

# **PIC Madrid Declaration**

## **Declaration of the Peace Implementation Council**

1. We, the members of the Peace Implementation Council met in Madrid on 15/16 December, where we reviewed progress in implementing the Peace Agreement in Bosnia and Herzegovina. We identified what still needed to be done to make the peace self-sustaining, and agreed on a work programme to achieve this. We approved the following Declaration, and an accompanying detailed operational Annex.

2. We note with satisfaction that Bosnia and Herzegovina has taken great strides forward in the last year. The basic institutions of the State, both political and economic, have been established. Key laws, including on foreign investment, privatisation and property, are now in place. Freedom of movement across the country has substantially improved. Fundamental reform of the media is well underway, and is helping to create a more democratic society. Elections have demonstrated a trend towards growing pluralism and tolerance.

3. This success is encouraging. A lasting peace within Bosnia and Herzegovina is starting to take root. We re-affirm that the Peace Agreement is the basis of freedom and democracy in Bosnia and Herzegovina and urge its people to join hands with us in implementing it in full. We remain determined to build a self-sustaining peace in Bosnia and Herzegovina together on the basis of the Peace Agreement.

4. But there is still much work to be done. Bosnia and Herzegovina's structure remains fragile. Without the scaffolding of international support, it would collapse. In order to create a self-sustaining state of BiH, action is needed in particular on: inter-ethnic tolerance and

reconciliation; the development of effective common institutions with powers clearly delineated from those of the Entities; and an open and pluralistic political life. The growth of organised crime also represents a serious threat to BiH, and is completely incompatible with BiH's integration into Europe.

5. Following the end of the 'consolidation period', the next two years will be vital in strengthening the peace process and building democratic and market-oriented institutions, with the authorities in BiH increasingly assuming greater responsibility for the functions now undertaken or coordinated by the international community. We recognise the continued need for an international presence in Bosnia and Herzegovina – both civil and military – to help build the peace. We express our gratitude to the men and women of SFOR for their service in the cause of peace. SFOR's presence continues to remain essential – both to keep the peace and to provide the secure environment needed for civilian implementation. The Council also re-confirms its determination to apply conditionality to international reconstruction assistance, both by applying positive incentives and excluding non-compliant actors.

6. We say to everyone in Bosnia and Herzegovina: yours is now one of the most assisted countries in the world. International assistance is at its height. It will inevitably begin to reduce in the near future. Bosnia and Herzegovina must use the time that remains to prepare for life without total reliance on foreign aid, and to face up to the challenge of transforming the economy to generate jobs and a better standard of living. This means abandoning the statist economic attitudes of the past, pressing ahead with privatisation and creating an environment which encourages enterprise and allows the economy to flourish, and in which the rule of law is respected. This also requires a greater degree of commitment and co-operation and a more responsible attitude from the

authorities of BiH.

7. We reaffirm our conviction that those indicted for war crimes must be brought to justice. We welcome the transfer of indictees to The Hague, and urge all authorities in Bosnia and Herzegovina and other relevant countries to co-operate fully with the ICTY.

8. We call on Croatia and the FRY to implement in full their commitments under the Peace Agreement and to fully respect BiH's independence and sovereignty.

9. Bosnia and Herzegovina must become a modern democratic country, where all citizens are equal before the law, destined to be an integral member of the European family. It must also be a country in which historical, cultural, linguistic and religious traditions are valued and respected, where diversity is a source of strength not division.

10. During the next crucial period we will continue to encourage the return of refugees and displaced persons by fostering a political, economic and security environment conducive to returns; strengthen Bosnia and Herzegovina internally and externally; and support stronger ties between Bosnia and Herzegovina and European institutions.

