

With the end of the Cold War and the fall of communism, the internal contradictions and tensions of Yugoslavia became too much for a highly diverse, multiethnic state first created 70 years earlier from the remnants of the Ottoman and Austro-Hungarian empires. In the late 1980s, using highly explosive nationalism to fuel his rise, former communist apparatchik Slobodan Milosevic became prime minister of Serbia. In a speech given in 1989 on the 600th anniversary of the epic Battle of Kosovo, in which the Kingdom of Serbia lost its independence to the Turks, Milosevic exploited Serbian nationalism to push for the end to the special status Kosovo and Vojvodina had enjoyed within the Republic of Serbia. The speech also marked a pivotal turning point in internal Yugoslav relations, setting the country on a slow but unrelenting march toward dissolution. After a brief armed confrontation in 1991, Slovenia was the first Yugoslav republic to declare and achieve its independence. Croatia also declared independence from the Yugoslav federation, and this was followed by a vicious war during which Serbia seized important cities in eastern Croatia and sections of Croatia inhabited by ethnic Serbs, such as the Krajina. The fighting between ethnic Croats and Serbs was fierce and widespread and left substantial portions of the country in the hands of Serb militia forces until 1995. The struggle in Croatia, however, was merely a preview for the bloody fight that was to come in multiethnic Bosnia.

Following the lead of Slovenia and Croatia, Bosnia and Herzegovina held a successful referendum on independence in early 1992. Shortly thereafter, the European Community recognized Bosnia's independence, on April 6, 1992. The declaration of independence was

immediately followed by civil war. The intermingling of ethnic groups in Bosnia led radical nationalist leaders to create a bloody new strategy called “ethnic cleansing.”¹ By the winter of 1992, Serbs had seized almost 70 percent of Bosnia, “purifying” the land of Croats and Muslims as they went. The Bosniacs (Bosnian Muslims) and their sometimes-allies, the Bosnian Croats, held on to a large chunk of central Bosnia, the capital Sarajevo, and selected pockets of territory elsewhere. By 1994, over 200,000 soldiers and civilians were dead or missing and an estimated 2 million people were either refugees or displaced persons.² The stalemate was finally broken in summer 1995. After receiving significant Western training and equipment, the Croatian army drove Serbian forces out of the Croatian regions of Krajina and western Slavonia. Subsequently, a combined Bosniac-Croat offensive launched in August 1995 began to make significant advances in western and central Bosnia. In addition, NATO launched Operation Deliberate Force in response to an August attack by Serb forces on a crowded market square in Sarajevo and attacked Serb positions throughout the country using airpower. These Croatian-Bosniac advances, coupled with NATO air strikes, were followed shortly by the decision of the warring parties to go to Dayton, Ohio, for peace talks in November 1995.

The General Framework Agreement for Peace in Bosnia and Herzegovina, better known as the Dayton Accord, was initialed in Dayton on November 21, 1995, and signed three weeks later in Paris.³ Dayton created two entities within the Bosnian state that were almost identical in size: the Bosniac-Croat federation, which controls 51 percent

¹Muslims were the single largest ethnic group in Bosnia, but there were also significant numbers of Serbs and Croats. According to the 1991 Yugoslav census, Bosniacs constituted 43.7 percent of the republic's total population; Serbs, 31.4 percent; and Croats, 17.3 percent.

²Estimate of the UN Special Humanitarian Operation in the former Yugoslavia (Jolene Kay Jesse, “Humanitarian Relief in the Midst of Conflict: The UN High Commissioner for Refugees in the Former Yugoslavia,” Washington, D.C.: Georgetown University, Pew Case Studies in International Affairs, No. 471, 1996, p. 1).

