Asteris Huliaras*

A Stranger in the Night: Canadian Assistance to Southeastern Europe (1990-2005)**

Introduction

John Gaddis has employed the term ‘geopolitical code’ to describe an organized set of political-geographical assumptions that underlie foreign policy-making.¹ A geopolitical code includes ‘a definition of a state’s interests, an identification of external threats to those interests, a planned response to such threats and a justification of that response’.² Geopolitical codes evaluate places and are the spatial expressions of geopolitical efforts to transform ‘a global space into fixed perspectival scenes’.³ Geopolitical codes operate at three levels: global, regional and local.⁴ Official Development Assistance to the Balkans in the 1990-2005 period seems to reflect two different and contradictory regional ‘geopolitical codes’. Some donor countries (like the United States and Greece) considered the Balkans as a homogenized ‘aid space’. On the contrary other countries (like the United Kingdom and Japan) and regional organizations (like the European Union) divided the Balkans into two ‘aid spaces’: the Western and the Eastern Balkans. This ‘geopolitical code’ led to differentiated aid priorities: the Western Balkans received mainly humanitarian and short-term reconstruction aid and the Eastern Balkans received more ‘developmental’ aid.

In the last fifteen years the Balkans became one of the priority regions in Canadian foreign policy. Canada’s military involvement in the Kosovo war was the largest military engagement of the country since the Korean War. Also Canada has deployed an average of 1,500-2,000 peacekeepers at any given time in the Balkans and accepted more than 30,000 refugees from the region. In parallel, Canada provided hundreds of millions of dollars for the reconstruction of the region. This paper focuses on Canada’s development assistance to the Balkans, examines Canada’s aid motivations and attempts to identify some differences between Canada’s regional aid efforts and those of other OECD donors. Finally, it attempts to discern Canada’s regional geopolitical code and to analyze if and how it has influenced aid policy decisions. The main argument of the paper is that Canada did not have a regional ‘geopolitical code’ but acted in the Balkans in accordance to its global ‘geopolitical code’.

Canadian aid

Canada has a long and significant record as a donor. As a proportion of the GNP, Canadian aid flows reached a high of 0.50% in 1975, 1978 and 1988. However, the end of the Cold War, disappointment with aid effectiveness (the so-called ‘aid fatigue’) and, above all, a shift to domestic priorities has, in the 1990s, affected negatively Canadian development assistance. Especially in the early years of Jean Chretien’s administration (1993-2003) the balancing of the government’s spending became a priority. As a result, Canada’s aid budget has been cut by 29% over six years. In relation to the GNI, Canada’s official development assistance effort has declined from 0.45% in the early 1990s to about 0.22% in 2001.

However, since 2002, Canadian development assistance has increased both in absolute numbers and as a percentage of the GNI. The September 11 attacks and the renewed international interest in foreign aid (Monterrey consensus) influenced Canadian external priorities. The fact that Canadian public opinion has a generally supportive view of foreign aid helped the shift of priorities. In the 2002 Speech from the Throne, the Government of Canada announced that it plans to double its international assistance budget by 2010. In 2004 Canadian aid reached 0.27% of the country’s GNI. This percentage is slightly higher than the OECD average (0.26%). In general, although the Canadian aid budget still constitutes less than 2 per cent of the total expenditures of the federal government, the size of the Canadian economy means that Canadian development assistance is important for the recipient countries: $ 2.6 billion in total for 2004.

Indeed foreign aid figures should be read with critical care. Administrative costs and a large part of technical assistance that appear in donor statistics are in reality spent in the donor country. Administrative costs are particularly high in the case of Canadian aid: they are about 11% of the federal aid budget compared with an average of 6% for other OECD countries. Moreover, the fact that a significant proportion of aid is tied to purchases from the donor country means that its real value is much lower than statistics suggest. Until very recently, Canada tied over two-thirds of its aid to purchases in Canada, a proportion higher than many other donor countries. Finally, in the 1990s Canada (as other donor countries) has included in aid statistics expenses for refugees and people seeking asylum in