11. We agreed to press ahead with refugee and displaced person returns. We recall the too long denied right of refugees and displaced persons freely to return to their homes of origin and to have restored to them property of which they were deprived in war. We remain gravely concerned about the frequency of violent incidents in parts of Bosnia and Herzegovina, related to refugee return and to general criminality, and call on all concerned to act in accordance with the law and the Peace Agreement. We call for a redoubling of efforts to create the conditions for a large number of returns in 1999. In particular, we:

– recall the unfulfilled obligation of the Parties under Annex

7 of the Peace Agreement to co-operate with UNHCR and to create suitable conditions for return;

- insist that the parties establish the conditions necessary for an effective returns process;

- note that many tens of thousands of Bosnians have so far expressed a wish to return home immediately to minority areas, and endorse the Reconstruction and Return Task Force (RRTF) action plan for 1999, which sets out an intensive programme to address the three key issues of space, security and sustainability and includes specific sector plans such as a substantial information campaign;

- undertake to provide the appropriate funding, commitment and resources needed for that purpose;

- welcome the high degree of co-ordination ensured by the plan, as well as, in particular, the intention of UNMIBH and SFOR to cooperate in its implementation to the maximum extent possible within their mandates.

12. Simultaneously, it is also necessary to create the right environment to make returns sustainable, by strengthening the country both internally and externally. A great deal of the physical infrastructure of the country has been repaired. We agree to focus on inculcating the principles that underpin a self-sustaining free market economy and which are vital to any free and democratic society – the rule of law, above all, and the institutions to uphold it.

We are determined to see the inner core of BiH strengthened by building the rule of law, reinforcing the common institutions, creating a self-sustaining market economy and accelerating democratisation.

12.1 The Rule of Law: We consider the establishment of the rule of law, in which all citizens have confidence, as a prerequisite for a lasting peace, and for a self-sustaining

economy capable of attracting and retaining international and domestic investors. We resolve that a top priority for 1999 will be to build the rule of law in Bosnia and Herzegovina. We will work to achieve this through a thorough programme of judicial reform, including:

- the creation of an independent, impartial and multi-ethnic judiciary;
- the establishment of judicial institutions at the state level in accordance with the opinion of the Venice Commission, including an institution to deal with criminal offences by BiH public officials in the course of their duties;
- strengthening prosecution of organised crime, return-related violence, corruption and other serious criminality;
- faster police restructuring, including the establishment of multi-ethnic, professional police forces;
- rationalising and reinforcing the institutions for human rights protection;
- strengthening the Constitutional Court;
- better public information about the rights of citizens and legal assistance;
- developing and implementing an equitable mechanism to enforce legal rulings.

12.2 Institutions: Strengthening the institutions, especially the common institutions, is also a vital component of any effectively functioning state. The main institutions now exist at the Bosnia and Herzegovina level. But they do not yet work efficiently. Remedying this problem will be a central plank of our work in the coming year, and will go hand in hand with efforts to entrench the rule of law. It will be achieved by:

- ending ‘parallel’ institutions;

- immediate and decisive efforts by the Council of Ministers to improve its structures;
- the creation of a professional, apolitical civil service;
- the adoption, as soon as possible, of further laws necessary for the establishment and functioning of existing and other necessary institutions.

12.3 Self-sustaining economy: It is now essential to tackle, as a matter of urgency, the task of transforming Bosnia and Herzegovina's economy in 1999 to make it capable of surviving and prospering with reduced foreign aid. We agree a package of measures to:

- pursue stability-oriented macro-economic policies under the present stand-by agreement with the IMF;
- accelerate the establishment of a market economy;
- develop Bosnia and Herzegovina economy as one single economic space based on EU standards;
- install the legal and regulatory infrastructure necessary for a newly emerging, free market society;
- privatise, in a transparent and apolitical manner, state-owned industries, banks, as well as small businesses and public utilities;
- reform payments systems;
- establish properly functioning capital markets and banking institutions;
- fight against corruption, fraud and fiscal evasion;
- create adequate and sustainable conditions for the development of small and medium enterprises and stimulate foreign and domestic investments in the country.

