

Address by the High Representative, Christian Schwarz-Schilling to the Permanent Council of the OSCE

A New Partnership in Election Year

Ladies and Gentlemen,

As you know, the Political Directors of the Peace Implementation Council Steering Board have just concluded their first meeting of the year here in Vienna – this was also the first Political Directors' meeting that I have chaired as High Representative. Tomorrow I will brief the EU's Political and Security Committee in Brussels. I believe it is absolutely fitting that today I have the opportunity to speak to the OSCE Permanent Council. The OSCE is a core actor in the International Community's concerted effort to assist BiH on its long road to democracy, prosperity and Euro-Atlantic integration, an effort that my Office is tasked with coordinating. Indeed I would like to talk in some detail about the ways in which I believe the OHR/EUSR and the OSCE can further enhance the scope and effectiveness of their cooperation. This is something that I can promote wholeheartedly because I have a particular appreciation of the work that the OSCE has done in BiH and of the organization's strengths in respect to the issues on which it focuses and the field network it has at its disposal. In the years when I worked as a mediator in Bosnia and Herzegovina, traveling from town to town and village to village I sought – and I invariably received – the assistance of OSCE staff on the ground. I appreciated this then and I appreciate it now. I believe we have the capacity and the disposition to work well together.

I also believe that we have a golden opportunity in the course of the next twelve months to secure, with our partners in Bosnia and Herzegovina, major gains in the country's economic and political transition. This will be a crucial year – with elections in October and, already underway, the Stabilisation and Association process. We are moving into fundamentally different territory and, among other things, BiH must demonstrate in the coming year that it has moved from crisis management to the institutional, social, political and economic development that will make it a reliable, sovereign partner in Euro-Atlantic structures,

I am determined to ensure that we do not miss this opportunity.

Today I want to talk about how the OSCE and the OHR and EUSR can work together effectively in BiH by maximizing our respective strengths. Our common objective is to help BiH move steadily – wherever possible at a faster pace – along its present path.

Let me begin by addressing the overarching strategy. How do we secure our common objective?

Role of the OHR

The political and administrative strategy for phasing out the OHR is now moving to a timely conclusion. Four years ago the organization had more than 800 members of staff. Today that number is just over 300. Four years ago the use of the Bonn Powers was still generally viewed as an integral and indispensable element in the effort to make the BiH political system work. This is manifestly no longer the case.

I have made it clear that I *will* use the Bonn Powers without hesitation should this be necessary to maintain peace and stability or to further BiH's cooperation with the ICTY.

I have made it equally clear that I will *not* use the Bonn Powers for anything else.

Let me take this opportunity to reiterate this commitment. The days when OHR micromanaged the political process in BiH by using – or simply by threatening to use – the Bonn Powers are over.

This causes some people – in the International Community but also in the BiH political establishment – to throw up their hands in horror.

Well, change is often challenging.

And we are entering challenging times.

We are entering an era where if BiH politicians make mistakes the International Community in general, and the OHR in particular, will not step in to make things right.

There are two possible responses to this.

- BiH Political leaders can make mistakes and then blame the IC for doing nothing to minimize the consequences of these mistakes.
- Or they can work more conscientiously to avoid making mistakes.

The second option is the one that politicians in other countries are obliged to choose. The same now applies in Bosnia and Herzegovina.

October 2006 Elections

Which is why it is absolutely appropriate – indeed it is absolutely essential – that this change in the IC's stance is culminating in an election year.

The elections of 2006 will be the first since the war where those elected are going to bear the full burden of responsibility for the country's future.

The International Community in BiH is not going to provide a safety net.

The electorate will no longer have the option of calculating that, for example, this candidate is known to me, through TV or perhaps even in person; I don't have complete confidence in the candidate's integrity or competence, but I like the style – and if there is any misbehavior in office, well the foreigners will make sure that the damage is limited.

From now on, the foreigners will no longer play this role.

The coming elections will therefore be decisive. Their outcome will determine the success or failure of Bosnia and Herzegovina's transition to a market economy and its final push for Euro-Atlantic integration, ultimately for membership of the EU and NATO.

If the elections are reduced to a slanging match – name-calling and petty rivalries – then none of these good things, now almost within reach, will happen.

In a democracy you get the leaders you deserve – and in 2006 the people of BiH will elect the leaders they deserve, and live with the consequences for the following four years.

