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ETHNIC DIVISIONS INTERNATIONAL  
COMMUNITY DRAFTS NEW ELECTION LAW

# Bosnia sees push for reform

By Robert Wright In Sarajevo

International organisations in Bosnia-Herzegovina are making a renewed push to implement democratic and economic reforms, four years after the end of the bitter civil war that ripped apart the region.

But these efforts appear likely to draw opposition from local politicians representing the ethnically-based political parties which helped start the war among the Serbs, Croats, and Moslem-dominated Bosnian government.

In an ambitious attempt to deal with lingering ethnic divisions, the international community last month fired 22 elected Bosnian officials who were accused of preventing refugees from returning to areas under their control.

The Organisation for Security and Co-operation in Europe, meanwhile, has drafted a new election law which it hopes parliamentarians will adopt. Other international organisations are pushing to advance the country's stalled privatisation process.

The renewed push comes almost exactly four years after the Dayton peace deal

to end the war. Since then the international community has provided \$5.1bn aid to rebuild much of the country's physical infrastructure. But the international community has failed to replace the old communist-era and wartime power structures in Bosnia.

Gerald Knaus of the European Stability Initiative, a Berlin-based think-tank which is helping to change thinking on Bosnia, said international organisations had assumed that the country had legitimate, constitutional power structures.

"We are seeing that the nationalist parties are the structures," he said. "Unless we define a more sophisticated institution-building strategy, what we are likely to get is either the nationalist parties hanging on as long as possible over a system that's very inefficient, or the system splitting up, neither of which is very attractive."

Wolfgang Petritsch, the international community's high representative in Bosnia, agreed with Mr Knaus and pointed to the recent dismissal as a sign of a new approach to dealing with the peace deal.

The approach is unlikely to win over many Bosnian politicians. All the main political parties complained about at least one of the dismissals, but they have caused particular shock because they removed seven politicians from the Bosnian community, normally seen as supportive of Dayton.



Wolfgang Petritsch: likely to face resistance to economic reform AP

Mr Petritsch is also likely to face resistance to economic reform, which he said would be a top priority for the coming year. The leading nationalist parties have huge influence over state-run companies, many of which fund the parties. Privatisation programmes backed by international organisations are largely stalled as a result of political foot-dragging.

Meanwhile, the fate of the new election law drafted by the OSCE is still unclear as it has not yet passed through all the stages of parliamentary debate. It is drafted to increase the accountability of politicians, with the unspoken hope it will boost moderates over the nationalist parties.

## Islamic group plans to set up bank

The Islamic Development Bank (IDB) is seeking support from western financial institutions to establish a bank in Bosnia-Herzegovina in its first significant foray into Europe, reports Kevin Done, East Europe Correspondent.

The IDB, with headquarters in Jeddah, has approved the feasibility plan to set up Bosnia Bank International with an initial paid-up capital of \$60m.

The bank, which is to operate under Islamic profit sharing principles, could become the biggest bank in Bosnia under present plans. Initial operations are expected to be aimed at trade finance and leasing and the IDB is planning to open the bank in mid-2000.

Ahmed Abisourour, a senior IDB official, said the bank was intended to operate across the ethnic divide in the Moslem-Croat Federation and the Republika Srpska entities of Bosnia-Herzegovina with headquarters in Sarajevo and branches in Tuzla, Zenica, Bihac, Banja Luka and Mostar.