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6 ‘Canada: Not so caring’, The Economist, January 9, 1999
8 Ibid., p. 14; Alain Noel, Jean-Philippe Therien and Sebastien Dallaire, Divided Over Internationalism: The Canadian Public and Development Assistance, Ottawa: CPDS, February 2003
9 Treasury Board of Canada Secretariat, Canada’s Performance 2004, Part 3
10 DAC/OECD, op. cit., p. 17
Canada. These amounts were substantial. The Development Assistance Committee of the OECD has calculated that in 1993 expenses for refugees and those seeking asylum in Canada reached about 8% of the country’s Official Development Assistance (ODA).\textsuperscript{13}

Canadian development assistance is mainly managed by the Canadian International Development Agency (CIDA). CIDA administers approximately 80 percent of the aid budget. The other 20 percent is administered by the Department of Finance, the Department of Foreign Affairs and the International Development Research Centre.\textsuperscript{14} CIDA is generally a project-oriented federal agency contracting with many, mainly Canadian, ‘executing agencies’ that range from other government departments to Canadian firms, business associations and non-governmental organizations. CIDA has its own mandate and responsibilities and reports to the Parliament through the Minister of International Cooperation. This organizational autonomy has been a source of contention and CIDA has been accused of being distant and sometimes even obtrusive to other government departments (see below).

Canadian development assistance policy was always based – at least in the discursive level - on international humanism and a strong preference for universal international co-operation. On the contrary geopolitical and economic considerations consistently played a secondary role in official discourse. For example, Canada (like the Scandinavian countries and the Netherlands) was throughout the 1990s very critical of World Bank’s structural adjustment programs and of their repercussions for the fight against poverty. However, declarations and political objectives do not necessarily coincide. The real motivations for aid are not identical with those appearing in official declarations.

An analyst has suggested that in the 1966—1976 period a confluence of circumstances within Canada resulted in a policy on development assistance that seemed to justify the hope that ethical values were having a decisive impact on the country’s aid allocations.\textsuperscript{15} However, the same analyst concluded that since 1976 and although ethical values continued to have some impact, economic and political interests have become the dominant determinants of Canadian aid. Another study examined the so-called ‘middle-income bias’ – which refers to per capita aid rising with per capita income of a recipient and falling after per capita income reaches a higher value – in Canadian aid. It concluded that over the period 1982-1992 this middle-income bias present in aid allocations of many donors is not found in the case of Canada.\textsuperscript{16} Instead it found a bias associated with the recipient’s membership to the Commonwealth. A more recent empirical study found that Canadian aid allocations in the 1984-2000 period were moderately altruistic.\textsuperscript{17} However it

\textsuperscript{14} http://www.acdi-cida.gc.ca/faq-e#1
\textsuperscript{17} Ryan Macdonald and John Hoddinott, ‘Determinants of Canadian bilateral aid allocations: humanitarian, commercial or political ?’, Canadian Journal of Economics, Vol. 37 (2), May 2004, pp. 294-312, esp. 296
suggested that over the same period commercial motives gradually gained in significance in Canadian aid flows.

Geographical allocations of Canadian bilateral assistance have changed impressively within the last 15 years. While aid flows to Sub-Saharan Africa and south and central Asia declined dramatically, there were very significant increases in aid to the former communist countries of Central, Eastern and Southeastern Europe that did not receive any aid from Canada before 1990.

**Canadian aid to Southeastern Europe**

The collapse of communism posed new challenges and offered new opportunities for Canadian foreign policy. At the beginning of the 1990s, the Canadian Department of Foreign Affairs focused its attention to Central, Eastern and Southeastern Europe. Canadian aid was considered as a policy tool that could contribute to stability and economic and political liberalization of the former communist countries. Canada, as other western donors, had no aid experience in a region facing development challenges vastly different from the Third World, the primary target of Canadian aid until 1989. CIDA, fearing that this shift in external priorities would undermine Canadian aid efforts in least developed regions, especially in a period of diminishing resources, was initially extremely unwilling to develop an aid policy for the middle or lower middle-income countries of Eastern Europe. As a result, the Department of Foreign Affairs and International Trade (DFAIT) bypassed CIDA and undertook the operational responsibility of assistance to Eastern Europe.\(^\text{18}\)

