and Egypt on the other, it is safe to say that it is highly unlikely that a similar process of convergence might evolve. The Western applause after the Egypt-mediated ceasefire in a recent Hamas-Israel conflict, and its near silent reaction once President Morsi almost immediately strengthened his grip on power domestically, are telling evidence that Europe and the United States still favour 'strategic' interests in the Middle East over genuine democracy and respect for human rights. Moreover, it cannot be taken for granted that Southern Mediterranean states should be interested in far-reaching institutional integration with the EU, as long as immediate benefits do not exceed the heavy burden that such integration would entail. What prevailed in the case of Central Europe was the general perception that there was genuine mutual determination to include the post-communist states into Western institutions and that this was not only feasible but it was also the most beneficial option for both sides. In spite of occasional anti-Western and anti-EU rhetoric in the Czech and Slovak political discourses, it would be difficult for any anti-Western political force to gain much voter support in the CEE.

Finally, perhaps the key lesson and the most difficult one to implement is that in order to be free of controversies and have a meaningful impact, assistance policies have to be in line with the donors' foreign policy priorities. The Western pre-2011 democracy assistance to the Middle East and North Africa was not able to induce significant political change because it was not accompanied by a genuine determination from the West and the Arab political elite to implement the lessons learnt from the past. Unless Western actors are willing to foster a genuine opening to the citizens of the Arab states and align their foreign and development policies, it will continue to be too easy for populists and intellectuals in the MENA region to question Western intentions and accuse recipients of Western funding of supporting foreign 'hidden agendas'.

The European Union is the key Western player that should assume the lead, for many reasons. First, it is the Arab states' direct neighbour and would be able (provided its member states find the will and courage) to offer quicker responses to the demands for mutually-beneficial market access and mobility. More importantly, the EU is a more welcomed player than the United States. Besides keeping all aid activities transparent, making a courageous investment in its shared future with the Arab world through markets and mobility would be the EU's best contribution to democratic consolidation in the Middle East and North Africa. In Central Europe, many breakthrough reforms were achieved not because local policy-makers would genuinely endorse them, but because they were a trade-off for EU and NATO membership. While falling short in scale and significance of the incentive of EU membership, a serious opening to the South could equally provide a powerful carrot and help create momentum for reform in Arab societies.

