Bosnia and Herzegovina: NEW INTERNATIONAL THINKING
“No thinking mind can ever be optimistic”
South East European Studies at Oxford (SEESOX), the Department of Politics and International Relations (DPIR) at Oxford, and LSEE-Research on South East Europe at the London School of Economics organized a workshop* of leading international policy makers and analysts on 30 January 2015 with a focus on Bosnia and Herzegovina (henceforth BiH or Bosnia). The purpose of the workshop was to take stock of the current political, economic, and social situation; identify the main challenges, including the potential deadlocks and spoilers; and suggest possible ways forward. The broader aim was to discuss how to enhance the effectiveness of international engagement in BiH.

The day-long workshop was divided into four panels: 1) the current situation; 2) political, security, and constitutional issues; 3) economic development; and 4) social relations. Cognizant of the severity of the challenges facing BiH, participants emphasized the need to maintain a positive outlook given some successes to date (all too often overshadowed by failures), while keeping a sense of purpose and creating a new momentum to re-activate Bosnian society. Participants pointed to the prospects for positive change in BiH residing at the subnational level and among the civil sector, which needs to be encouraged, supported, and empowered.

This report does not aim to be comprehensive, or to cover all of the issues that confront BiH. Rather, it provides a snapshot of what was discussed on the day during the workshop. It ends with a set of recommendations.

**Note:** Individual statements are not attributed to the participants as the workshop ran under Chatham House Rule in order to encourage a frank and free discussion.

* The Workshop was sponsored by the Public Diplomacy Division of NATO, the London School of Economics, the Centre for International Studies at the University of Oxford, the Foreign and Commonwealth Office, and St Antony’s College, Oxford.
Session I: Reflections on past international involvement and the current situation

Close to 20 years since the signing of the Dayton Peace Agreement, Bosnia and Herzegovina finds itself in a state of crisis. On the brink of economic decline, it has the potential to become a security threat. The momentum from 10 years ago has been slowing and there have been signs of backsliding. Although the Office of the High Representative (OHR) was scheduled to close down as early as 2006, it is still in operation. Indeed, in many ways 2006 proved to be the start of the standstill. The central state has been failing to deliver the most basic services such as issuing identity cards, health care, and general social security. The level of stagnation is best exemplified by the latest report on BiH by the European Stability Initiative (ESI). It merely republished its 2004 report, arguing that so little had changed since then that there was no need to alter its overall evaluation of the situation.

It has been acknowledged that part of the blame lies with the international organizations for failing to provide consistent guidance and leadership. The lack of a genuine perspective for membership of the EU and NATO, combined with misplaced and unduly strict conditionality, has reduced the credibility of the international efforts to bring BiH closer to and eventually into both organizations, and thus diluted and undermined a substantial policy debate in the country. Regional dynamics have also played an important role. Given BiH’s ethno-national structure and history, its progress is tied in with developments in Serbia and Croatia and the broader West Balkan region. Although Croatia entered the EU in 2013, and Serbia was given candidate status in 2014, current political developments in both countries have given cause for concern.

Internally, there has been only limited political will among the top echelons to make progress on reforms, which would strengthen the central state institutions and limit the number of ethnic vetoes. There have been growing tensions over competing visions of the future of the state. The Bosnian Serb leader Milorad Dodik continually acts as if Republika Srpska was a separate state and occasionally threatens with secession. He has also been far more closely aligned with Russia than with the EU. Meanwhile, the strongest Bosnian Croat party (HDZ) and its leader Dragan Čović have been pressing the case for a third entity, adding alarmingly to the number of obstacles to political reform. Countering these centrifugal tendencies, some Bosniak political parties (SBiH and SDP) have been insisting on abolishing the entities, allowing only little space for dialogue about the territorial structure of the state. Moreover, the strongest Bosniak party led by Bakir Izetbegović has been establishing close ties with the Muslim world, rather than with the rest of Europe, alienating the other two (Christian) ethno-national groups. Politics in Bosnia have been reduced to squabbles over competence and “turf”, in the form of competition for public resources: this has limited the

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scope for political debate over who should hold power over key institutions and sectors such as airways, railways, and utilities.

The underlying causes for the reluctance of political leaders to reform and effectively move closer to the European Union are not merely based on nationalism. Over the past 20 years, party leaders have created close-knit clans and accumulated significant power and resources. Reforms in the judiciary, increased transparency, accountability, and strengthening the rule of law would effectively cut off the branch on which they are sitting (as the example of the former Prime Minister Ivo Sanader in neighbouring Croatia suggests). Leaders fear that a frank commitment to the EU path would uncover their corrupt behaviour and lead to their criminal prosecution. There is thus little incentive for them to support reforms.

Nonetheless, it was noted that the current assessment of BiH should take into consideration the self-evident fact that reconstruction was never going to be easy. Even before the war, BiH was an economic laggard with highly uncompetitive and underperforming industries, deep-rooted resistance to both privatization and bankruptcy procedures, and with an economy driven by the uncompetitive military sector. By the end of the war, its economic capacity was not even at 10% of the pre-war level. Even with vast international funding, BiH remains one of the poorest countries in Europe.