The administration of Canadian aid to Eastern Europe was assigned to a DFAIT Task Force, funded directly from the federal budget. In 1993 the Task Force was renamed ‘Bureau for Assistance for Central and Eastern Europe’.\(^\text{19}\)

It is interesting to note that this model of managing assistance to the former communist countries appeared also in other western donors. For example, in the United Kingdom aid to Eastern Europe was managed by the Foreign and Commonwealth Office rather than the Overseas Development Agency. However, at least in the case of Canada, this ‘double’ system had some negative consequences. Especially the lack of organizational capacity of the DFAIT meant that Canadian aid to Eastern Europe was contracted almost exclusively to ‘executing agencies’.\(^\text{20}\)

It was the escalation of the war in Yugoslavia and the rising demands for assistance that finally persuaded CIDA to change its position and, finally, in 1995 the federal agency took over operational responsibility from the Department of Foreign Affairs for assistance to Eastern Europe.\(^\text{21}\) This had significant and largely positive repercussions for the quality of Canadian aid. As an analyst writes:

‘During the fifteen years of operation [in Eastern Europe], Canada’s aid program has evolved from what can be considered as an array of politically motivated, largely ad hoc and responsive initiatives, administered by DFAIT,  

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\(^\text{18}\) Interview with a Canadian diplomat, Athens, March 14, 2005


\(^\text{20}\) Ibid.

\(^\text{21}\) DAC/OECD, *op. cit.*, p. 12
to a formally structured and more directive and traditional CIDA development program" 22

In February 1995 the government of Canada released its foreign policy statement entitled *Canada in the World* that set the mandates of Canada’s ODA program: first, to support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world and, second, to support economic prosperity and economic liberalism in Central and Eastern Europe by building mutually beneficial partnerships. 23 In particular, Canadian assistance to the Balkans attempted to respond to two challenges: 1) transition to democracy and market economy and 2) peacebuilding and security. In eastern Balkans (Bulgaria and Romania) CIDA financed relatively small and targeted bilateral projects that supported the transition process. By contrast, in the western Balkans, programming was directed to a large extent toward multilateral peace support operations and reconstruction. Comparatively much less space was left to aid for institution building.

In the 1994-2003 period CIDA has disbursed Can $ 440 million in the Balkans. Until the Kosovo crisis, the Canadian assistance program focused on Bosnia and Herzegovina. However Canadian aid to the western Balkans increased spectacularly in the aftermath of the Kosovo crisis. The original modest budget of $ 12.4 million per year increased to $ 225 million for the 1999-2004 period.

In Kosovo, CIDA supported the international reconstruction and peacebuilding programme. In the immediate aftermath of the crisis, CIDA’s assistance focused on providing humanitarian assistance to refugees (in Kosovo and neighbouring countries). 24 Most of this aid (75% of its total) was distributed through multilateral organizations. Later, Canadian assistance to Kosovo focused in three sectors: rule of law, health and education. More specifically, in the 1999-2004 period, 48% of Canadian aid to Kosovo was disbursed to provide a secure environment and peacebuilding, 25% was earmarked for humanitarian assistance, 20% for social development and 7% for economic assistance. Major Canadian initiatives in Kosovo included the deployment of police officers and trainers to UN Civilian Police Mission, a health care rehabilitation programme focused on child and maternal health and a contribution to Kosovo Consolidated Budget and mine clearance. Canada played an important role in the UN-coordinated Mine Action Program: finally nearly 45,000 mines and unexploded ordnance were destroyed and over 30 million square metres of land were effectively cleared. 25

Action against landmines was a Canadian priority throughout the Balkans. Canada provided aid for mine victims, organized mine clearance,

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22 Natalia Smalyuk, *op. cit.*, p. 1
promoted mine risk education and financed stockpile destruction through the Canadian Landmine Fund that was created by the Canadian government in 1997, to advance the global implementation of the Ottawa Convention that bans landmines. Finally, Canada developed in relation the Balkans one of its largest refugee programs. Over 30,000 refugees have come from the region to Canada since 1996.

