

Declaration of the Political Directors of the Peace Implementation Council Steering Board

The High Representative met the Peace Implementation Council Steering Board at political directors' level on 30 January 2003.

The Bosnia and Herzegovina (BiH) authorities were represented by the Secretary General of the Standing Committee on Military Matters, Stjepan Pocrnja, and the Minister for Human Rights and Refugees, Mirsad Kebo.

Defence Targets

The meeting began with a presentation by BiH authorities of BiH's defence targets by the Secretary General of the Standing Committee on Military Matters. The Steering Board welcomed the targets as a first step and noted that progress would be necessary. BiH needed to establish effective state-level civilian command and control over the armed forces through the Standing Committee on Military Matters whose Secretary General should be full member of the CoM, introduce proper parliamentary oversight of all defence matters, and continue to restructure the armed forces to bring them into line with BiH's needs and resources. The PIC Steering Board called upon all relevant parties in BiH to strive for consensus in this direction. The Steering Board noted BiH's determination to become a credible candidate for NATO's Partnership for Peace programme within 18 months. The NATO representative noted that to do so BiH would need to go beyond the current targets. The Steering Board emphasised that the real challenge for BiH would be to follow through and implement its plan so that the

SCMM and its Secretariat is able to exercise real control over the Armed Forces of BiH.

Economic Reform

The Steering Board discussed the economic prospects for BiH, following a presentation by the World Bank. They agreed that despite recent improvements in the macro-economic performance, economic conditions remain fragile: 20 % of the population was below the poverty line as internationally defined, and another 30% of the population was close to it. BiH was falling behind its neighbours in implementing the reforms successfully pioneered by countries like Hungary and Poland. The Steering Board singled out the lack of progress in opening up the public utilities to competition, and in particular the electric power and telecommunications sectors.

The Steering Board agreed that an economic crisis was not inevitable providing BiH accelerated reform. However any hesitation in doing so could produce a crisis. The introduction of a single customs administration and BiH-wide VAT were an essential part of this reform process. This would cut fraud, reduce the cost of bureaucracy, and make the country's economy more business-friendly. The Steering Board called on the leaders of BiH to agree to these reforms in principle by 19 February.

OHR Mission Implementation Plan

The OHR's Mission Implementation Plan (MIP) was also discussed and approved. The Steering Board welcomed the OHR's focus on what was essential. They agreed that the OHR's over-arching objective was to ensure full implementation of GFAP, so that BiH would become a peaceful, viable state irreversibly on course for European integration. They also fully endorsed the OHR's six core tasks as identified in the MIP:

- Entrenching the Rule of Law
- Ensuring that extreme nationalists, indicted war

criminals and organised criminal networks cannot reverse peace implementation

- Reforming the economy
- Strengthening the capacity of BiH's governing institutions, especially at the State-level
- Establishing State-level civilian command and control over the armed forces, reforming the security sector, and paving the way for integration into the Euro-Atlantic framework
- Promoting the sustainable return of refugees and displaced persons

The Steering Board agreed that the declining public international resources for BiH made prioritisation essential and welcomed OHR's closure of several departments in 2002. They agreed that the MIP was not an exit strategy for the international community, but part of OHR's wider strategy in supporting BiH's transition to Europe.

Refugee Return

Following the presentation by the Minister for Human Rights and Refugees, the Steering Board fully endorsed the Annex VII (GFAP) Implementation Strategy as an evolving domestic framework for continued progress on returning refugees and displaced persons. The cost implications of this strategy need further evaluation. The Steering Board supported the RRTF's strategy for building capacity within the institutions that are envisaged to lead the process in 2004, including civil society. They called for redoubled efforts by the BiH authorities to create the conditions, including budgetary, to promote, receive and sustain the return of refugees and displaced persons. In particular, they called on all levels of authority in BiH to increase efforts to complete property law implementation in accordance with the New Strategic Direction launched by the PLIP agencies in September 2002. Finally, the Steering Board welcomed the OHR's and the UNHCR's continued commitment as co-chairs of the RRTF, and partner Agencies

within the RRTF, to facilitate the return process while transferring leadership to the local authorities.

Rule of Law and Domestic War Crimes Prosecutions

The Steering Board welcomed the establishment of the State Court and State Prosecutors Office of BiH, the adoption of the Criminal and Criminal Procedure Codes of BiH and plans for further progress in developments of judicial reform. They welcomed as well the progress made by the ICTY/OHR working group in developing a strategy to build domestic capacity in BiH to try war crimes. They thanked the ICTY for their participation in this process: their full involvement would be crucial to its success. The Steering Board also stressed the need for a solution that offered the prospect of providing justice for all. The Steering Board supported the working group's plans to meet in February to evaluate the costs of the joint project, and then again in March to consider the additional proposals of interested PIC members. They agreed that before any organisation is asked to take on this task, the necessary funds would be identified.

Steering Board members noted the need to strengthen BiH's legal and law enforcement capabilities to address the threat of terrorism.

Finally, the Steering Board also welcomed the recent launch of the European Union Police Mission