Socially, pre-war cleavages were intensified by the emphasis on ethnicity and religion during the conflict; and the genocide that took place in the country has had an enormous psycho-social impact. Similarly, the rural-urban divide, which before the war created a fragmented social structure, widened with the mass resettlement of rural populations from Eastern and Central Bosnia to urban centres such as Mostar, Zenica, Tuzla, and Sarajevo. In 1995, BiH emerged as an economically broken and territorially and ethnically divided country, which further incorporated many of the political and psychological elements of the former Yugoslav system into its new institutional framework (e.g. collective leadership). The starting points were thus very low.

Despite an extremely alarming situation in Bosnia, it is necessary to maintain a sense of guarded optimism and purpose. Much has been achieved in the past 20 years. Compared with other post-war countries, which have been shattered in complex conflicts, BiH has not been as much of a failure as is often presented. In particular, although criticized by some, the approach of Paddy Ashdown proved to be very effective at the time in pushing forward some important reforms. He introduced a single tax system, which has kept Bosnia fiscally afloat because of its effective indirect taxing. Another success has been the creation of the State Council of Ministers as the state-level government.

Elections have been fairly peaceful, and radical religious candidates such as Mustafa Ceric have not been scoring well. Defence capacity-building has progressed well (unlike in other similar post-conflict situations such as Iraq or Afghanistan). The security sector achieved structural changes through a coherent
approach of international tutelage, materializing in a single border police, a single state intelligence agency (SIPA), and a single state army. A great success is that BiH now has its own Partnership for Peace training centre. Other participants stressed that finally, after a tortuous process lasting 24 years, a census was being carried out: the results could have important consequences for a variety of regulations and institutions. Moreover, looking ahead, there is still a strong wish within BiH to join the EU (around 90% of Bosniaks and 75% of Bosnian Serbs according to IPSOS Public Affairs Data from 2013). This is the primary incentive which can be used to drive further reform required by the EU.

Overall, the assessment was that there had been both successes and failures, and that the latter should not be exaggerated at the expense of the former. The important thing was to see how successes had been achieved, and learn from this process. There were two overarching themes to the discussion: despite enormous problems, Bosnia had over the past 20 years been pulled back from the brink; but it had now reached an important fork in the road, and a new approach was needed to break the deadlock.

Session II. Political, constitutional, rule of law, and security reforms

When talking about failures and the current stagnation, which not even the 2014 social mobilization had unlocked, there were a series of questions about why the progress of reform had been stalled in the past 10 years. According to some speakers, the first post-war years were marked by a clear international vision about what needed to be done. Both EU and NATO were considered as genuine perspectives. There was also strong international leadership on the ground, which kept the various international actors reasonably coherent. There was more leverage in the form of obligations and requirements presented to the local elites, rather than the set of choices which were currently on the table. It was thus easier to progress and reform.

The strong international leadership, which backed reform, was eventually able to bring the Bosnian domestic elites to the negotiating table, clearing the way for change. Reform was particularly smooth in some areas, which were not too sensitive and threatening for the domestic political actors. The situation is now very different. Given the experience of the past 20 years, and despite the important reforms achieved through direct interference, international pressure is perceived by some domestic actors as imposition. The focus should therefore now be on striking deals, which would be locally accepted as legitimate, so that they can be implemented. As part of this, more importance should be given to communicating reform processes (such as EU-related reforms) to the wider public in a simple and direct way.

Constitutional reform – which has according to many been unnecessarily stressed at the expense of other important areas – has proved to be a cul de sac. Deadlocks are often created within parties and intra-ethnic disagreements have stalled reforms. The internationally driven 2006 April Package and the 2009 Butmir talks failed due to the lack of a broad
domestic consensus. Although the domestically driven Prud debates between the Bosniak leader Sulejman Tihic, the Croat leader Dragan Covic, and the Serb leader Milorad Dodik in 2008 showed that domestic political cooperation is not impossible, the capture of this process by these three key actors without the inclusion of a broader political spectrum, and their lack of sincere commitment to implementation, effectively buried this process too.

As noted, Bosnian leaders have remained gridlocked on constitutional reform, but the international partners have never carried out a good assessment of the large number of spoilers. Although by far not the only one, the main spoiler is in the Republika Srpska (RS). The power of Milorad Dodik has been so far unrestrained; he has tried to stall most internationally driven initiatives, especially with regards to the EU and NATO\(^2\), given his rather supportive stance on Russia and the increasing hardness and virulence in Russia’s attitude towards the West (though Art. III.2 (b) of the Bosnian Constitution obliges the entities to assist in fulfilling the international obligations of BiH). Ending on a more positive note, several speakers stressed that constitutional reforms are difficult to carry out under any circumstances: it is thus not surprising that it has proved to be particularly difficult in a country with such a heavy and complex backlog of problems as BiH.

The creation of a national army was discussed as a positive example of a generally smooth reform process. In 2002, the BiH Presidency ambitiously asked to be included in the Partnership for Peace (PfP) NATO programme. NATO reacted by providing a set of requirements. One of these was the creation of an army under a unified command. When in 2002 Paddy Ashdown decided that the three existing armies had to be brought under one roof, it took only 23 months for a state-level command structure over the two entity armies to be put in place. There was internal political will to keep up the momentum.

