

## European Stability Initiative

### Discussion paper

For the ESI-SIIA Stockholm Seminar on Bosnia and Herzegovina<sup>1</sup>

24 February 2000

#### Introduction

This paper, which draws on the first two papers in the ESI series *Changing International Priorities in Bosnia and Herzegovina*, seeks to discuss conditions for a successful medium-term, international strategy in Bosnia in advance of the next Peace Implementation Council (PIC) meeting.<sup>2</sup> It considers international power in Bosnia and examines the task of state and institution building. It analyses the international agenda setting process and the role of the PIC, and it considers how to learn from the peace process's success stories.

#### International Power in Bosnia

A remarkable feature of the Bosnian peace process is the extent to which international agencies have become willing to take on local actors. Rather than abandon objectives, the international community has come to accept that intervention in local affairs is both necessary and legitimate to create the conditions for democracy to take root and a self-sustaining peace process to emerge.

Given the scale of its deployment in Bosnia, the international community should be well placed to wield considerable power. However, international resources have not easily translated into influence over local actors with a vested interest in the abnormalities of post-war Bosnia. Operating outside the law and unaccountable to the public, nationalist regimes are resistant both to external challenge and to internal evolution. Although these power structures are not sustainable in the long term, they are at present strong enough to resist the weak forces for change within Bosnian society.

Although the international community is present throughout Bosnia, the experience of its representatives, whether armed or not, is all too often one of impotence in the face of local resistance. Reconstruction work proceeds at an impressive speed, but any international programme which goes beyond physical reconstruction or humanitarian aid delivery inevitably challenges some vested interest, and meets with systematic resistance from the nationalist regimes. Indeed, the larger goals on the international agenda, such as democratisation or economic reform, are explicit attempts to undermine the existing power structures by de-concentrating political and economic power across a network of independent institutions under the rule of law. Despite paying the piper, the international community rarely gets to call the tune.

---

<sup>1</sup> A seminar organised by the Swedish Institute of International Affairs and the European Stability Initiative, with the support of the Swedish Ministry for Foreign Affairs, Johannesberg Castle, 3-4 March 2000

<sup>2</sup> The report *Bosnian Power Structures* is on the ESI Homepage [www.esiweb.org](http://www.esiweb.org). Part Two of this series, *International Power in Bosnia* will be on the ESI Homepage web on 12 March 2000.

The lack of effectiveness of international power in Bosnia can be traced to a number of different factors. One is that the institutional structures through which the international community acts were not set up to wield power. The established international organisations began with a much more limited view of their missions, pursuing their traditional roles of diplomacy, mediation, advice and assistance. The only exception was NATO, which from the outset was equipped to deploy coercive power in support of the narrow range of military objectives within its mandate, but which, initially at least, was resistant to the idea of using military power in support of civilian or political objectives.

Over time, as international agencies have been obliged to take on local power structures, there has been an evolution of institutional structures and mandates, in particular through the expansion of the role of the High Representative, in a search for ways to increase international influence. This has been a tentative process of development, proceeding largely by trial and error. As a result, the Implementation Force (IFOR) has given way to a much more assertive Stabilisation Force (SFOR), and the Office of the High Representative (OHR) has been transformed into the key political actor on the Bosnian political stage.

There is a tendency to see international mandates, and in particular the High Representative's Bonn powers, as international power in their own right, rather than as institutional tools for mobilising international power. However, experience shows that international regulatory authority which is not backed by a more basic source of international power is a bluff which is all too easily called. Experience also shows that where the High Representative succeeded in mobilising international power to realise clear, concrete objective, and explained the rationale for his policies effectively to the Bosnian public, successes were possible even in core areas of the peace implementation agenda in the face of resistance by powerful nationalist elites.

### **State and Institution Building**

International organisations have little experience of working with the nuts and bolts of domestic institutional structures. They tend to draw on experience familiar to them from operations in other parts of the world, namely, the established modes of dealing with sovereign states in a development policy context, which have often proved to be inappropriate in Bosnia.

