

# Contents

Acknowledgements	7
List of Acronyms	9
Foreword by Jakob Finci (Sarajevo)	11
Introduction	13
1. From Protectorate to Sovereignty	17
1.1. New approaches	17
1.2. Perceptions of ethnic warfare and (dis)integration processes	22
1.3. Democratisation and transition processes	26
1.4. Towards new peace-building processes	31
1.5. Why Bosnian civil society matters	38
1.6. OSCE Mission to Bosnia and Herzegovina's field experience	48
1.7. Challenges for the Stability Pact and for Bosnia	57
2. Informality in Bosnia	61
2.1. Informality and formality of social networks	61
2.2. Past and present [in]formal networks in Bosnia	67
2.3. State building, [in]formal networks and foreign intervention	84
3. The Art of the Possible	86
3.1. State building in a globalising world	86
3.2. Structural defects and challenges of the IC's intervention	87
3.3. The first post-war turning point	93
3.4. The responsibility of the international community and of Bosnian politicians	98
3.5. The challenge of controlled democracy and the future of Bosnia	104
4. Moving towards the Turning Point	107
4.1. Ten years of Dayton and beyond	107
4.2. Integration as a multilayered process	117
4.3. The strategic issue: Conditionality versus ownership	133
4.4. Forthcoming changes	139

5. The Balkans in Post-Referendum Europe	144
5.1. What the EU has not done in the past and what it can do	144
5.2. Western Balkans: First case of a 'Wider Europe'?	147
5.3. Western Balkans: The last case of the EU?	149
5.4. EU's future: Strong and inclusive or weak and exclusive?	150
Afterword by Tihomir Loza (London)	153
Selected Bibliography	156
About the Author	171

## Acknowledgements

The complexity of the post-war transition and democratisation processes in the Western Balkans, especially in Bosnia, is well known. In light of this, my conviction is that collective works, bringing together experts with different backgrounds, may represent an appropriate approach, especially when working on policy-oriented papers. This is the background to various publications I have edited – together first with Svebor André Dizdarević and then with Tobias K. Vogel – in English, French, German and Bosnian-Serbo-Croat.

In this very stimulating environment, I was also able to develop my own thoughts and arguments and give them a specific space. Against the background of ten years of the Dayton-Paris Accord, I wanted to collect papers written in the past five years focusing on Bosnia. They analyze the current situation from different viewpoints and outline perspectives for the future. This book presents significantly updated papers written between 2001 and 2003, as well as new contributions written specifically for the present publication. Thus, these chapters originated as separate papers and can to some extent stand on their own and be read in isolation; therefore, there is a small amount of repetition that seemed inevitable.

*'Samoodgovornost'* is the thread that runs through this book, which means both ownership and responsibility. Country ownership of the transformation and integration processes demand in my view, firstly, thinking from within the country, and, secondly, the exploration of alternative ways for local and foreign stakeholders to interact. Responsibility – as I understand it – refers more to a personal and collective position: readiness as a citizen to act and as an intellectual to think politically (Hannah Arendt). These thoughts are closely related to the Wolfgang Petritsch philosophy. One of the purposes of these collected essays is to attempt to work out this approach.

I owe so much to many people with whom I have shared my ideas over the past years, who have helped me develop them, and who have provided encouragement and support, that the list would be too long. I have benefited in particular from the advice and comments of Christian Ebner and Tobias K. Vogel. Thanks are also due to Alex Potter for editing the manuscript. A generous grant from the Charles Veillon Foundation (Lausanne) made the production of this volume possible. But most of all, my thanks go to Géraldine and Augustin for their love and encouragement throughout these years.

Christophe Solioz

Geneva, 18 September 2005



## List of Acronyms

ARF	Alliance of Reform Forces
BiH	Bosnia and Herzegovina
CEE	Central and Eastern Europe
CEEC	Central and Eastern European Countries
CEIS	Center for European Integration Strategies
CFSP	Common Foreign and Security Policy
CoE	Council of Europe
CoM	Council of Ministers
CRPC	Commission on Real Property Claims
CSW	Centres for Social Work
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EFTA	European Free Trade Association
ENP	European Neighbourhood Policy
ESDP	European Security and Defence Policy
ESI	European Stability Initiative
EU	European Union
EUMM	European Union Monitoring Mission
EUPM	European Union Police Mission
EUSR	European Union Special Representative
FBH	Federation of Bosnia and Herzegovina
FDI	Foreign Direct Investment
FRY	Federal Republic of Yugoslavia
FTA	free trade agreement
GDP	gross domestic product
GFAP	General Framework Agreement for Peace
GNP	gross national product
HDZ	Croatian Democratic Union
ICG	International Crisis Group
ICTY	International Criminal Tribunal for the Former Yugoslavia
IDP	internally displaced person
IFI	international financial institution
IFOR	Implementation Force
IMF	International Monetary Fund
IPA	Instrument of Pre-Accession Assistance
IPTF	International Police Task Force
IWPR	Institute for War and Peace Reporting
KM	convertible mark
NATO	North Atlantic Treaty Organisation
NGO	non-governmental organisation
NHI	New Croatian Initiative