³The Dayton Accord is available through the Office of the High Representative (OHR): *The General Framework Agreement for Peace in Bosnia and Herzegovina*, December 14, 1995. For an insightful and highly readable account of the behind-the-scenes diplomacy that led to the accord, see Richard Holbrooke, *To End a War*, New York: Random House, 1998. For an excellent account of the same period from a European perspective, see Carl Bildt, “Holbrooke's History,” *Survival*, Vol. 40, No. 3, Autumn 1998a, pp. 187–191.

of the country's territory, and the *Republika Srpska*, which controls 49 percent. The December 8–9, 1995, Peace Implementation Conference in London appointed a High Representative for the implementation of the framework agreement. NATO meanwhile established and deployed a 60,000-soldier Implementation Force (IFOR) to enforce the Dayton Accord's military articles.

CHALLENGES

Although the Dayton Accord formally ended the fighting in Bosnia, it did not satisfy everyone. Its articles and annexes were the subject of immediate and fierce debates among the former warring parties and among the countries and organizations implementing the agreement. Thus, the obstacles to the realization of the multiethnic goals of the Dayton Accord were significant and many. They included the separation and demobilization of warring ethnic militaries, the implementation of a complex and contested peace agreement, and the return of over 1 million refugees and IDPs. In addition, the civil war had destroyed substantial portions of Bosnia's infrastructure, and homes and apartments throughout the country were in ruins.

Security

When the civil war ended, the armies and militias that the three ethnic groups had created remained in place. Although Bosnian Serb forces had more heavy weapons and equipment at the beginning of the fighting, the Bosniac and Croat militaries had built up substantial forces by the war's end. These forces needed to be separated, demobilized, and reintegrated as a national military. More importantly, the paramilitary forces that had conducted most of the ethnic cleansing needed to be disbanded. Finally, the respective police forces had to be reorganized and retrained to ensure public safety for all Bosnian citizens.

On the surface, the security environment in Bosnia was fairly stable. The front lines had hardened after more than three years of war and ethnic cleansing. This allowed the respective ethnic groups to consolidate political power and, in turn, to establish the structures necessary to maintain law and order. Thus, there were established authorities within the two entities and within ethnic cantons with which military and civilian organizations could interact. The security

situation was, however, very unstable just below the surface. Efforts to reconnect the separated communities, return refugees to their prewar homes, and reunite the country had the potential to make the security environment much more volatile.

Humanitarian

Ethnic cleansing had displaced almost one-half of Bosnia and Herzegovina's 4.4 million people.⁴ About 600,000 were displaced within the country, and about 1,259,000 were refugees outside Bosnia.⁵ At the time the Dayton Accord was signed, 80 percent of the population depended on international assistance for food.⁶ Because of the 1990s conflict, 250,000 people—mainly men—had lost their lives and, consequently, the number of orphans and households headed by women had increased dramatically. Young people throughout Bosnia and Herzegovina lost years of schooling, and much of the population suffered physical disabilities and psychological trauma.⁷ Land mines were another humanitarian issue because they affected all aspects of reconstruction, resettlement, and community development in postwar Bosnia. The Red Cross estimated that there were 750,000 land mines scattered throughout the country in 1997.⁸

Civil Administration

One of the fundamental problems of Dayton was that it did not settle the very issue that was the subject of the war: the identity of the Bosnian state.⁹ Because the agreement created a very weak central government; highly autonomous entity-level governments; and, in

⁴UNHCR, *The State of the World's Refugees 2000: Fifty Years of Humanitarian Action*, New York: Oxford University Press, 2000, p. 219.

⁵Murat Praso, "Demographic Consequences of the 1992–95 War," *Bosnia Report*, No. 16, July–October 1996.

⁶World Bank and European Commission, *Bosnia and Herzegovina: 1996–1998 Lessons and Accomplishments*, Washington, D.C., 1999.

⁷World Bank and European Commission (1999).

⁸International Committee of the Red Cross, *The Silent Menace: Landmines in Bosnia and Herzegovina*, Geneva, 1997.