12.4 Democratisation: Democracy is taking root in Bosnia and Herzegovina; but it needs to be reinforced at every level. We pledge to work together to achieve this – to give citizens real control over their own lives, with decisions that affect them taken as close to the citizen as possible. We pledge to work to create a culture of open debate in which different views and traditions are respected, from the education system to the parliament chamber. We aim to do this by:

- working with the people of BiH and their representatives to develop a new electoral law which will promote a democratic and multi-ethnic political process and make the elected officials accountable to the voter;

- increasing transparency in relations between Entities and their administrative units, including a clear delineation of their respective responsibilities;

- furthering media reform, to promote a free exchange of ideas and opinion, including by the establishment of a joint inter-Entity Annex 9 Public Broadcasting Corporation across the country which will respect the cultural identities of the constituent peoples and others;

- placing a major emphasis on education at all levels, to ensure that the children of Bosnia and Herzegovina are given the best chance of a brighter future;

- following judgements by the Constitutional Court on possible changes to the Entities' constitutions to bring them in line with the Bosnia and Herzegovina Constitution, to protect the rights of all the constituent peoples;

- promoting civil society and the growth of the voluntary sector in Bosnia and Herzegovina.

13. The outer ring – a more secure Bosnia and Herzegovina: We also intend to strengthen the 'outer ring' of the country by:

– working, in co-operation with SFOR and the OSCE, with the armed forces and Entity and State governments to maintain military stability, increase co-operation and confidence between the Entity Armed Forces, nurture stronger joint military institutions, reduce defence expenditure, increase professionalism, and remove the military from inappropriate involvement in the political process;

– taking steps together with the Presidency and the Entities towards establishing a common security policy and a State dimension for defence. As part of this, the Standing Committee on Military Matters (SCMM) is to be strengthened with respect to the Constitution;

– working and co-operating fully with the OSCE in Article II confidence-building measures and working closely with relevant security institutions and organisations;

– establishing a Bosnia and Herzegovina Border Service at the state level with the appropriate legal foundation to control the frontiers of the country, as envisaged in the Peace Agreement. This force might in due course also carry out other work, such as drug enforcement, diplomatic protection and protection of state buildings, and investigation work as a partner to Europol and Interpol;

– pressing for faster progress in establishing normal and legitimate relations without preconditions with Bosnia and Herzegovina's neighbours, with clearly demarcated borders and full respect for Bosnia and Herzegovina's territorial sovereignty;

– working with the parties to reinforce the progress made in CSBM and arms control and to conclude, as quickly as possible, a further agreement enhancing regional security and reduction of military resources, in line with Annex 1B of the Peace Agreement.

14. As well as strengthening Bosnia and Herzegovina internally



and externally, we agreed to work to strengthen ties between Bosnia and Herzegovina and Europe. We all share the aspirations of the people of Bosnia and Herzegovina for the country to integrate more closely with the European family of nations and institutions. Europe is Bosnia and Herzegovina's future. We welcome the European Union's intention to develop further its relations with BiH in the political and economic fields, which will contribute to the stability of the country and the co-operation of the parties in BiH. We will also promote closer ties with Europe by working to ensure that Bosnia and Herzegovina meets the standards for Council of Europe membership in time for it to be in a position to join as soon as possible and supporting the efforts of the EU/BiH Consultative Task Force to develop BiH's administrative and legislative institutions.

15. The role of the High Representative: We re-affirm our strong support for the High Representative and his role, under the Peace Agreement, as the final authority in theatre in interpreting the civilian aspects of the Agreement, and, in particular, as the co-ordinator of the activities of the civilian organisations and agencies in Bosnia and Herzegovina. We support the High Representative's expansion of his consultation and co-ordination through the PIC Steering Board with other co-ordinating bodies in his capacity as the senior representative of the international community in BiH. We fully endorse the broad and substantial powers given to the High Representative at the Bonn Peace Implementation Council. Without the use of that authority in the last twelve months, less progress would have been achieved. We recognise the necessity to consolidate the High Representative's ability to make rapid progress, especially in the field of the economy, as well as his ability to fully enforce his decisions. In order to enable the High Representative to carry out his agreed actions, we acknowledge the need to ensure timely and adequate funding of his Office.

16. We welcome the Parties' affirmation of their commitment fully to implement the programme set out in this Declaration and Annex.

**Office of the High Representative**