By January 2006, BiH had merged the entity armies into a single force and joined PfP. The military budget was cut by half, parliamentary oversight over the army established, and Bosnian troops have since been deployed overseas as peacekeepers, including to Afghanistan (as part of the Danish contingent). Bosnia has thus become a provider of security, not just a consumer. The reason for this overall success was seen in the process of negotiation, which was professional, carefully planned and comprehensive, with clear and consistent requirements (often of a very technical nature). There was both focus and determination among the internationals.

At present, though, full NATO membership is being obstructed. This is largely due to the fact that NATO’s position in BiH is not as strong as it used to be. While 80% of the Federation support NATO membership, this figure falls to 16% in Republika Srpska (although this rises to 70% if Serbia were a member). Political squabbles

\(^2\) It should be noted that the EU Initiative was signed by all Bosnian parties (including Milorad Dodik) in February 2015, unblocking the path to the EU.
obstruct the resolution of the long-standing issue of defence property, the resolution of which is a condition for full NATO membership. The implementation work of today is more cumbersome as the most technical issues have been dealt with and only politically challenging tasks remain, so the pace is much slower. Even when agreement is reached on some issues, seeing it through is difficult as there is no professional, i.e. apolitical, civil service sector. The requirement now is to revive the Membership Action Plan (MAP), provide tangible incentives for membership (such as the prospects of revived military production), and move forward.

Compared with defence reform, police reform was always going to be both very complicated and highly politicized as the stakes are much higher. There was therefore an absolute need for clear and shared vision and priorities; but these have been lacking. Participants stressed the need for more coordination across the security sector. BiH should develop a counter-terrorism and cyber defence strategy as a matter of urgency. After all, the bullet casing in one of the guns used in the Charlie Hebdo assassinations came from Bosnia; around 200 Bosnians are currently already fighting with ISIS; and illegal weapons have been smuggled through Bosnian territory for decades.

In the realm of party politics, speakers noted three fundamental problems: party leadership capture, the zero-sum nature of Bosnian politics, and the frequency and multiplicity of elections. Bosnian political parties have turned into autocratic organizations captured by a very small circle of politicians, who do not allow for an open intra-party dialogue. It was suggested that parties in BiH have never been friendly towards pluralistic policies. The majority of the existing parties are led by politicians directly linked to the war and financially and politically capitalizing on the post-war transition. One analyst noted that there exists a “Rule-of-Six”, i.e. only six (or at most seven) party leaders negotiate on all issues, and this has only strengthened their positions in the system. Even senior party members are unable to participate fully.

In addition, a proposal put forward by one group is often automatically rejected by one of the other groups. It has been stressed that the Compact of Growth and Jobs, which is an EU-led reform initiative singling out six reform areas, may well fall prey to this approach. The prediction by several speakers was that it would not be accepted in RS, given the resistance of Banja Luka to any proposals looking too neo-liberal. In fact, Banja Luka has been working on a counter-proposal, which would challenge the Compact.

As for elections, it was noted that although electoral rounds have been carried out without violence, ballot rigging and indirect pressure from parties to vote for them out of fear of losing jobs if people chose a different option have both been commonplace. There have been too many elections at the multiple levels of Bosnian governance, which have not provided any substantial options in terms of policy-making. One policy-maker stressed that his office would usually have only a ten-month election-free window to carry out
reforms before the next round of elections at one or another level. One possible counter-measure might be to hold all elections at all levels in the same year, thus leaving longer time for actual governance. Elections have even made the political situation worse because of problems with the formation of governments. For example, the work of the House of Peoples in the Federation was blocked in 2013 because there were not enough members from among the Bosnian Serbs (after the Social Democrats decided to stay in opposition) to satisfy a constitutional requirement.

The debate further focussed on how to gain a constituency for reform in a situation where party leaders have no incentives for change. The general opinion was that it was important to choose those areas and issues which were of direct and tangible importance to ordinary Bosnians such as agriculture, education, business, and employment. These could have some positive side effects also in terms of inter-ethnic cooperation as examples from south-eastern Herzegovina suggest. Where people need to trade across ethnic borders, ethno-national identities cease to stand in their way. Paying more attention to the youth – in terms of better education and career prospects – is also a crucial strategy. The large brain drain from Bosnia needs to be stopped and educating future leaders needs to be encouraged.

Another strategy would be to focus on civil society organizations and enhance their capabilities to effect change in areas such as healthcare or social security, which have been neglected by the state. The bad reputation of the NGO sector, which was discussed later, could also be improved. A broader suggestion was to cease the one-size-fits-all approach to reform in areas where there is no consensus or template in Europe (e.g. police and education), as this can lower the credibility of external actors. Building trust between internal actors as well as between domestic and external players is a long-term process. It will also require strengthening the impartiality and transparency of the judiciary, as the findings of the Structured Dialogue on Justice initiated by the EU suggest.

European integration was discussed at length. The Stabilization and Association Agreement (SAA) was negotiated and signed in the period 2005-8, but the failure to adopt reforms in accordance with the 2009 Sejdic-Finci Strasbourg decisions have prevented its implementation. Visa liberalization was introduced in 2010, and this has proved to be an important step in opening up the country. However, BiH has not been making extensive use of the Instrument of Pre-Accession Assistance (IPA) funds as they have

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3 In 2009, the European Court of Human Rights delivered a ruling in the case of a Bosnian Roma (Dervo Sejdic) and a Bosnian Jew (Jakob Finci) that the constitutional provisions of Bosnia and Herzegovina are in violation of various provisions of the European Convention on Human Rights regarding discrimination (notably Art. 14 taken in conjunction with Art. 3 of Protocol No. 1, and Art. 1 of Protocol No. 12) because only persons declaring their identity as Croats, Bosniaks, or Serbs are allowed to run for positions to the House of Peoples of the Bosnian Parliamentary Assembly and the Bosnian Presidency.
been blocked by political elites, who have not as required agreed on a common approach to various issues such as transportation and agricultural policies. BiH now has access only to the more limited Institution Building and Cross-Border Cooperation funds: and all too many of these are seen by Bosnians as going into the pockets of expert advisers hired from abroad.

