

Article by Donald Hays, Principal Deputy HR: “Pragmatic Progress”

At the end of this week (19 March) I will leave OHR and Bosnia and Herzegovina , after almost four years.

I will leave with conflicting emotions – deep affection, a sense of promise, and frustration.

I have developed a deep affection for the wonderful people I have had the privilege to work with and become acquainted with. That includes a broad cross-section of politicians (including some individuals whom I disagreed with profoundly but nonetheless liked). Among the most impressive have been mayors in different parts of the country who see politics as an effective way of improving the quality of life in their communities – that’s a practical approach we don’t see nearly enough of at the Entity and State level.

I feel a sense of promise in BiH because in the last four years the country has made progress, particularly in the economic area. Between 1994 (when I first visited Sarajevo as a member of Richard Holbrooke’s team) and 2001 there had already been major improvements. But in 2001 political debate was still mired in marathon constitutional discussions; there were still problems regarding freedom of movement; the return of displaced persons and refugees was still being stalled; many in BiH still viewed the prospects of membership in Euro-Atlantic institutions with skepticism.

Between 2001 and today the prospects and the reality of BiH have improved exponentially. The situation citizens face today while not as good as it should be is significantly better than it was three years ago.

Today, the primary focus of government is on fulfilling the remaining conditions for participation in NATO's Partnership for Peace and starting Stability and Association negotiations with the European Union. PFP participation, and eventual NATO membership, will remove once and for all the specter of violence from this country's future; the EU accession path will bring successive improvements in the quality of life – through better courts, a more competitive business climate, higher standards in education and health provision, more consumer protection, and, of course, visa-free travel to the rest of the continent.

The country has already taken positive steps in this direction.

The former Entity customs administrations no longer exist and have been merged into the Indirect Taxation Authority, which is preparing to introduce VAT late this year. These two reforms will mean that millions of KM that used to go into the pockets of criminals and dishonest traders can now be spent instead on public services. The internal debt issue – which had for years impeded potential investor interest (and the tens of thousands of jobs that investment will create) – has been addressed in a legal framework. The electricity and telecommunications sectors are now regulated in a way that meets international standards (average telecom tariffs dropped by 20 percent over last two years as a result of this, though prices remain too high).

Audits of publicly owned companies have exposed a management culture of corruption and gross incompetence that is in the process of reform through legislation recently enacted by the State and Entity parliaments.

These and other improvements in the BiH business environment do not mask the fact that too many people are still without work, and too many are still living in poverty. However, the steps that have been taken, particularly in the last couple of

years, will soon have a positive effect – the economy is now growing steadily under its own efforts and not as a result of foreign assistance. Industrial production rose significantly in 2004, throughout the country, while inflation has remained negligible (at just over 0.5), and the KM is stable (with more Euros being turned into KM than vice versa).

Serious work still needs to be done.

- The remaining tasks (notably ICTY cooperation and police reform) must be completed so that PfP participation and the launch of Stabilisation and Association negotiations can go ahead before the end of this year; and
- The Working Group established by the Finance Ministers must draft proposals for cutting the cost of government – which is now much too high because of the sprawling bureaucracy left by Dayton and because the BiH Government is being equipped to take the country into the European Union.
- But – along with affection, and a sense of promise and optimism – I feel a sense of frustration. Why?

Because we could have accomplished more, especially if public discussion had focused on practical solutions – rather than slogans. Some BiH politicians may believe they have time to stand on procedure, to waste time on negotiating positions designed to benefit their powerful constituencies. Citizens, unfortunately, have to live with the results of this – underemployment and poverty.

I have generally been treated fairly by the BiH media – but some media outlets continue to display the bizarre habit of promoting conspiracies. Commentators and columnists wax lyrical about hidden agendas – when the truth about necessary reforms is really very simple. More investment means more jobs; a more prosperous BiH means a more attractive trading partner; and European standards of education, health, and government institutions, to take just three examples, are

neither nationalist nor non-nationalist – they simply represent a more modern and more sophisticated path for BiH.

I am pragmatic by nature, and I have found that many in BiH join me in seeking pragmatic solutions to the problems in this country. Those problems can be solved – but only if the interests of citizens are put before the interests of political parties.

It has been a pleasure and a privilege to work with you and on your behalf.