

External Resources for Countries in Transition



Western bilateral donors



Western governments provide direct financial aid and technical support to developing countries, often focused on governance, human rights, and sustainable development.



Provide funding for development priorities such as education, health, and climate resilience, and include mechanisms for monitoring, evaluation, and accountability



Impose conditionalities tied to political or economic reforms that may not align with local needs, and struggle to improve governance or ensure sustainable development in the long term.



Multilateral donors



International organisations such as the UN, World Bank, and IMF pool resources from multiple countries to fund global development initiatives, humanitarian relief, and governance reform.



Promote international collaboration and integrate short-term needs with long-term goals. The collective resources increase the chance of large-scale impact and coordination across sectors.



Involve bureaucratic delays and rigid processes that can hinder rapid responses, and often lack the flexibility needed to address local, context-specific challenges.



Non-Western bilateral donors



Countries such as China, Russia, and Gulf States provide aid, loans and investments, often related to infrastructure development, resource access, or strategic geopolitical interests.



Offer quick financing with fewer political conditionalities and provide essential infrastructure development in areas such as energy, transportation, and technology.



Exacerbate debt sustainability concerns and weak governance oversight and often prioritise donor interests over recipient development needs and local priorities.



Private sector



Businesses and investors contribute through public-private partnerships, foreign direct investment, and social impact-driven projects aimed at promoting sustainable growth.



Brings innovation, efficiency, and management know-how to projects, particularly in infrastructure and technology, and empowers local economies through job creation and private sector development.



Requires robust governance to prevent exploitation and ensure transparency and can conflict with public interest goals due to profit motives.



Diaspora



Members of a country's diaspora provide financial remittances, investments, advocacy, and expertise to support development in their home/origin countries..



Benefits directly local households and communities through financial inflows and skill transfers, and acts as a cultural and professional bridge, fostering global networks for development.



Lacks institutional support or coordination and can be vulnerable to political mistrust or insufficient engagement mechanisms for meaningful involvement.



Philanthropy



Foundations, charities, and individuals donate private resources to support broad-ranging initiatives in areas that foreign and local governments tend to under-fund, often focused on civil society's role.



Provides flexible and innovative funding that allows for rapid responses, empowers local actors and builds civil society capacity, and tends to be free from political pressures, enabling focus on long-term solutions.



Struggles with limited resources compared to bilateral or multilateral donors, has limited capacity to improve governance and can undermine sustainability due to short-term funding.



Description



Strengths



Limitations

Strategies to Enhance Transition Countries' Capacity to Manage External Resources

<div>Countries in transition</div> 	Strategy	What	How	Why
	→  Boosting State Capacity	Identifying gaps in government aid management and establishing corrective mechanisms.	Developing tailored solutions that enhance efficiency and build capacity to manage external resources.	Improves overall effectiveness by increasing efficiency, ensuring transparency, and optimising the use of foreign aid, ensuring long-term effectiveness and sustainability.
	→  Working at the Sub-National Level	Engaging regional and local structures when central governments are ineffective.	Facilitating closer ties between donors and beneficiaries to enhance aid effectiveness.	Reinforces local governance, expands community involvements, and prevents elite capture.
	→  Developing Civil Society-Government Partnerships	Encouraging collaboration between civil society and government to address gaps in state capacity.	Leveraging civil society's resources and grassroots networks to support development projects while ensuring aid aligns with actual community needs.	Establishes a stronger foundation for long-term, sustainable development and partnerships.
	→  Promoting Civil Society Participation	Empowering civil society to play an active role in managing foreign aid resources.	Involving civil society in management, implementation, and monitoring of external resources.	Improves the management of external resources by strengthening local oversight, increasing overall aid effectiveness, transparency, and accountability.
	→  Leveraging International Mechanisms to Strengthen Country Capacity	Utilising international tools and best practices to address gaps in aid management.	Implementing best practices and lessons learned from other contexts to enhance recipient-side management.	Promotes local ownership for recipient governments and societal actors.

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