Two concepts borrowed from the international development field constantly recur in Peace Implementation Council documents and speeches by the various High Representatives: "conditionality" and "ownership". These are two different paradigms used by international financial institutions in their lending programmes to national governments, and are also becoming common in the field of democratisation. "Conditionality" is a means of influencing national authorities to adopt policies recommended by international lenders. Offers of international financial assistance, and the threat of its withdrawal, are used to create incentives for governments to accept reform programmes which are essentially external in origin. By contrast, "ownership", a concept increasingly prevalent in discussions of Bosnia, is an alternative development approach which has arisen from the perceived failure of conditionality as a reform tool. Many studies of development programmes have revealed that international aid achieves lasting results only when given in support of reform programmes to which national authorities are genuinely committed. A donor following this logic will try to maximise the returns on its development assistance by supporting only domestic initiatives.

The logic of the conditionality/ownership dichotomy suggests that there is little the international community can hope to achieve in Bosnia. The most important political actors within the nationalist power structures are neither willing nor able to take ownership of the international agenda, while the institutional base at all levels of government is too weak and unstable to undertake ambitious reform programmes. It is also difficult to envisage any financial incentive which would persuade the nationalist regimes to dismantle their own power structures.

However, this logic is drawn from dealings with sovereign states, where the role of international actors is restricted to advice, assistance, political pressure and other forms of non-coercive assistance. The reality of the international mission in Bosnia is very different. Lacking an effective central government or credible external

representation, the State of Bosnia and Herzegovina does not yet possess the substantive attributes of sovereignty. The international mission is essentially a state-building exercise – an attempt to create the institutions and political processes which will ultimately take responsibility for the peace process. This is not, however, simply a question of building the central institutions since neither the Federation and many of its cantons and municipalities, nor Republika Srpska have the functioning institutions required for a modern democracy or market economy.

State building is a much deeper level of involvement in the mechanisms of the state than that implied by the conditionality/ownership dichotomy. The international community is using various highly intrusive methods in an attempt to break down extra-constitutional power structures, while, at the same time, using the authority of the High Representative to dictate the shape of new institutional structures. The international role should therefore be understood as creating the institutions and political processes which will ultimately take responsibility for the peace process and for domestic policy.

### **Agenda Setting and the Peace Implementation Council**

The most important substantive elements of the state-building programme were set out at a meeting of governments and international institutions in London in December 1995, even before the Dayton Agreement was formally signed. In what is effectively the first mission statement of the international community in Bosnia, the London Conference defined the peace process as the creation of “a state which will bring the peoples of Bosnia and Herzegovina together within a social and political framework which will enable the country to take its rightful place in Europe”.

In successive annual meetings and mid-year reviews, the PIC has added further objectives to the list. Over time, PIC documents have become more specific about the particular steps in this process of transition, and also more imperative in tone, addressing instructions to national authorities. In Madrid in December 1998, in its most ambitious statement to date, the PIC attached an annex of 35 pages containing 28 concrete deadlines for action by Bosnian authorities.

What PIC documents usually fail to address is how this impressive list of reforms is to be achieved. Every PIC since London has asserted that it is the authorities, institutions or people of Bosnia which are responsible for the peace process. This is somewhat disingenuous. The peace implementation agenda requires a radical redistribution of wealth and political influence. Strong executive authorities are required to carry out reforms in the face of resistance from the elites and interest groups – politicians, soldiers, intellectuals and criminal networks – which rose to prominence during the war, and which stand to gain from maintenance of the status quo. In Bosnia, the authorities being addressed by the PIC – war-time nationalist regimes and communist institutions – are mostly representative of those vested interests. There is no reason to expect them to embrace an agenda which is clearly foreign in origin, and directed explicitly against their interests. This lack of willingness of Bosnian authorities to carry out a reform agenda is, of course, the reason for the international presence in Bosnia. Wherever there is a lack of international strategy for how to build institutions and overcome the sources of political resistance, the PIC tends to obscure this by returning to the rhetoric of local responsibility.

In reality, devising and implementing strategies for state building has fallen to international actors. But this has rarely been done systematically. Strategy depends for success first and foremost on a sound calculation and co-ordination of the ends and means, and on an effective and co-ordinated use of various instruments, applying the power of financial pressure, coercive force, diplomatic pressure, and ethical pressure. PIC documents have rarely laid out clear strategies, as opposed to benchmarks, deadlines and long lists of objectives.