On the foreign affairs front, the fact that Bosnia proved unable to take a position on the annexation of the Crimea by Russia has been negatively received in Brussels. Some saw a lack of full-hearted support coming from Brussels for BiH’s membership, though, and believed that this resonated in the country. EU representatives disagreed. The UK-German initiative of November 2014, which seeks from all Bosnian party leaders a written commitment to establish functionality at all state levels, has gained support from other EU member states (and from the US) and has been deemed to be a timely and potentially mobilizing force for reform. It had been produced as a response to the popular protests in BiH, which themselves suggested that EU policy had become too passive. It demonstrates a new approach to the reform agenda, without lowering the bar too much. It is mainly about sequencing, with socio-economic reforms up front, and human rights issues later (not abandoned or forgotten). The priority is to implement the SAA, but thereafter to concentrate not just on the EU accession and a date, but on the important preparatory journey and the process of essential reform. It is not the “Last Chance Saloon” but certainly an unrepeatable offer.

Failure would demand a more formal re-think of the EU-BiH relationship. However, many participants stressed that the initiative cannot constitute the only strategy towards BiH and has to be matched with more concerted efforts in other reform areas.

As in the first session, there was broad agreement on what had worked, what had not worked, and what might work. Strategic priorities were movement towards the EU and NATO, and avoidance of cul de sacs. As for tactics, the need was for clear communication, addressing ordinary Bosnians, and talking up success and showing where it led.

Session III. Strengthening economic development

Economic assessments of the BiH situation have clearly shown that from a macro-economic perspective, the Bosnian economy has been quite resilient despite some recent shocks such as the 2014 floods. This is primarily due to a low fiscal deficit and controlled external debt. Bosnia tops world rankings in external remittances sent to the country from the Diaspora. The Bosnian economy is expected to grow at around 2.5% in 2015. But as the BiH convertible mark is tied to the Euro, it was stressed that the entire economy is sensitive to European developments. Although low, Bosnian production was assessed as quite diversified, focusing on timber, furniture, footwear, metallurgy, inorganic chemicals, and textiles. Although underdeveloped it has an economic potential in new fields such as energy, wood industry, water industry, agribusiness, and tourism.

As specified in the Compact for Growth and Jobs, the Bosnian economy (a mixture of a transition
and a post-war economy) needs a roadmap of reforms to make it sustainable and competitive. The main identified problems were found in its consumption-driven nature, the large public sector, low investment, and the low employment rate, which reduce its production capabilities. This is not a sustainable model. Bosnia generates 40% of its GDP through tax collection and 49% of its GDP goes to public spending. Most of its modest exports (31% of GDP) are directed at Germany, Croatia, Italy, Serbia, Slovenia and Austria. This does not reflect its geographical advantage of proximity to the huge EU market and other potential markets such as Turkey and China.

From a European perspective, BiH does not have a competitive market. One of the main obstacles to increased investment and production is the cumbersome and corrupt business sector. BiH ranks 105th on the Trading across Borders index (part of the Doing Business indicator), because of the complex administrative procedures for trading and the poor level of infrastructure. The sector has been captured by a few firms, which have been closely linked to political parties. But even without political will, certain areas could be reformed via institutional measures such as streamlining the issuance of construction permits (182nd place in construction permits out of 189 countries) or controlling parafiscal charges.

The primary budgetary burdens were identified as the oversized government and complex bureaucratic procedures, pensions (given BiH’s aging population), and war-related social allowances. Bosnia has over 147 ministries and a heavy civil sector, which takes up most of the state’s financial resources. Although 4.6% of the GDP goes to social security (comparable to the EU average), a disproportionate amount of this (75%) is spent on the veteran population, leaving few funds for the most vulnerable. Furthermore, veteran pensions are not evenly distributed; the top ex-officers get the highest pensions, whilst ex-soldiers often do not even receive the bare minimum. A registry with records of all former combatants should be set up to create a fairer distributive system. The social insurance system is in need of urgent and far-reaching reform. The small amount of public spending on healthcare has also led to the dire state of the under-financed and low-quality Bosnian health system. Taking health insurance out of the social security spending was put forward as a potential pathway to remedy this problem.

Employment and inactivity rates of Bosnian citizens were discussed at some length. Since the employment rate is very low at 40%, compared to the European average of 68%, and since there is no social safety net, people are understandably reluctant to lose their jobs. It was estimated by one of the economists present that BiH would have to create an additional 80,000 jobs per annum to reach the European employment average by 2020. By some statistics 63% of youth over the age of 15 are unemployed. Self-employment has been decreasing, as has the share of people working in agriculture, whilst full-time posts and jobs in services have been increasing. Since jobs in

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4 According to the 2009 World Bank estimates, people in the bottom 20% consumption quintile receive only 16.9% of the total non-insurance social protection cash transfers.
BiH are scarce, one analyst noted that this has led to the creation of a highly clientelistic job provision system (called ŝteła), usually directly tied in with political party allegiances. The trade unions are quite weak, which is another reason why Bosnian citizens are concerned about losing their jobs. And that is why they vote for parties which offer them better job prospects, rather than freely choosing their political preferences. They are also reluctant to protest out of fear of being laid off as trouble-makers.

