

## **Speech by the High Representative at Second European Union/World Bank Donors Conference for BiH**

When we met here in Brussels for the first meeting on the reconstruction of Bosnia and Herzegovina, only six days had passed since the Peace Agreement was signed in Paris.

At that meeting, I stressed five points that – in my opinion – were of crucial importance for the year that was then lying ahead of us.

**First:** that time is a commodity in short supply.

**Second:** that our task is to unite, not to partition, Bosnia and Herzegovina.

**Third:** that there is a clear relationship between the economic help we are ready to give and the full respect for the Peace Agreement that we demand.

**Fourth:** that it is primarily the efforts of Bosnia itself that will determine its economic development in the coming years.

**And fifth:** that no country can prosper without free and close economic relations with its neighbours and with the outside world.

Since then a further 114 days have passed – today we can look back on 120 days of gradual implementation of the peace agreement. We must assess what has been done during these days – and we must discuss what needs to be done in the days, weeks, months and years ahead.

I would not be honest with you if I said that I was entirely satisfied with developments in the five areas that I have mentioned. If we compare the situation now with the situation six or twelve months ago, we all see the spectacular changes and the vast improvements. But when we judge the situation against the high standards we – and rightly so! – have set in the Peace Agreement there is still a very long way to go.

**First:** if time was a commodity in short supply in December, this is even more so in April.

Now winter is finally giving way to spring, and summer will soon start to come to the mountains and plains of Bosnia. We must make our contribution to showing to everyone that peace is something more than just the absence of war, that the armies of soldiers will not simply be turned into the armies of unemployed and that further political progress towards reintegration and reconciliation will bring further benefits also towards the goal of reconstruction.

It has taken time to set up the structures to give economic help. But it has perhaps taken even more time to set up the structures to receive this help. We have been hampered by the slow process in building the institutions of the Federation, as well as the restrictions in the past to co-operating with the authorities of the Serb Republic.

Now we must quicken the pace. We must be ready to cut red tape, work with the people on the ground, use the offers of help from the IFOR forces as their priority military tasks are less pressing, look at things from a practical point of view and proceed both with the immediate efforts of rehabilitation and in laying the groundwork for the more long-term needs of reconstruction.

My office will do its task in facilitating and co-ordinating this work. The monthly Economic Task Force meetings in Brussels on the strategic level, and the weekly meetings in Sarajevo on the operational level, are as crucial for these efforts as are the different sectoral working groups.

**Second:** the challenge of reintegration is certainly not smaller today than it was in December.

After 42 months of the most bitter and brutal war on the continent of Europe since 1945, and the worst atrocities

since those horrible years, it is perhaps not surprising that the process of coming together – of gradually starting to see the enemies of yesterday as the partners of tomorrow – is a long and painful one.

It took many years for the peoples of France and Germany to be able to stretch hands towards each other over the scarred battlefields of Verdun. And we can not ask that what happened only so recently in Bosnia is just forgotten.

But what is worrying is that the forces of ethnic separation are still stronger than the forces of ethnic reintegration. We see it every day inside the Federation. We saw it very clearly in the political and human tragedy in the Sarajevo suburbs. We hear the voices of ethnic separation and isolationism from Pale.

This makes it even more important for us to press on. The lesson of Europe during this century is that economic co-operation can facilitate political and social reintegration and gradually pave the way for reconciliation.

We must thus use all the economic instruments available to us to rebuild the infrastructures of co-operation across the territory of Bosnia and Herzegovina. This is important in view not least of the imperative of making it possible for all the refugees and displaced persons to return if they so choose.

Roads that just end at the inter-entity boundary lines are roads that will partition the country – it is the roads, the power lines, the telephone cables and the trade routes that cross and continue over these lines that will facilitate the long-term reintegration of the country. We are not in the business of partition – we must be in the business of reintegration.

**Third:** we must be as firm today as we were yesterday on the link that is there between the full respect for the Peace Agreement and the economic aid we are ready to give.

I am pleased with the fact that all parties have now complied with their obligations in respect of the release of prisoners of war. It was much too late, and it was much too difficult, but that is now history.

It will be equally important to comply with all the other parts of the Peace Agreement. I attach particular importance to creating the conditions for free and fair elections, with full respects for human rights and full co-operation with the International Tribunal and with a clear commitment to set up the common institutions of Bosnia and Herzegovina later during this year.

Individuals indicted for war crimes are running loose on the territory of the Federation as well as of the Serb Republic. This must not be accepted.

But the fact that Mr Karadzic and Mr Mladic are still trying to hang on to public office is particularly provocative – and can not be tolerated for long. At a point, measures beyond those announced so far will be taken.