OECD	Organisation for Economic Co-operation and Development
OHR	Office of the High Representative
OSCE	Organization for Security and Co-operation in Europe
PDP	Party for Democratic Progress
PfP	Partnership for Peace
PIC	Peace Implementation Council
PLIP	Property Law Implementation Plan
R&D	research and development
PRSP	Poverty Reduction Strategy Paper
RS	Republika Srpska
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
SDA	Party of Democratic Action
SDS	Serb Democratic Party
SEE	South-East Europe
SEEC	South-East European Countries
SEECF	South-East European Cooperation Process
SECI	Southeast European Cooperation Initiative
SFOR	Stabilisation Force
SFRY	Socialist Federal Republic of Yugoslavia
SME	small- and medium-sized enterprise
SNDS	Alliance of Independent Social Democrats
UJDI	Union for a Democratic Yugoslav Initiative
UN	United Nations
UNDDSMS	United Nations Department for Development Support and Management Services
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UNHCR	United Nations High Commissioner for Refugees
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNV	United Nations Volunteers
USD	United States dollar
VAT	value added tax
WB	World Bank
WIIW	Vienna Institute for International Economic Studies
WTO	World Trade Organisation

## Foreword

A popular perception of today's Bosnia is that it is one country, comprising two entities, three constituent peoples, four traditional religions, and literally thousands of problems. *Turning Points in Post-War Bosnia* is not a complete answer to the perceived paradox we call Bosnia and Herzegovina, but it will help us in seeking a better day for this troubled land. Illuminated by this work, the world will see plainly that we are moving towards a key turning point in the history of Bosnia. Ten years after Dayton, it is high time we find the pragmatic solutions that will remove Bosnia from the lists of the world's most unstable countries, and dispel the myth of a "black hole" in the Balkans and in the heart of Europe.

This collection of essays, written by Christophe Solioz, a Swiss national who has been involved in the region for over a decade, reflects his years of experience and developed expertise. In this work, Solioz demonstrates a profound understanding of Bosnian problems and the Bosnian reality. Just one example of the striking analysis presented here is the chapter titled "*The Art of the Possible*", deals with state-building in a globalizing world, a world in which, indeed, there is a place for Bosnia and Herzegovina. Another chapter, as well, on Bosnian social networks, is among the best pieces ever produced on this subject.

A connoisseur of the region, Solioz has a grasp of the area's problems exceeding that, in fact, of many local politicians – not to mention that of foreign "experts" who, having spent merely a few days in the country, often feel comfortable enough to propose solutions for each and every one of Bosnia's multi-faceted problems.

With *Turning Points in Post-War Bosnia* the author not only provides a useful assessment of the Bosnian reality, but suggests truly workable solutions to the problems still facing our country, despite the many achievements of the Dayton decade. Indeed, adoption of at least some of these proposed solutions, by both the domestic and international political structures in Bosnia and Herzegovina, would move us forward. Given the dilemmas facing the people of Bosnia, with local and international masters ruling the country, acceptance of these solutions will not be achieved easily, but would open new windows of opportunity.

It bears noting that a special feature of this book is an extensive list of sources, with a detailed bibliography, which will be useful even for those researchers with long experience in this subject area. These sources will also serve as a starting point for young researchers working not only on Bosnian issues, but on the Balkans and similar global post-conflict and transition scenario analyses.

Finally, many of the issues covered by the author are permanent topics of discussion in the *Association Bosnia and Herzegovina 2005*, of which Christophe Solioz is the Executive Director. It is also to a large degree thanks to him, that this network has become an important player in shaping a new future for our country.

*Jakob Finci*

President of *Association Bosnia and Herzegovina 2005*

## Introduction

The 1992-95 war in Bosnia, which had declared its independence from the Socialist Federal Republic of Yugoslavia (SFRY) in 1992, resulted in deaths estimated at more than 100,000 people,<sup>1</sup> displacing a total of 2.2 million<sup>2</sup> others.