Does this mean that the International Community is giving up on Bosnia and Herzegovina, washing its hands, simply leaving the country to its own devices?

Absolutely not.

It means that the people of Bosnia and Herzegovina, with the full confidence of the rest of the International Community, are going to exercise their democratic right.

I should stress, though, that holding elections does not of itself fulfill this democratic right. The *quality* of election debate will be a determining factor.

These elections must be about *issues*.

In case this sounds to anyone like a pious platitude, let me emphasise that there are ways of *making* the election about issues, and we propose to work closely with the OSCE and other organizations to ensure that these ways are exploited to the full.

Economic Transition

I have sketched a political and operational scenario in which the role of the OHR is radically altered, ahead of the organization being phased out altogether. This does not mean I will be less active than my predecessors. I do not see my role in BiH principally as one of *winding up* the work that has been done over the last decade. I *will* be active, but in a different way from my predecessors.

Now that the Stabilisation and Association Agreement process has begun, the overarching political and economic orientation of BiH is towards the market structures and regulatory systems of the European Union. In this context, the EUSR will promote the overall coordination of the EU family in BiH, which, in addition to specific operational areas covered by EUFOR and the EUPM, will mean mentoring a broad range of policies related to faster and more effective economic transition.

BiH's economic transition has until now been patchy. Privatisation, for example, has been bedeviled by administrative incompetence (or *lack* of appropriate administrative competence) by a lack of transparency and in some cases by barefaced criminality. Other areas have been equally disappointing (though I should make it clear that in many ways BiH has been no worse – in some cases it has been *better* – than its neighbours in this respect).

However, the overall trend has been extremely positive. In the last four years economic growth has been substantial and sustained, the currency is solid, inflation is low and investment is up.

What we must now do, and I cannot emphasise this enough, is get the benefits of these broad improvements to citizens. Till now, the people of BiH have had little to show for the economic reforms that we have constantly urged them to embrace.

We are in a race: poverty and unemployment versus political stability.

This is something I understand all too well. I came of age when Germany was still struggling with the squalid and heartbreaking aftermath of World War Two. And I started out in the family business in the 1950s just at the point when that terrible period was being transformed into an utterly different epoch characterized by rapid economic recovery.

There was a time when we worked hard and had little to show for it except for continuing poverty and hardship, and then – the change was dramatic – there was a time when we worked hard and we saw, almost with every passing month, the rewards of our work, in improvements to daily life – better transport, better heating in schools and workplaces in the winter, better housing, better medical services.

It *can* be done.

And it *can* be done in Bosnia and Herzegovina. I am totally convinced of this – and my conviction is based on the clearheaded assessment of someone who ran a private company for decades. I covered my overheads and met my payroll and expanded my firm's operations and profits. I know what firms need in order to succeed and I believe that firms in BiH, after years of painful structural reforms, now have a business environment in which they can compete and prosper.

So I intend to be the pied piper of investment in BiH.

Good Governance

We are all of us well aware of the deadening effect that the hydra of bureaucracy has had on BiH business, and the OSCE has played an important role in tackling the problem of government inefficiency, particularly at the municipal level. (Though, again, I should stress that, in the region, this is not a problem exclusive to BiH.)

Functional and affordable government is a *sine qua non* of stability – sprawling bureaucracy must be reined in; concepts of service and accountability must be injected into the civil service at every level, from the municipalities all the way up to the Council of Ministers.

This is not a purely political matter – it affects the business environment and it affects the *collective psyche*. Citizens must have a belief that their country *works*. In many respects, BiH now works well – better, indeed, than many outside the country imagine. For example, the electronic document management system – passports, visas,

identity cards – is state of the art, more efficient and more secure than many comparable systems operated by EU member countries. (This, by the way, offers us very strong arguments in BiH's favour when we lobby governments to introduce measures that would make it easier for at least some categories of BiH citizen to travel more easily to other countries). The successful introduction of VAT at the beginning of this year, an administrative undertaking that has challenged countries with better developed resources than BiH, confounded those who had predicted that such an undertaking was bound to fail. And these are just two examples.

Yet the institutional *fibre* of the country – and this covers everything from the political culture to the education system – must be upgraded. This will have a direct impact on the success of political and economic reforms. Here I would highlight the key role of OSCE, through its activities related to Good Governance, Human Rights Protection and Justice Reform, in helping BiH move forward toward full European Partnership.