⁹Ivo H. Daalder, "Bosnia After SFOR: Options for Continued U.S. Engagement," *Survival*, Vol. 39, No. 4, Winter 1997–98, p. 6.

the federation (the half of Bosnia assigned to the Bosniacs and Croats), powerful cantons (regional political units), opposing groups could frequently opt to enforce certain provisions of the agreement while ignoring others.¹⁰

Reconciliation between the former warring parties was also a major challenge. Unlike the other former Yugoslav states, which all had a dominant ethnic group, Bosnia had a much more diverse ethnic mixture of Bosniacs, Serbs, and Croats. No single ethnic group accounted for a majority of the population, although, in most regions, one or the other of these groups formed a local majority. Before the civil war, the three groups had lived side by side in relative peace, and a third of all marriages in Bosnia were between individuals from differing ethnic groups. However, a great deal of Bosnian blood was spilled during the 20th century in the name of ethnic causes, especially during World War II.¹¹ Bosnia had never been an independent, sovereign state in the modern era. While the ethnic groups often coexisted peacefully under Turkish, Austrian, or communist rule, Bosnia was subject to external or strong internal authority under these governments. Although nationalist leaders distorted and exploited ethnic grudges before and during the recent conflict, these grudges did have a basis in history and, when paired with three years of bitter civil war, posed a significant challenge to prospects for reconciliation between the former warring parties.

Another obstacle to political reconciliation was the fact that Dayton was not negotiated directly by all the parties involved.¹² The Serbs and Croats argued that they did not sign the agreement, and the Bosniacs contended that they were coerced into it. Thus, each party was aggrieved even before the implementation process began.

¹⁰The Republika Srpska, the Serb half of the country, does not have cantons. The entity government fulfills the functions that the cantons fulfill in the federation.

¹¹The bitter ethnic fighting in Yugoslavia during World War II led to the deaths of hundreds of thousands of soldiers and civilians, the majority of which occurred in and around Bosnia. See John R. Lampe, *Yugoslavia as History: Twice There Was a Country*, New York: Cambridge University Press, 1996, especially pp. 203–220.

¹²Serb President Slobodan Milosevic had the authority to negotiate for the Bosnian Serbs; Croatian President Franjo Tudjman was present to safeguard Bosnian Croat interests; and Bosnian President Alija Izetbegovic acted as the representative of the Croat-Bosniac federation. The United States helped to broker this federation, which Croat and Bosniac leaders signed in Washington in February 1994.

Democratization

Given the nature of the civil conflict, constructing a new multiethnic and democratic Bosnia from the ashes of three-and-a-half years of war was a daunting challenge. The Dayton Accord, for example, gave the Organization for Security and Co-operation in Europe (OSCE) important roles, such as preparing for elections, strengthening the legal system, and assisting in establishing firm democratic control over the armed forces. The long-term goal of the international community was to leave Bosnia and Herzegovina as a fully functioning and sustainable democracy that could integrate itself as a member of democratic Europe. This was not expected to be easy, however, because elections in the early 1990s had in part spawned the ultra-nationalist parties that started the civil war in the first place.

Reconstruction

As a result of the widespread destruction and dislocation between 1992 and 1995, Bosnia's economic recovery began from a very low level. Per capita GDP in 1995 was estimated at only \$628 on a purchasing power parity exchange rate basis, one-third of prewar levels. Industrial production had been reduced to only a small fraction of its prewar level. Most major plants had closed or were operating at a small fraction of prewar capacity levels. The vast majority of the country's 1.3 million workers had lost their jobs; many had lost savings with the freezing of bank assets; and the houses of more than half had been damaged. The agricultural land was mined or left fallow for lack of supplies and equipment. Damage to such physical infrastructure as power plants, transmission lines, roads, railroads, and telecommunications systems was severe. Nearly two-thirds of the homes, one-half of the schools, and one-third of the hospitals were damaged or destroyed, along with power plants, water systems, agricultural land, and roads.¹³

¹³Priit J. Vesilind, "In Focus: Bosnia," *National Geographic*, Vol. 189, No. 6, June 1996, pp. 48-61.