Figure 1
Canadian Aid to the Balkans by Country (1994-2003)

In 2002 CIDA undertook preliminary consultations with partners and stakeholders on a new approach towards the entire Central and Eastern European region. The consultations were based on a document entitled ‘Charting a Course to 2010’ produced by CIDA that posed the question: ‘If and how CIDA should contribute in a meaningful way to future reform efforts in the region?’. Finally a consensus emerged and the main elements with respect to the Balkans included: a) a refinement of CIDA’s geographic focus with greater concentration on two countries: Bosnia & Herzegovina and Serbia & Montenegro and b) the consolidation of programming in the rule of law, health, education and energy. These were sectors that the two countries have identified as priorities and for which CIDA thought to have a considerable experience.


This geographical and sectoral prioritization of Canadian aid to the Balkans were considered as absolutely necessary since Canada has planned its gradual disengagement from the region. CIDA’s resources for the Balkans will diminish gradually and Canadian aid is expected to stop by 2010. Thus within a ten-year time-frame (2000-2010) CIDA’s annual budget for the region will fall from $ 80 mn to $ 8 mn, with an average annual decline of 21%. Thus, after a period of impressive growth beginning in 1999, CIDA is gradually leaving the Balkans (Figure 2).

Figure 2
Canada’s international assistance program to the Balkans


Looking for Motivations: Pearsonian internationalism?

Commercial motives did not seem to play a major role in Canadian’s assistance to the Balkans. If we exclude Greece, Canada’s economic interests in the region were (and are) minimal. In the last 15 years Canadian exports to Bulgaria and Romania (Canada’s largest trade partners in the region) were insignificant as a percentage of total Canadian exports (0.0011% and 0.0036% of the total respectively in 2005).\(^{29}\) And as far as investment is concerned, the only Canadian Direct Investments in the Balkans (apart from Greece) are in Romania. But even in Romania the total amounts invested (20 mn $) is so small that Romania appears in the 68th position of countries where Canadian firms have invested (2004).\(^{30}\) Of course, it should be noted that Canada considered Southeastern Europe not only as a viable market of its own but also ‘as a springboard to wider involvement in the 450-million-strong EU market’.\(^{31}\) But if we take into account that Kosovo and Bosnia were Canada’s largest recipients, we can conclude without hesitation that Canadian aid motivations to the Balkans were certainly not economic. So if we would like to

\(^{29}\) Canada’s Merchandise Exports, Statistics Canada, Trade and Economic Analysis Division, March 10, 2006

\(^{30}\) CANSIM, Table 376-0052, May 2005

\(^{31}\) Turkey and Southeastern Europe: Your bridge to the EU and beyond, The Munk Centre for International Studies, University of Toronto (International Trade Canada, CanadExport, http://w01.international.gc.ca/canadexport/view.asp?id=383677&language=E)
search for an explanation of Canadian aid motives in the region we should look to politics.

Canada was involved in the Balkans not so much as a donor but mainly as a peacekeeper. Canadian forces participated in all UN/NATO operations in Bosnia and Kosovo. Since 1992 over 22,000 Canadian peacekeepers have been deployed in the region at an incremental cost of $1.5 billion. In particular, Canada contributed over 1,300 troops to NATO forces in Bosnia (IFOR and, later, SFOR) - concentrated in the northwestern sector - and another 1,300 troops for the UN-authorized NATO-led Kosovo Implementation Force (KFOR). Moreover, Canadian forces participated in the NATO-led Operation Allied Force bombing of Serbia in 1999, flying a 'high proportion of the non-US strike missions'.

Canadian participation in peacekeeping and peace-enforcing missions is not something new. Peacekeeping is a pillar for Canadian foreign policy for half a century. In 1957 the Canadian diplomat (and later Prime Minister) Lester B. Pearson won the Nobel Peace Prize for his pivotal role in the creation and deployment of the United Nations Emergency Force to the Sinai. In fact Pearson had created the concept of peacekeeping. ‘Pearsonian internationalism’ became a motto of Canadian foreign policy: since 1948, Canada has participated in 34 United Nations peace-observation and peacekeeping missions. Canadians always took great pride in peacekeeping operations that were portrayed in the national media as perfectly suited to a country ‘without war aims or any national stake in international disputes’. In 1997 an editorial in the Globe & Mail summarized the Canadian emphasis on international peace and stability in the following way: ‘foreign aid and peacekeeping give us stature on the great issues of peace and development’. However Canada since the late 1980s started to prioritize human rights and abandoned the strict observance of the inviolability of state sovereignty by supporting a more interventionist approach to conflict resolution. Thus there was a gradual transition from peacekeeping to peacemaking that became particularly evident in the role played by Canadian forces in Sarajevo and Srebrenica.

