

# Speech by PDHR Donald Hays Identifying Best Practices in Mature Peace Processes at the International Conference on Conflict Management and Conflict Prevention

It is almost exactly eight years since the Dayton Agreement ended the war in Bosnia and Herzegovina. In that period the country has moved from intensive peace implementation in the first year (backed by 60,000 NATO-led troops), through a longer phase of political and economic reconstruction, marked by general elections in 1996, 1998 and 2000, and the disbursement of around US\$ 6 billion in international aid and \$12 billion in funding for security. I believe we can characterize the present period – beginning in 2001 approximately a year before the 2002 elections – as the “mature” phase.

Characteristics of this phase are

- a radical focus on the economy as the volume of aid declines precipitately
- a sustained effort to shift political discourse conclusively away from conflict issues and towards issues related to a viable civil society
- a need to shift from donor assistance to domestic economic self sustainability

How did we get to where we are?

We got here by a circuitous route. Our initial focus was on making the extraordinarily complex administrative and

political structure bequeathed by Dayton work in the face of considerable intransigence. Yet despite the volume of aid, we failed initially to do enough to upgrade the economic structures needed to pay for this political system, or tackle the flawed legal structures that would prove to be so essential in all aspects of economic and social recovery.

What have we learned?

We now all recognize that more should have been done earlier on to draw up a road map for a faster and more focused transition to a market system that would create jobs, tackle corruption and lift the mass of the population out of poverty.

We recognize four elements in peace implementation and recovery that should have been fostered from the very beginning.

## **1.Civil Society**

After the horrors of the war, BiH lacked a home-grown civic-based popular constituency to support and promote reform. Institutions had been politicised and criminalised, and other types of civic activism had been undermined by three and a half years of violence and disruption.

Importantly, in the past year we have begun to see the rebirth of this civil society. In late 2002, we launched something called the “Bulldozer Initiative”, through which businesspeople were invited to recommend changes to laws and regulations that would eliminate pointless bureaucracy and make it easier rather than more difficult to run successful companies in BiH. In Bulldozer Phase I, we mentored the businesspeople through 50 reforms and got local politicians to buy-in to the reforms so that they were enacted within 180 days of the start of the exercise – that’s a reform every four days, a truly remarkable achievement.

This process has had more than commercial significance. It has

demonstrated that political discourse can be widened and deepened. Politics isn't the preserve of professional politicians. Now everyone in BiH is talking about Bulldozer as a mechanism for citizen participation.

As Warren G. Harding said in his famous speech, 'Return to Normalcy' in 1920 in Boston:

"The world needs to be reminded that all human ills are not curable by legislation, and that quantity of statutory enactment and excess of government offer no substitute for quality of citizenship"

## **2. Rule of Law**

Due to the focus on recovery and the need to create proper political accommodation the IC paid far too little attention to reforming and strengthening the judicial system. You won't get political, economic or social progress until citizens assume that most judges cannot be bought, that most police officers are doing their jobs, and that most politicians and wealthy businesspeople are not above the law.

Civil procedure codes, bankruptcy codes, laws for enforcing civil judgments, laws for protecting liens, intellectual property laws – a complete legislative infrastructure is required in order to create the kind of business environment which can attract investment and foster development. This legal overhaul has been undertaken with renewed energy and considerably greater impact during the course of the last two years.

The number of courts is in the process of being reduced by thirty percent in order to improve their quality and efficiency. Every judge and prosecutor has been obliged to reapply for his or her job, and each post has been opened up to competitive selection by an independent review body free of party-political influence.

In addition, police reform, first under the UN and now under the EU, has significantly improved the status of the police forces, previously used as – and viewed by the public as – instruments of political control.

Improved policing has been fundamental to sustaining the process of mass refugee return that has seen more than a million displaced people go back to their homes since the end of the war.

### **3. Economy**

I may seem to be stating the obvious – but you have to have a plan. For years the BiH authorities did not have a plan, and neither did the International Community. Now the domestic authorities and the international organisations are coordinating their work – which makes less money go further. This positive trend has been reinforced by the work of the Special Auditor, who has been directed to examine the management operations of strategic public companies, identify systemic failures and recommend remedial action.