Their policy is a policy of isolationism. But we must not allow their efforts to succeed in preventing the benefits of cooperation and reconstruction from reaching also people in that part of Bosnia and Herzegovina. Human rights and democracy must be promoted everywhere.

**Fourth:** we must press on with the implementation of proper economic policies in all of Bosnia and Herzegovina.

It is only with a sound macroeconomic environment, sound monetary policies, sound economic reform policies and an absence of barriers to trade and entrepreneurship that the aid we are ready to give can have the effect that we all wished for. The country has to overcome not only the legacy of a war, but also the legacy of a corrupt and inefficient socialist system of economic management.

**Fifth:** we must not forget the wider context, and neglect to create the right conditions for the development of economic and other links between all the countries of the region and between this region and the rest of Europe as well as the rest of the world.

It is trade rather than aid that is the key to the long-term development of Bosnia. The sooner the conditions for as free trade as possible are created inside the country and in the region, the better will it be also for the process of peace. The different ideas for regional co-operation that have recently been launched deserve attention, as do the efforts of the European Union to develop a more coherent approach to trade and commercial relationships with this part of Europe.

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The money that will be pledged today is money that must be spent wisely in the months ahead in order to achieve the objectives we are seeking. We will always have less than we need, and the task of establishing priorities will always be crucial. With the time constraints we all are aware of, this becomes even more important.

I am particularly concerned with the need to rapidly restore the infrastructure of the country. I do not want to see a Bosnia that is forced to be a beggar forever – I know that there is the potential for a Bosnia that can take off and develop on its own.

To restore the power system across the country. Without electricity very little else will work.

To rebuild a functioning telecommunication system. This is the key not only to an economy that develops, but also to a free and fair election, and to the restoration of contacts between old and new friends across the country.

To repair the roads and the railway systems across the country. And the transportation infrastructure between Bosnia and the rest of Europe.

These are my first priorities. They will provide the short-term employment that is so urgently needed. They will make it possible for construction industry to start to restore the houses so that the refugees can come back. And they will certainly create the right conditions for the long-term recovery that sound economic policies will facilitate.

But there are other important areas as well.

To start to clear all the mines. Not only to pave the way for reconstruction. But also to prevent all the tragedies we see almost daily as small boys pick up the mines or the grenades, only to see their lives ended by this deadly debris of war.

To fund what is necessary for free and fair elections. Together with the OSCE my office will present concrete proposals on how we can support a better media environment.

To make certain that the Peace Agreement commissions can work. It is a shame that the Commission on Property Rights for Displaced Persons and Refugees can not even pay for the travel costs necessary to call meetings. And there is a need for full funding of the different human rights institutions that will be there in Bosnia during the years to come.

All this – and much more – we need to do.

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We have now completed the first phase of peace implementation in Bosnia this year – dominated by military implementation, as well as the setting up of the structures of civilian implementation and the first tentative and difficult steps towards political implementation.

We are now in the second phase. Preparations for elections are accelerating and must be completed during this phase. Our efforts at helping with economic rehabilitation and reconstruction must start to show progress. We must facilitate the beginning of the process of refugee return.

And in June we will meet in Florence to assess the progress of the entire peace implementation process.

The third phase thereafter will be the phase of the election campaign. When I hope that the different political parties of the country will have the maturity to talk more about what they have in common across the bitter lines of ethnic divisions than play on the fears that we all know are there – and which are much too easily exploited by those politicians who refuse to see the long-term needs of their country.

And the fourth phase of peace implementation – the months after the election – will be the most difficult and the most demanding.

- When the common institutions bringing the Federation and the Republika Srpska together with

common policies in limited but important areas will be set up under constitutional arrangements that are not entirely easy, and that would require a lot of good-will and understanding to make to work in any country.

- When the present large Implementation Force will start to leave the country with all the effects this might have.
- When outstanding sensitive issues – notably concerning the Brcko area – will have to be resolved with as much as agreement as possible.
- And when the onset of winter will cause people to ask hard questions on how far economic improvement and reconstruction have really taken them during this first year of absence of war.

The end of the year is not the end of history. There are no serious civilian or economic or political implementation efforts that do not carry us into 1997 or 1998 already in the plans we are doing today. But for those plans to be possible to be realised, the process of political reconciliation and co-operation must move forward faster than has so far been the case.

If this is not the case, there are distinct limits to what we can do. But if it does, then there must be no limits on the help that we will be prepared to give to consolidate democracy, create the possibilities for all of the refugees to return home, facilitate the difficult process of reconciliation and create stability and prosperity in this often so turbulent part of Europe.