Education was identified as an area which had direct consequences for the job market. The highest proportion of people who are unemployed are those with secondary vocational education; the lowest are people with university degrees. Only 30% of Bosnian youth go to grammar schools (gymnasiums), which would prepare them for university education, while 70% go to vocational schools. Moreover, as one participant with ample experience in the educational sector noted, the teaching curricula and methods are out of date; teachers often do not know their subjects very well; and IT literacy is quite low. The education sector is failing to train youth to be competitive in the job market. Similarly, there are few training and requalification programmes for adults to enable them to move from one job to another. Overall, the economic diagnosis suggests that Bosnians should work more effectively and acquire more skills to be more employable and productive. A more healthy economy would also help counter the current brain drain of young Bosnians seeking work abroad.

A clear picture emerged of the weaknesses of the BiH economy. The key requirements are job creation, higher levels of exports and investment, and in parallel a reduction of the size of the public sector and a lessening of bureaucratic hurdles for business.

**Session IV. Enhancing societal and inter-communal cooperation**

Cooperation between the three constituent peoples is the overarching priority of all international actors in BiH. However, it has not progressed as hoped. Neither the media nor the civil sector have been strong and independent enough to lead this process. The international strategy has been to offer funding in exchange for cooperation. This has not been a sufficient incentive. Unlike in domestic business relations, where people need to cooperate out of personal financial need, societal communication and cooperation have not been advancing. Several causes were discussed. One is the physical division of the three “constituent peoples” into two – but de facto three – territorial units. Given the poor state of infrastructure, and multiplication of institutions, cross-community contact has been very low and difficult in some places (rural areas, Mostar, Banja Luka, divided Sarajevo).

The communities remain highly divided along ethnic and religious lines, psychologically as well as culturally.

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5 According to 2010 UN Early Warning System data, Bosniak citizens are both proud of their state citizenship (88%) and ethnic identity (90%). Croats express high pride in their ethnic identity (85%) but significantly less in BiH citizenship (31%). Serbs express pride in their ethnic identity (77%) compared to very low pride in BiH citizenship (18%).
physically. The letter of Dayton has been taken _ad absurdum_ by the creation of ethnic keys even in institutions where such arrangements were never foreseen (an example is the Competition Council, which now requires two Bosniaks, two Bosnian Croats, and two Bosnian Serbs). External insistence on the creation of an all-encompassing Bosnian civic identity met with strong resistance from within, meaning that in some cases ethno-national identities have in fact been strengthened. When particularistic identities seem to be in danger because of broader inclusive identities, people have a tendency to cling to them. In the Bosnian case, ethno-national identities are directly linked to religion, which makes them all the more powerful. Religion can have both a divisive role – as exemplified during the 1990s war – but also a unifying role by stressing universal values and principles.

The Bosnian media scene, which could play a crucial role in enhanced communication, is far from free. Reports of physical attacks on journalists have been growing recently. At the same time, politicians have been misusing defamation laws against journalists. Journalists have currently only limited incentives to pursue investigative journalism. Their salaries are very low and investigative reporting is too risky. There are additional economic pressures. Like the rest of the Bosnian population, journalists fear for their jobs. All this makes investigations of political corruption cases and public procurement too dangerous. They therefore practice self-censorship or limit themselves to informative reporting. The main media houses are directly linked to (or owned by) the leading political parties. There has not been sufficient pressure to initiate public broadcasting reforms, which is particularly alarming since television still attracts the highest audience and is thus the most powerful medium. Focusing on the media – especially the TV and online portals – should be at the centre of international attention.

The media sector can be mobilized to be either a partner for reform or, alternatively, a “partner in crime”, as exemplified during the February 2014 protests and the associated media spin. Despite assessment of societal lethargy in BiH, the protests demonstrated that public mobilization is possible and that even political elites are scared of the mass public, though they are still able to re-direct the fear back at the war-traumatized public. One lesson from the protests was that warnings of the real dangers of a relapse into violence were an effective strategy for reducing the level and vehemence of public anger, however justified: Bosnian politicians can also use crises as opportunities. Involving the public and winning the argument for the EU-NATO path is indispensable if the resistance of the party elites is to be overcome.

Civil society in Bosnia should be another active participant in the reform agenda. However, until now it has been highly fragmented not only along ethnic lines, but also intra-ethnically. There is strong competition for international funding and divergent views on goals; even victim associations have been incapable of agreeing on common objectives and sets of priorities. Publicly, the NGO sector has a bad reputation. As one participant noted,
after the war NGOs were viewed only through the prism of humanitarian aid rather than civic engagement. Their main aim had not been to activate citizens but to distribute goods. The post-war rapid proliferation of NGO projects resulted in low esteem for their activities. Many NGOs and projects had also been set up with a political agenda, whereby their managers enriched themselves in the process. Civil society, the media and intellectuals often exhibit the same attitudes and faults as the politicians.