The legislation drawn up by the Commission on Indirect Tax Policy – now being considered by the BiH parliament – will establish a unified customs administration and a countrywide VAT system, and will at last give BiH the kind of modern fiscal system without which sustained economic development is not possible.

This has come late, but other core economic issues were tackled more promptly. The introduction of the Euro-pegged Convertible Mark in January 1998 has given BiH the most stable currency in the Balkans. Banking reform in 2000 and 2001 freed up domestic capital markets so that the banking sector could begin to finance a domestic business recovery.

### **4. Mature Politics**

Faced with the prospect of chronic economic dysfunction the

parties that formed governments after the 2002 election have begun to show a new pragmatism. In just the last four months, specialized Commissions established by the High Representative to forge a political consensus on tax reform, defence reform and reform of the intelligence services have successfully drafted European-standard legislation that satisfies the urgent needs of this country while ensuring sufficient political buy-in. The work of the Commissions has been focused, intensive and politically inclusive. A fourth Commission, to forge an agreement on a unified administration in Mostar, has just started work and is expected to deliver conclusions by the end of the year. In addition there are now intergovernmental working groups addressing such issues as sales tax, public debt agriculture reform and privatization. These working groups are led by the IC, but the experts are all local government representatives working side by side with their counterparts from the other Entity or State authorities.

The new pragmatism also reflects the more coherent approach of the International Community fostered by the High Representative, Paddy Ashdown. Among other things, aid is now disbursed on the basis of strict conditionality, so that the influx of funds has a tangible and positive impact on overarching peace-implementation goals.

No peace process works smoothly. Much has to be done in an unpromising environment of bitterness and economic and physical devastation. In BiH, this challenge was further complicated by a peace agreement that established an excessively complex and unwieldy governing structure. And the International Community was of necessity obliged in the early years to work with political leaders who were severely compromised by their role in the war. Their enthusiasm for making BiH work was negligible. Up until three years ago, we had separatist movements in the RS and in Herzegovina that had to be faced down and defeated. It took sustained political determination to overcome these forces and we are fortunate

that the right political actors were present at the critical time.

The International Community's response to nationalist backsliding was belated but robust. In Bonn in 1999 the Peace Implementation Council empowered the High Representative to dismiss recalcitrant officials – from the president down to the policeman on the beat – and to impose legislation to move the peace process forward.

The Bonn powers have allowed the High Representative to open the road to normal democratic processes. They have *not* made the Office of the High Representative an alternative government, though they have engendered a sense of psychological dependence on the part of both the political elites and the citizenry. There is little doubt that these powers have relieved many of the local politicians of any sense of responsibility to their citizenry.

This situation is by its very nature temporary and has to be substituted for by real political engagement – which is why the emergence of a civil society which we are now witnessing is so important.

The kind of root-and-branch reform I have described cannot be done quickly. You cannot have a one-year mindset. At the most prosaic and practical level, secondees and diplomatic and security personnel who are rotated every six months or every year simply cannot implement a multi-year agenda effectively.

And you cannot operate on a one-year crisis-driven budget commitment.

You need long-term commitments and significant money up front to ensure quality programs that are sustainable.

Faced with donor fatigue and a declining interest on the part of many capitals, we have laid out the strategic advantages of staying the course of economic and political engagement in

BiH. The country has emerged along with other Balkan countries as a principal conduit for narcotics and people trafficking from Eastern to Western Europe. That fact alone has helped to focus the minds of West European politicians on our peacekeeping agenda. Compared to the potential damage that continuing illegal immigration and drugs will do to the fabric of Europe's economy and society, the financial and political investment which the European Union has made in BiH can be viewed as money very well spent.

As I have said, peacekeeping in BiH has been imperfect, with frequently flawed strategies, institutional infighting and a heavy dependence for too long on local partners whose agenda was fundamentally different from that of the International Community and indeed from most decent BiH citizens. Yet the overall trajectory has been correct. BiH is now emerging from the trauma which engulfed it in the early 1990s, with the political institutions needed to sustain democracy, the beginnings of a successful market economy, and the prospect of a growing and dynamic civil society.

Thank you