### **Learning from Success**

The past four years have witnessed several major breakthroughs. The independence of local media has increased significantly, assisted by strong SFOR action to wrest control of transmission facilities from hard-line

elements, the creation of the Independent Media Commission, and the use of the High Representative's legislative powers to restructure public broadcasting. Targeted economic conditionality and intensive institution building has made the Central Bank the first credible state organ, and led to the achievement of a key economic goal: the introduction of a stable, common currency. Entity customs services have gradually become professionalised through a long-term, institution-building programme by the EC-financed agency CAFAO (Customs and Fiscal Assistance Office to Bosnia and Herzegovina).

The experience of these and other developments suggests that the key to successful institution building is focused international efforts. To do more is to do less. Many international programmes to date have failed because they are too broad in scope. This has allowed opponents of reform to concentrate their resources against extremely dispersed international efforts. Because resources are limited, the focus must be on selected institutions which perform key public functions. At present, however, a great deal of political and material resources are spent on responding to the incessant political crises of the day, which amounts in effect to allowing the nationalist parties to set the international agenda. Programmes which are too broad in scope can continue for years with little result.

Unless strategies include credible operational plans, backed by the necessary personnel and resources and based on a thorough understanding of the issues at hand, they will likely prove a diversion. Given the hard constraint on resources, there is a need for systematic abandonment of activities yielding no results. It is only by stopping to do things which the international community does not do well, with the flexibility to adjust resources, that opportunities to concentrate resources for substantial progress can be exploited.

Each new institution must be planned as a campaign, in the way that OHR and SFOR have approached media restructuring, with areas where resistance can be expected identified and strategies to overcome local opposition devised in advance. Already in the autumn of 1997 OHR defined its objectives in the field of public broadcasting as parts of a wider strategy which was aiming at restructuring the whole media landscape of Bosnia with the aim of an interim country-wide regulatory regime. The first dismissals of Bosnian officials by the High Representative (the board of SRT in Pale in 1997); some of the most important laws OHR imposed; and some of the most effective support given by SFOR to civilian efforts can be found in the media field. But international efforts were complemented from the outset by a state and institution building strategy, which led to the Independent Media Commission and new Federation and State Broadcasting Corporations.

Any new institution is vulnerable to being co-opted, sabotaged or marginalised by the power structures whose interests it threatens. They may need international political cover during their vulnerable early phase. Various international programmes, including supervision, control over appointments and independent financing can help strengthen their independence. However, the design must from the outset anticipate the path to achieving independence over time, in particular a sustainable resource base.

An institution with no power is unlikely to survive. Where an institution exercises a key public function, or controls an important resource, it creates a long-term incentive for the political elites to participate in its work. Too often, the design of new institutions has been a political compromise among nationalist parties with the effect of weakening the institution and dooming it to failure. In particular, where the OHR's Bonn powers are used to create the legal basis for an institution, it should be designed on criteria of efficiency and sustainability, not short-term political issues.

The international community in Bosnia now has enough experience of institution building to start thinking about the elements of successful institution-building techniques, and developing a model which can be used across different institutions. Those elements should probably include:

## rational design (avoiding political deals which go too far towards compromising the very function of the institution; wherever possible, creating incentives for participation);

## a sound legal framework (if need be using the Bonn powers);

€# independent personnel (breaking party control over appointments, dismissals and privileges) - sometimes there is a need for dismissals, although this instruments should be use extremely prudently, and only as part of larger institution building campaigns;

€# secure financing (international supplements; guaranteed budgetary share; independent controls on disbursements); and

€# training and promoting technical expertise (technical assistance which takes place in the absence of any of the other conditions having been met rarely makes more than a dent in an unsatisfactory status quo)

The debate should thus shift to which institution building efforts should take priority and how to ensure that sufficient resources are focused on them to make an impact.

**During 2000 the focus of ESI's research is on Montenegro and Serbia, the future of the Stability Pact and international policy in Bosnia and Hercegovina.**

**For more information on the Bosnia project please contact:**

Marcus Cox  
Gerald Knaus

**ESI Website: [www.esiweb.org](http://www.esiweb.org)**

**ESI Email: [esiweb@t-online.de](mailto:esiweb@t-online.de)**