The international approach should thus be to support only those organizations whose projects have been properly evaluated and which have proven themselves to be apolitical: though ready to engage in politics and thus have a real impact. Some participants noted that although streamlining international support for NGOs is welcomed, so is encouraging newly formed initiatives, especially by the youth, to activate the Bosnian public. Supporting the transformation of the plena into political movements capable of standing against the existing political elites was suggested as one way forward to encourage and empower civil society. Others noted that this bore many political risks. There is the example of the new political party Vetëvendosje (‘Self-Determination’) in Kosovo, established from civil society movements, which has become one of the main spoilers of the internationally led Pristina-Belgrade dialogue. Nonetheless, action and mobilization of the Bosnian population are needed: strengthening individual and social elements at the expense of the ethnic. Inaction can have serious security consequences. But so can action in a country like BiH, where there is always a certain level of risk – both security and political. It was stressed that the level of violence in Mostar in February 2014 came worryingly close to a relapse into armed conflict.

This session showed that cross-society communication, engagement, and activation of the Bosnian public by involving them in the political debates might be a potential way forward. Bosnian political elites are ultimately nervous about the public view. This should be used in the interest of promoting reforms, and building the political will necessary to achieve them.

Session V. Finding ways forward: Points for action

Suggestions from the last roundtable discussion at the workshop are summarized in the following ‘Watson Points’, a reference to our dear colleague at SEESOX Max Watson, the recently deceased Fellow of St Antony’s, who was adept at summarizing complex discussions in succinct points. These are intended to be a set of recommendations to discuss further, not a conclusive set of priorities. After all, if there is one over-riding conclusion to be drawn about Bosnia and Herzegovina from the workshop, it is how complex the situation on the ground is.

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6 It was noted by one of the participants that in the period from 1992 to 2001 around 30,000 projects addressing a range of social issues were registered. This means that every 123rd Bosnian had his or her own project on human rights, democratization, and related topics.

7 Max Watson was pivotal in the partnership of SEESOX with the Central Bank of Bosnia and Herzegovina which has produced a series of joint workshops, conferences and publications.
‘WATSON’ POINTS

Euro-Atlantic integration

1. Advancing EU membership is the single most important task at this stage. Experience has shown that the closer a state moves towards the EU, the more willing it is to accept difficult changes and compromises. Make progress on as many fronts as possible and present it as a beneficial process. (Leave the more sensitive reform, e.g. Sejdic-Finci, until later.)

2. In parallel, we should revive the good work of drawing BiH closer to NATO, especially through reinvigorating the Membership Action Plan (MAP). See also Point 6 below.

3. Political conditionality should be used very carefully and sparingly to move forward on EU accession and NATO membership. Tying these accession processes to a very narrow issue, as happened in the case of Sejdic-Finci and military properties, is counterproductive and provides spoilers with an ideal chance to block integration.

4. Constitutional change is possible but needs to be broken down into sections. It has already been achieved on the question of military reform. The key is to start by concentrating on very specific areas where change can be made with minimal opposition from the various sides. On more contentious issues, packaging a number of changes as mutual trade-offs is beneficial.

5. Avoid falsely claiming that a specified change is required for EU membership. This was the mistake made in the process of police reform. In most areas, there is not a European one-size-fits-all approach and states have significant space to adopt their own tailored designs. Efforts to try to introduce constitutional change through suggesting the opposite will be quickly discovered, undermining EU credibility.

6. The single surest way to encourage Bosnia to move towards the EU and NATO is by integrating the rest of the Western Balkans. ‘Fix the region, fix Bosnia’. Also, find a way of integrating the diaspora in a positive way.

Politics

7. There are far too many unnecessary domestic institutions and their work is duplicated at the three levels of governance. Focus on trade-offs to reduce their numbers. Ask whether the balance of centralisation and decentralisation is correct. The EU works best on the principle of subsidiarity. The same could apply to Bosnia. Are there institutions with competencies that are better performed at another level? And can the loss
of a body at one level be compensated for by the devolution or centralisation of power at another?

8. Even where there may be a move to centralise powers, this need not translate into a geographical centralisation of institutions. New state-wide institutions can be established in locations other than Sarajevo.

9. Do not over-engage with party leaders as such. Instead focus on representatives of institutions. Empower the state bodies, not factional interests.

10. The international community must be more willing to point the finger of blame for the lack of progress on a particular issue. Political figures that stand in the way of EU and/or NATO integration should be publicly ‘named and shamed’.

Economic development

11. Economic development is a priority. Focus on Bosnia as a single economic space but concentrate on ‘sensitive sequencing’ for the Compact for Growth. Look to make rapid gains by concentrating on areas where there is little likelihood of political pushback. Stress the importance of job creation and jobs for youth.

12. More needs to be done to simplify doing business. Where can red tape be reduced or abolished? For example, start with easier administrative procedures. Again, encourage and balance centralisation and decentralisation as appropriate.

13. The social security system needs to be reformed as a matter of urgency to focus on and support the most vulnerable. This will help to encourage a sense of social justice and will also remedy some of the socio-economic injustice created by the war.