The war was brought to an end after nearly four years of suffering by people on the ground. This result, such as it was, came only through political engineering from the outside, not by negotiation or the long-awaited NATO military campaign. Peace in Bosnia was preceded by the creation of a Bosnian-Croat Federation (1994 Washington Agreement) and the General Framework Agreement for Peace in Bosnia and Herzegovina (GFAP), hammered out at a remote US Air Force base, under US pressure by representatives of the parties to the conflict, including the neighbouring Republic of Croatia and the Federal Republic of Yugoslavia, and signed in Paris on 14 December 1995.<sup>3</sup>

Although pacification and normalisation were the initial objectives of these agreements at the time, the dispute over Bosnia's self-determination remains unresolved to this day, despite its having been "pacified."<sup>4</sup> Nevertheless, the international community has learned its own lessons as the country was successfully engaged in a complex process of transition and integration. Many observers suggest that after ten years of massive foreign intervention, temporary post-conflict agreements should be consolidated, preparing the country for a permanent and "locally owned" constitutional order.

Against this background, it is time to ask whether or not Dayton has failed, and whether some strategic adjustments should be introduced, and if so, how.

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1 There are no widely recognised numbers for those killed during the war in total although there are reliable figures (which have also been widely recognised) on some dimensions of the tragedy, e.g. related to the Srebrenica killings. I therefore refer to figures provided by a research project conducted by the two population experts, Ewa Tabeau and Jacob Bijak, who work for the Office of the Prosecutor of the International Criminal Tribunal for the former Yugoslavia (The Hague), and by the Investigation and Documentation Centre directed by Mirsad Tokača (Sarajevo); see Nedim Dervišbegović, "Revised death toll for the Bosnian war", *Bosnia Report* (London: Bosnian Institute, January-April 2005); available at <http://www.bosnia.org.uk>.

2 According to UNHCR figures; see UNHCR, *State of the World Refugees 2000* (Geneva: UNHCR, 2001), pp. 218-19.

3 The GFAP, initialled in Dayton (Ohio) in November 1995, is based on the Agreed Basic Principles adopted in Geneva on 8 September 1995. The GFAP is often referred to as the Dayton Peace Agreement. I will use the formal term of GFAP. The text of the short Agreement plus its more detailed 12 annexes (which include Bosnia's constitution) are available at [http://www.ohr.int/dpa/default.asp?content\\_id=380](http://www.ohr.int/dpa/default.asp?content_id=380).

4 See Florian Bieber, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance* (Basingstoke: Palgrave Macmillan, 2006).

The tenth anniversary of the GFAP in December 2005 provides a unique occasion to review its achievements and shortcomings, and to identify the challenges Bosnia and the international community face. Over the past decade, the country has received huge amounts of international (financial) aid and much academic attention. To avoid simply restating a stock set of platitudes and clichés, this book outlines some facts and fundamental trends, focusing on three essential issues: (1) democratisation and transition processes; (2) country ownership; and (3) potential turning points.

When reviewing the various policies and strategies implemented (by the international community) in Bosnia during the last ten years, four distinct phases in the sequence of events can be seen: the first phase (1995-97) can best be characterised as one of humanitarian aid, reconstruction, and stabilisation met by strong obstructionism by local stakeholders (former parties to the war). The second phase (1997-2000), as a consequence, is associated with an effective strengthening of the authority of the High Representative through the ‘Bonn Powers,’ seeking to marginalise hardliners and paving the way for much-needed reforms. This period will be described in Chapter 1.

The third phase (2001-02) encompasses a three-pronged approach aiming at boosting the return of refugees and displaced persons, the transformation of the (socialist) economy and the improved functioning of state-level institutions. In this period, what I consider the first turning point in Bosnia’s journey took place: fundamental constitutional amendments were passed following a decision of Bosnia’s constitutional court, and the first genuine negotiation over such issues was held between political parties and the international community (Mrakovica-Sarajevo Agreement of March 2002). This is discussed in Chapter 3.

The fourth phase (2002-05) is characterised by a gradual reduction in the use of the ‘Bonn Powers’ and, going hand-in-hand with that, the intensification of Bosnia’s EU integration process. There are other key turning points looming in the near future: the Office of the High Representative’s (OHR) planned closure at the end of 2006, and its transition into a much smaller mission led by the European Union (EU); the formalisation of the overall Euro-Atlantic integration process by the start of negotiations for a Stabilisation and Association Agreement (SAA) with the EU; and entry into NATO’s Partnership for Peace (PfP). However, as discussed in Chapter 4, all of this will first require further reforms.