In addition to its work mandated by Dayton on regional military stabilization, in which it supports the Personal Representative of the Chairman-in-Office, the OSCE Mission has played an important role in the Defence Reform Commission. The Minister of Defence has now proposed the formation of a Defence Reform Coordination Group, expressing the wish to maintain the valuable relationship that has developed between the OSCE and the Ministry. We support the Mission's continued involvement in this work, as we do its other tasks in this field, including assistance in the destruction of excess stockpiles of ammunition, small arms, and light weapons and assistance to the authorities of Bosnia and Herzegovina in meeting their OSCE political-military commitments.

OHR/EUSR and OSCE: A New Partnership

The OHR can only move forward in broad policy areas with the support of the entire International Community – and in several areas only with the specific support of the OSCE.

I am therefore proposing that we establish an OHR-OSCE Working Group to coordinate in a continuous and productive way those of our activities that have a direct bearing on one another, for example in the fields of education, human rights, justice reform, and elections. The Senior Deputy High Representative, Peter Bas-Backer, has already launched initial contacts on this issue and is ready to co-chair meetings of the Working Group.

Education

Education is an area where we are working especially closely with the OSCE. Significant progress was made following adoption of the Education Reform Strategy in November 2002, an exercise effectively coordinated by OSCE. But this progress has recently stalled. In fact, the education priorities for 2005 have had to be reclassified as the education priorities for 2006.

The lasting division of the BiH education system along ethnic lines, together with the continuing absence of an effective coordinating mechanism among education ministries at all levels and the lack of ownership of – or even interest in – education reform by the domestic authorities require strong IC involvement. Stronger, indeed, than we in OHR would ideally like. Nevertheless, short and longer-term priorities in education reform, as well as the relevant Council of Europe post-accession requirements and European Partnership requirements must be met. These priorities include adopting a Higher Education Law, establishing a State-level education agency and implementing existing education legislation.

In order to overcome obstacles, the International Community will have to intervene tactically – while seeking to stimulate a more self-sustaining and proactive approach by our BiH partners. This is something that OSCE and OHR must continue to do together.

Civil Society Strengthening

Within its Democratization Programme, OSCE is working directly with individual citizens and citizens' groups to facilitate their interaction and cooperation with government. This support is primarily focused on grassroots initiatives aimed at increasing the number of citizens able to work in partnership with government representatives to the benefit of their community. The main beneficiaries are civil society actors in communities where civil society is significantly underdeveloped in terms of its capacity to mobilize around issues of concern and interact with local

government.

The OHR deals with civil society issues at a different level and in a different manner. For example, the OHR is strongly supporting the adoption of the draft Agreement on Cooperation between the BiH Council of Ministers and the Non-Governmental Sector, which provides a framework to help direct and strengthen cooperation between these two actors at all levels of government. In particular, this Agreement supports the commitment of the BiH CoM to strengthen its role in promoting volunteer and social activities in all areas of public life.

OHR **intends actively to** support civil society actors in their efforts to create a friendlier regulatory framework and NGO legislation at the State and Entity level. This affects, for example, laws governing charitable donations by public companies, and various tax laws regulating the financial affairs of NGOs.

Better coordination between the OHR's top-down and the OSCE's bottom-up approach in the non-governmental sector, particularly in terms of providing each other with available expertise and resources, could significantly contribute to the development of an informed, active and engaged civil society in BiH.

Human Rights

An area in which I was active as a mediator, and which I will continue to follow very closely, is human rights. The OSCE's 'Access to Rights' programme, monitoring respect for the right of returnees to various social benefits is a crucial element in maintaining and sustaining support for those who have returned to their prewar homes. The OSCE field network plays a vital role in this.

At a more central level I would like to work closely with the OSCE in establishing a systematic approach to the implementation of all Human Rights Chamber Decisions. You will recall that the Human Rights Chamber was established under Annexe VI of the DPA, and issued Decisions in cases of missing persons, ordering the authorities to cooperate fully and establish the facts surrounding the fate of these people. A large number of HRC Decisions are still outstanding, prolonging the suffering of families involved, and, equally important, constituting in each case a human rights violation by the relevant authorities. This is unacceptable. We need to focus attention on this problem.

In this respect I would like to draw attention to the effective support that the OSCE has provided for the BiH Ombudsman's Office, another domestic institution that addresses the distinct historical and cultural challenges faced by BiH society and does this in the context of European human rights standards.