Social relations

14. Every effort should be made to encourage the people of Bosnia to respect their country and the unity of the state. However, efforts to encourage a de-ethnicised Bosnian nationality must be handled carefully. The more attention is given to pushing people beyond ethno-national identities, the more threatened they feel and the stronger such identities become. Evidence elsewhere in Europe shows that such identities must evolve over time and without pressure.

15. Civil society needs to be enhanced. Look beyond organisations that mimic international rhetoric and merely seek external attention. Fund and develop bodies that lead in less high-profile areas that have a real day-to-
day impact on the most disadvantaged parts of society (e.g. the chronically ill, the long-term unemployed, children, the elderly and the disabled).

16. Independent media and investigative journalism need to be encouraged and directly supported. Provide journalistic training and resources so that journalists can move beyond mere informative reporting. Experience has shown that media can become a partner of change when mobilized.

17. Encourage educational reforms in as many areas as possible, especially in those subjects where there is no obvious ethnic component. Steps should be taken to improve national curricula. Teacher training should include as many cross-community components as possible. Enable teachers to acquire professional teaching methods.

18. Provide youth with as many opportunities as possible to interact across ethnic lines and provide more programmes to travel and study abroad, ideally in a cross-community manner (such as mixed sports teams).

Concluding points

19. Emphasise the successes that have occurred. Pessimism can lead to apathy and lethargy when the goal is activation. Many reforms have been carried out, changing BiH in 20 years into a more peaceful, though still problematic, state. More can be done with careful planning and by tackling the less controversial ‘low hanging fruit’ first.

20. In spite of bleak prospects, however, we need to see the opportunity in every difficulty, to paraphrase Churchill, rather than the difficulty in every opportunity.
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Thank you for inviting me today.
Forgive me if, in what I say, I am rather blunt. But I am getting increasingly concerned about Bosnia and Herzegovina and in troubled times it is as well to be straightforward.
I have read the Conclusions of the SEESOX Conference.
I agree with some of them. But not, I fear, all.
Title of your seminar is “New international thinking”.
But it is not new thinking that is required in Bosnia, but a new will and a renewed determination to insist on reform in the country, instead of being satisfied with stasis – or something very close to it.
It is not ideas that have failed the International Community these last 10 years, since Bosnia began to drift backwards. It is political will, coordination and ability to use the levers that we have in a united and effective fashion.
We used to have a saying in OHR when I worked there.
“Unless you are prepared to slay the dragon, you cannot save the maiden.”
The dragon in BiH is state dysfunctionality – and those who, 20 years after Dayton, still use that dysfunctionality to drive the country towards partition.
It is because of dysfunctionality that Bosnia is so burdened with multiple layers of politics and politicians that it cannot find the money to provide its citizens with what they need:
Jobs;
A secure environment;
The rule of law;
A decent health service; and
A modern education.
And it is because the provision of these things is the only way to create loyalty to the state, that Bosnia’s politics and loyalties remain mired in ethnic division and dependency, sometimes buttressed by dangerous appeals to religious antagonism.
It is because of dysfunctionality that Bosnia cannot secure the only future which will give it security and prosperity – a future as a full member of the EU and NATO.
So why, constantly and repeatedly, do we shy away from tackling the Bosnian dragon of state dysfunctionality and instead seek to find more and more elaborate ways of distracting the beast with smaller offerings – like economic reform – in the hope that it will fail to notice what we are doing?
This is not to say that economic reform is not necessary. Of course it is.

It is rather to assert that though economic reform is necessary it is not sufficient – unless it is part of – rather than substitute for – functional reform. Absent that, any economic reform will inevitably be subverted – as so often in the past – by those who have an interest in maintaining the status quo because that is how they preserve their power and line their pockets.

Yet even when it comes to the economic reform package currently under discussion, Europe is divided. On the one hand some nations sensibly want to enshrine economic reform IMF conditionality. Others shy away from this because of the perceived risk of increasing disorder, societal collapse and political upheaval – I suppose on the basis that one Greece at a time is more than enough.

I need to remind us that after more than a decade of real progress towards statehood and stability, Bosnia started to go backwards nearly 10 years ago. And now tracks with increasing speed towards either break up or the dubious status of being Europe’s deepest and most intractable black hole.

I need to remind us that this has occurred in country in which the EU has more instruments of leverage than in any other on earth – a huge aid programme, a heavyweight mission, a large police reform programme, EUFOR, substantial leverage over the actions of neighbouring states, a special EU representative and access to a High Representative still equipped with the Dayton powers.

It is not that we do not have the leverage to stop Bosnia moving backwards. It is that we have not, these last ten years, found the will to use it.

I need to remind us too that despite strong statements after last year’s elections that the International Community would this time insist that things would be different, they aren’t different at all.

There is still no functioning government at either the Federation or the state level, five months after the elections.

Meanwhile it has taken us three long tortuous months of heavyweight pressure to finally succeed in negotiating Bosnian signatures on a piece of paper.

Maybe it will work. I certainly hope so.

But don’t hold your breath.

The history of the last ten years is littered with pieces of paper which were launched with equal hope and fanfare, but which, for want of international will to make them mean anything, have ended in nothing.

I need to remind us that the effects of the stasis that has gripped Bosnia this last decade are not confined to Bosnia alone.

Last Saturday in Belgrade there was a huge gathering in the presence of the Patriarch and the Serbian President to celebrate the founding, not Bosnia, but of Republika Srpska.