Some Canadians have disputed the Pearsonian character of Canada’s military involvement in the Balkans. ‘Canada’, wrote a commentator, ‘wandered into the war, not so much of conviction, as from concern for its essential national interest, which [was] to remain relevant to the United States and the western alliance’. But most commentators argue quite persuasively that Canada’s military involvement in the Balkans reflected clearly the country’s ‘geopolitical code’ as a soft power and a protector of human rights.

Probably more than ever in the second half of the 1990s, Canada perceived itself as a wielder of ‘soft power’ in the international arena. This

32 M. Bouldin, op. cit., p. 267
33 Ibid.
37 Nicholas Gammer, Frome Peacekeeping to Peacemaking: Canada’s Response to the Yugoslav Crisis, Montreal: McGill’s University Press, 2001
38 Douglas L. Bland, op. cit., p. 20
approach was particularly promoted by Lloyd Axworthy during his tenure as Foreign Affairs Minister from 1996 to 2001. In the words of a commentator:

‘Axworthy believed that soft power ultimately rests on the ability to set the agenda in international institutions and political debate. It derives not from the size of Canada’s military, but rather from the attractiveness of Canadian values: human rights, democracy, the rule of law and the peaceful resolution of disputes’.39

Base on this view, Axworthy promoted a global objective, the idea of ‘human security’, the security of the individual from fear and want. Axworthy became the main proponent of NATO’s attack on Serbia in 1999 because, in his own words,

“The Kosovo crisis shows how individuals are increasingly the main victims and targets of state-sponsored aggression. It also demonstrates the human security dynamic at work, in that it was the humanitarian imperative that triggered the Allied intervention.”40

During the last fifteen years western donors perceived the Balkans in different ways – they had different regional geopolitical codes. Some donors (like the United States Greece) considered the region as an homogenized aid space, as a unified territory of particular importance to them. They did not differentiate between poorer or less poor countries or between conflict-prone and peaceful zones. Other donors (like the European Commission) did not hesitate to divide the Balkans (that did not include ‘European’ Slovenia) in a ‘Western’ and an ‘Eastern’ zone. These donors described the two zones in different ways (the first ‘unstable’, the second ‘stable’) and acted accordingly.

Canada had a different geopolitical code. It simply focused on two Balkan conflict zones (Bosnia-Herzegovina and Kosovo) and more or less ignored the rest of the Balkans. Thus, Canada’s aid policy to the region was not regional – as was the case in the other donors. Canada did not have a Balkan ‘code’. Canada was interested only in helping end the conflict. Its aid program to the Balkans had thus the same objectives with its military engagement: it almost exclusively focused in promoting peace and stability. From that sense, Canada is a unique case. Without permanent and powerful interests in the region (like the EU countries), without the aspirations of a global power (like the US) and without an economic agenda (like Japan), Canada’s involvement in the Balkans was far more ideological. In a sense Canada did not have a Balkan ‘geopolitical code’, but a global ‘geopolitical code’. Canada offered aid to the region because it wanted to present itself as a ‘soft power’ globally.

Indeed, motivations and challenges are two different things. During its involvement in the Balkans Canada faced similar with other players dilemmas. As an analyst aptly commented:

‘[In the Balkans] Canada has found itself struggling to define the right mix of hard and soft power to contribute to European security. Moreover (...) Canada, [faced] the demoralizing possibility of yet another long, Cyprus-like commitment in a seemingly intractable region’.41

But still Canadian aid to the Balkans was a very Canadian affair.

* Associate Professor, Department of Geography, Harokopion University of Athens, Greece
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41 Charles C. Pentland, ‘The EU and Southeastern Europe after Dayton: A Canadian Perspective’, The Centre for European Studies (CES) and Canadian Forum on Southeastern Europe (CFSEE), Carleton University, 2003, p. 2