Justice Reform

The OSCE Mission to Bosnia and Herzegovina, together with the OSCE Missions in Croatia and Serbia and Montenegro, has sought to encourage dialogue and cooperation among these three countries in the delicate area of domestic war crimes prosecution. We need to strengthen and support regional prosecutorial cooperation. Such cooperation has to be pursued at both the practitioners' level and the political level. Progress has already been made at the level of judges and prosecutors. Some sensitive issues, however, such as the transfer of proceedings or extraditions need to be addressed at the political level. This is why the engagement and role of the OSCE is still vital, although the long-term objective is of course to leave full responsibility for this process to the three countries' authorities. The OHR stands ready to support the OSCE in this endeavour, should that prove necessary.

OSCE has a vital trial monitoring mandate in BiH. As soon as the new Criminal Procedure Code was introduced, OSCE began assessing the way courts throughout the country were following the Code and – just as importantly – adhering to European Human Rights standards. Responsibility for the monitoring of cases transferred to BiH from the ICTY is testament to how well and thoroughly the OSCE has done its job. OHR has a much smaller trial-observing mandate, with two observers focused primarily on cases of public corruption. We meet regularly to discuss emerging trends, highlight problems and identify strategies and solutions. OSCE and OHR are both part of the Task Force created by the BiH Ministry of Justice and charged with proposing amendments to the criminal laws. The strong leadership of the Ministry ensures that OSCE and OHR play supportive roles in this effort.

Pre-Election Campaign / Voter Mobilization

We need to cooperate closely ahead of the elections, on enhancing the quality of debate. "Europe" has become a

mantra. Everybody is for Europe; nobody is against it! But does the electorate really understand the ramifications of Euro-Atlantic integration? What will it require of the politicians who are so enthusiastically supporting the process? Are they capable of fulfilling these requirements? The OHR/EUSR does not have the field structure to organize, for example, roundtables on Euro-Atlantic integration – but the OSCE does.

The election campaign must be rooted in bread-and-butter issues – economic development, education, health care and social welfare. The OSCE is directly involved in raising the standard of democratic debate – but this is an area where OHR/EUSR, for example by using the public outreach capacity which we enjoy, can work together with you in an effective and complementary way. As a parliamentarian of 26 years' standing I am ready in the coming months to put myself at the disposal of the OSCE Field Offices in BiH to participate with voters in public discussion of the importance of these elections.

Regional Dimension

Just as political stability is impossible without economic development, so progress cannot be sustained inside BiH unless there is corresponding progress on key strategic issues in neighbouring countries. This is where the OSCE, with its extensive regional network, comes into its own. On 31 January 2005, Croatia, Serbia and Montenegro and BiH signed a Trilateral Declaration on Regional Return. In December 2005, the Croatian Government and OSCE Croatia launched a media campaign to boost the return process, which is scheduled to be completed by the end of 2006.

Yet Serb refugees from Croatia still face problems and obstacles in their effort to return. Ten years after the end of the war, Serbs, who were tenancy right holders in Croatia before 1991, still cannot repossess apartments because they have since been privatized. It was only in 2005 that the Croatian Government decided to issue compensation in the form of new apartments that are yet to be built.

I should make it clear that I am well aware that the Croatian Government has made efforts to resolve this issue. However, the fact remains that a comprehensive solution has not yet been found.

At the same time, there are vacated Serb properties where the Croatian authorities are unable to identify the owners but regarding which they are unwilling to share information with the relevant institutions in BiH or SCG. In BiH, especially in the RS, exchanged property is a major issue. It often happens that Serbs from Croatia, who exchanged their property in Croatia for property in the RS owned by Croats, end up with neither property, while the other side keeps both – property in Croatia and property in BiH.

OHR will lend its full support to the efforts of the OSCE, and indeed the UNHCR and the European Commission, to resolve these issues. In this respect we all very much look forward to the proposed meeting at ministerial level, on the 31 March in Sarajevo.

Field network

OHR and most of the other IC organizations no longer have an extensive field network in BiH – the OSCE has. In this it is unique and indispensable. We are prepared to rely on your good offices. I know from personal experience that I can do this with confidence.

I believe that there is a very clear synergy between the OHR/EUSR on the one hand and the OSCE on the other. There is at the same time a strong common desire to move forward with our partners in BiH to the next stage of recovery – full Euro-Atlantic integration as a prosperous democracy. We can help make this happen if we work effectively together, and that is what I am proposing that we do.

Thank you