In Zagreb the president of the Croatian HDZ expressed his support for renewed calls by Bosnian Croats for a third entity.

In the Middle East there are now 330 young men from Bosnia to be found in Syria and Iraq under the banner of ISIS. This, by the way, from a country of less than 4 million - about the size of Wales.
And of course Moscow continues to play Ukrainian mischief with Bosnian instability, wherever it can.

In the 1990s the world had to learn about the painful and bloody lesson that ignoring instability in Bosnia can have regional, even global consequences. Do we really have to learn that all over again, a quarter of century later?

I am sorry to be so brutal.

But I fear that during these last ten years the International Community and Bosnia have been locked in a kind of diplomatic ground hog day waltz. We sweep off into the same old dance together, accompanied by the same old expressions of hope and determination, only to find ourselves back at the same old place which we then declare as somewhere entirely new.

We have consistently – and it seems now will repeatedly – replaced killing the dragon of Bosnia’s dysfunctionality, with offering it instead a series of small scale, diversionary reforms, in the vain hope that while the beast is looking the other way, we can nip in and save the maiden for her true destiny – marriage into the EU and NATO.

It hasn’t happened. And it won’t happen.

Now some even propose that actually it doesn’t have to happen at all. It will be good enough for us to just pretend it has happened. Then by some Brussels sleight of hand, an unreformed Bosnia can be quietly side-slipped into candidate status.

It seems an attractive short cut of course. Even though we know short cuts rarely work – as we have seen with other EU countries.

But it’s not a short-cut. It’s a myth.

For behind it I suspect is a willingness on the part of some EU states to declare success by welcoming Bosnia to candidate status. And then leaving her there – in limbo – forever.

Still a black hole of dysfunctionality and corruption.
Still wrecked with division and obstruction.
Still a source of recruits for ISIS.

But now semi-safely parked in a never-never land on the edge of Europe, where she can do minimum damage. A place which we in the International Community can never move forward. And from which we can never disengage.

That remarkable EU civil servant who used to work with me in my days as the High Representative, Reinhardt Priebe, used to say that Europe was not just a union of ideals, it was also a union of standards.

Quite so!

And one of those standards surely is functionality. Is there not a minimum standard of functionality which is required for EU membership?

Of course there is.

So why do we go on dodging the issue in Bosnia?

Why after such extraordinary progress towards a functional Bosnian state for the first 10 years after Dayton did we abandon the effort in these last ten years?
No-one is suggesting a centralised Bosnia.
No-one is suggesting either that there should be a return to the Bonn powers to move things forward – though they should be preserved in case things begin to move dangerously backwards, because some destructive elements seek to re-interpret Dayton to support division rather than unity.
No-one is suggesting either abolishing the entities.
A functional Bosnia will look and feel much more like highly decentralised Belgium, than over-centralised Britain.
But it must be functional – and it cannot be constantly held hostage by those who wish it to fail.

What is needed now from the International Community – and especially from Brussels – is not new thinking but rather a new courage to face down Bosnia’s separatists and obstructionists and a new will to use, in a united and coherent fashion, the immense leverage to move things forward which we can mobilise, both in the country and in the region.
If I wanted to get things done in my time in Bosnia, it was not just to Brussels that I turned, it was also to Zagreb and Belgrade. No policy for Bosnia will work unless it is anchored within an overall policy for the region.
My other key experience in Bosnia was that if the International Community is hesitant, risk averse and divided, there is nothing it can achieve.
But if it is united, purposeful and determined, there is nothing it cannot achieve.

10 years ago, after a decade of extraordinary progress in Bosnia, the International Community – and especially Brussels – took its foot of the accelerator and its eye off the road.

What we need now is change of gear and direction.
Or alternatively we can, of course, go on as we are.
Hoping to distract Bosnia from the task of functional reform, but in reality distracting ourselves.
Hoping for the better in the future, in the face of all experience to the contrary from the past.
Ducking the central issue of functionality because we have allowed local players to frighten us away from it.
And launching ourselves into another decade in which Bosnia sinks further and further into the black hole, while we in Europe and the International Community remain further and further away from the task to which we laid our hand twenty long years ago – helping Bosnia towards the only peace and prosperity it can have, as a full, functional and proud member of the Euro-Atlantic Brussels institutions.
With thanks to our sponsors...

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About SEESOX

South East European Studies at Oxford (SEESOX) is part of the European Studies Centre (ESC) at St Antony’s College, Oxford. It focuses on the interdisciplinary study of the Balkans, Greece, Turkey and Cyprus. Drawing on the academic excellence of the University and an international network of associates, it conducts policy relevant research on the multifaceted transformations of the region in the 21st century. It follows closely conflict and post-conflict situations and analyses the historical and intellectual influences which have shaped perceptions and actions in the region. In Oxford’s best tradition, the SEESOX team is committed to understanding the present through the longue durée and reflecting on the future through high quality scholarship.

Principal objectives:

- To support high-quality teaching and research on South East Europe;
- To organise conferences, workshops and research seminars;
- To promote the multi-disciplinary study of the region within the University of Oxford (e.g. politics, international relations, anthropology, sociology, economics) working in collaboration with other Centres and Programmes within the University, including student societies;
- To spearhead intellectual exchanges and debate on these issues among networks of individuals and institutions beyond Oxford;
- To foster cooperation between the academic and the policy making communities.

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