Weekly column by Christian Schwarz-Schilling, High Representative for BiH "New Year, New Outlook"

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The New Year is off to a good and auspicious start. The months of negotiations and horse-trading over the formation of a state-level government appear finally to be over. Bosnia and Herzegovina should soon have a new government in place and, critically, the seven parties that have come together to form it have also agreed a comprehensive programme to take the country forward.

Forming coalitions to build governments and thereby convert the electorate's will into effective administrations is a difficult and time-consuming task in all democracies. Indeed, some Western European countries have also been struggling to build coalitions and form governments in the wake of elections last year in ways that seems to resemble some of the frustrations of the past few months in Bosnia and Herzegovina.

What is encouraging about Wednesday's agreement over the formation of a government is that the parties achieved it themselves with minimal intervention from the international community. This is in line with the philosophy I laid out when taking up my position as High Representative and EU Special Representative just under a year ago, namely that I would not intervene in problem-solving where solutions were properly the responsibility of Bosnia and Herzegovina 's elected leaders.

The ability to form governments within a reasonable timeframe is also critical to meeting the ownership challenge necessary for transition to take place in Bosnia and Herzegovina as scheduled. Through its actions in recent weeks, the Presidency, which has constitutional responsibility for nominating the Chair of the Council of Ministers, has demonstrated that it is able to rise to that challenge. Parliament must now show similar abilities.

Clearly, a new administration is not yet in place and much work remains to be done to ensure that Bosnia and Herzegovina has an effective government. A House of Peoples still needs to be formed for parliament to be able to pass legislation and this, in turn, depends on the formation of governments at both the cantonal and federation level.

Wednesday's agreement, nevertheless, provides substantial cause for optimism. Party leaders demonstrated a willingness to make necessary compromises and to accommodate each others' positions to agree a common programme. This is precisely the kind of pragmatic approach that politicians need to demonstrate to take responsibility for Bosnia and Herzegovina's future and govern the country effectively.

The programme itself places Bosnia and Herzegovina's European integration – the clear desire of the majority of the country's citizens – and, in particular, fulfilment of the various conditions for the signing of a Stabilisation and Association Agreement with the European Union at the top of the agenda. These include police restructuring, the reform of the Public Broadcasting System and cooperation with the International Criminal Tribunal for the former Yugoslavia in The Hague.

In order to fulfil the conditions for signing an SAA and help make Bosnia and Herzegovina a candidate country for EU membership, political leaders will have to continue to demonstrate the pragmatism and capacity for compromise that they have shown in reaching Wednesday's agreement. This will not be easy. However, the ultimate goal makes the concessions that will have to be made on all sides worthwhile. Moreover, the European Union is currently reinforcing its civilian presence in Bosnia and Herzegovina to assist the country in this endeavour.

Drawing up a programme that all coalition partners can agree on is only the first step towards the creation of an effective government. The test of the government will be the way in which it seeks to develop policies to back up this programme and address key issues, such as constitutional reform, on which there are currently diverging positions.

Electioneering and then the lack of a government put a brake on the reform process for much of last year. In the meantime, the many pressing issues facing this country did not go away. It is critical, therefore, that the new government comes together as soon as possible and that it and parliament focus on the reform agenda and address the many outstanding issues that can contribute both to Bosnia and Herzegovina 's European integration and to improving the living conditions and prospects of all its citizens.

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