The gradual increase in the powers of the Bosnian state (which had very few competencies under the provisions of the GFAP) suggests how much the country is moving beyond the GFAP itself.<sup>5</sup> The Europeanization of Bosnia was fostered by former High Representative Wolfgang Petritsch, who started to push the country “beyond Dayton” by recognising the pull effect of EU

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5 Whilst the GFAP had initially foreseen only three state-level Ministries, there are by time of writing altogether nine Ministries plus one permanent (and non-rotating) Office of the Chairman of the Council of Ministers (Prime Minister).

integration at an early stage.<sup>6</sup> Indeed, many reform-related issues were not only Dayton requirements, but requirements resulting from other arrangements:

For example, Bosnia and Herzegovina is obliged to co-operate with the Tribunal in The Hague under Dayton, but also because it is a member of the United Nations. Bosnia and Herzegovina is obliged to respect human rights, such as the right to return, under Dayton but also because it is aspiring to become a member of the Council of Europe. There shouldn't be any trade barriers between the Entities, under Dayton, but also because this is a requirement of the EU Road Map.<sup>7</sup>

The GFAP framework was used by High Representative Lord Ashdown to push for further reforms in some key sectors of Bosnia's statehood which, in turn, also corresponds with the requirements – set by Brussels – related to the EU integration process. In this context, the question of mandate and powers of the OHR and external institutions has increasingly become a central issue of debate and concern. Thus, legitimacy, role, and capacities of the foreign forces to enhance Bosnia's sovereignty and domestic "ownership" are topics around which this book will evolve in a non-dogmatic way and in the spirit of constructive criticism.

Moving the country beyond Dayton has been arduous. Behind the rhetoric, the process is highly complex, requiring experience and patience. In light of this, Chapters 1 and 3 examine in more detail some of the structural defects of the GFAP, as well as various forces resistant to reforms, while Chapter 2 attempts to present Bosnia's social fabric, focusing on the risks but also on the potential of informal processes. The GFAP was shaped by the international community on the one hand and by local elites associated with the armed conflict or specific interests on the other. This involvement enabled local elites to retain power years after the armed conflict ended. As Ivan Krastev pointed out, state institutions were captured by these elites, delaying modernisation and state-building processes.<sup>8</sup> It is this chapter's objective to consider whether informal networks are only related to these actors, and evaluate the potential of civic forces in Bosnia.

Finally, the regional dimension matters and will most certainly shape the future of Bosnia. While the EU's Stabilisation and Association Process (SAP) – discussed in Chapter 4 – is the centrepiece of the European Union's long-term strategy towards the Western Balkans, there are additional roles to

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6 For Petritsch's view that the GFAP should neither be abandoned nor replaced, because it can change itself, see Wolfgang Petritsch, "We must stay the course in Bosnia", *Wall Street Journal Europe* (12 June 2001); available at <http://www.ohr.int>.

7 Wolfgang Petritsch, "From Dayton to Europe" (Sarajevo: OHR, press conference, 16 August 2001); available at <http://www.ohr.int>.

8 See Ivan Krastev, "Weak states as a security threat", *Südosteuropa Mitteilungen*, 44:4 (2004), pp. 102-16.

be played by other (less formal) mechanisms such as the Stability Pact for South Eastern Europe.

The Bosnian transition from peace agreement implementation to pre-accession preparation has been accompanied by successes (political stabilisation, refugee return, foreign investments, Council of Europe membership) and failures (re-appearance of nationalist and mono-ethnic parties, economic stagnation, lack of full cooperation with the War Crimes Tribunal) stemming both from domestic roots (war criminals, corruption, political patronage) and the international protectorate-type set of Bosnia. Furthermore, Bosnia's transition, just as its creation, has been part of developments in the wider region, in particular the democratisation and Europeanisation of its neighbouring countries Croatia and Serbia and Montenegro – both of which are further advanced in the SAp with Brussels.

With the reduction and shift to EU military peacekeepers (EUFOR), and the establishment of an Office of the European Union Special Representative (EUSR), Bosnia's international institutional framework is still under construction. This process is, however, often too focused on institutional and bureaucratic concepts (instead of civic ones). The European Union must take the lead, as it has done in other reform and transition countries in Central and Eastern Europe. More attention, efforts, and targeted financial support from Brussels and EU capitals will be needed in Bosnia which, unlike many former "Eastern bloc" countries, must undergo a multiplicity of transitions, from war to peace, from a socialist-style to a market economy, and from a mono-party to a civic society. In the case of Bosnia, the EU has an opportunity to learn not only from its less than glorious lessons of the early 1990s, but by using Bosnia's needed full political integration into the EU (as promised to the entire region at the 2003 Thessaloniki summit) to overcome its own internal post-referenda identity crisis. These are the sort of questions that will be discussed in Chapter 5.

As the Dayton decade is drawing to an end, the next chapter in Bosnia's history must be a European one and it must start now.<sup>9</sup>

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9 By time of writing the obstruction of police reform by Republika Srpska seems to prevent Bosnia from beginning negotiations on a Stabilization and Association Agreement (SAA) by end of 2005. See ICG, *Bosnia's Stalled Police Reform: No Progress, No EU*, Brussels: ICG Europe report No 164, 6 September 2005.