THE U.S. AND INTERNATIONAL ROLES

The Dayton Accord consisted of a general agreement and 11 annexes dealing with the specifics of the implementation process. A number of international organizations, such as NATO, OHR, the OSCE, and the UN, played important roles in the operation.

Military

IFOR, an international force under the authority of NATO, was given responsibility for the military aspects of Dayton implementation. With the passage of Resolution 1031 on December 15, 1995, the UN Security Council authorized IFOR as a peace enforcement operation under Chapter VII of the UN Charter. In accordance with Dayton, IFOR's military mandate was relatively narrow. For instance, IFOR's primary tasks were to establish a durable cessation of hostilities, ensure force protection, and establish lasting security and arms control measures.¹⁴ These tasks gave it responsibility for such activities as enforcing the zone of separation between the former warring parties and monitoring the withdrawal of heavy weapons into designated cantonment areas. IFOR was also assigned supporting tasks to be done "within the limits of its assigned principal tasks." These supporting tasks included: "to help create secure conditions for the conduct by others of other tasks," "to assist the UNHCR [United Nations High Commissioner for Refugees] and other international organizations in their humanitarian missions," and "to observe and prevent interference with the movement of civilian populations, refugees, and displaced persons."¹⁵

IFOR's mandate, however, did not specify law enforcement or police responsibilities. The UN International Police Task Force (IPTF) was responsible for law enforcement, and the UN Security Council authorized a 1,721-member CIVPOL operation in December 1995. As discussed below, the IPTF was mandated to monitor, advise, and train Bosnian police but had no executive authority to investigate, arrest, or perform other police functions.¹⁶

¹⁴Dayton Accord (1995), Annex IA.

¹⁵Dayton Accord (1995), Annex IA.

¹⁶Perito (2002a), pp. 50–51.

Civil and Economic

The overall approach to implementing civilian aspects of the Dayton Accord was highly fragmented. OHR was established to coordinate civilian implementation of the Dayton Accord. Former Swedish Prime Minister Carl Bildt was named the first High Representative.¹⁷ His responsibilities were to “facilitate the Parties’ own efforts” at reconstruction and reconciliation, not to rule Bosnia as a protectorate. His mandate was ambitious, but his real authority was initially limited.¹⁸ His office and staff had to be created from scratch, and he had few resources with which to work. He reported to and derived his authority from the Peace Implementation Council (PIC), an ad hoc group of interested countries formed for the purpose and endorsed by the UN Security Council.

Another illustration of the fragmented nature of civil implementation was the number of different organizations that had responsibility for various aspects of the Dayton Accord. The OSCE was given responsibility for organizing and monitoring elections. It was also in charge of negotiating arms control agreements between the former warring parties. This was one of first major operations for the OSCE. The UNHCR, meanwhile, was designated as the lead agency for the explosive issue of refugee and IDP returns, as well as for providing humanitarian assistance. The World Bank and IMF assumed responsibility for most of the efforts to create effective economic and financial policy institutions and for economic reconstruction in Bosnia. These disparate organizations each had distinct agendas. OHR had limited authority to oversee and direct the overall effort.

The International Criminal Tribunal for the Former Yugoslavia (ICTY) would also play a major role in the effort to achieve justice and reconciliation in Bosnia. Acting in response to the serious violations of international humanitarian law committed during the breakup of Yugoslavia, the UN Security Council created the ICTY on May 25, 1993, when it adopted UNSCR 827. The objectives of the ICTY included

¹⁷For a comprehensive discussion of the problems he faced, see Carl Bildt, *Peace Journey, The Struggle for Peace in Bosnia*, London: Weidenfeld and Nicholson, 1998b.

¹⁸John G. McGinn, “After the Explosion: International Action in the Aftermath of Nationalist War,” *National Security Studies Quarterly*, Vol. 4, No. 1, Winter 1998, p. 97.

- bringing to justice persons responsible for violations of international humanitarian law
- rendering justice to the victims
- deterring further crimes
- contributing to the restoration of peace by promoting reconciliation in the former Yugoslavia.

The tribunal has jurisdiction over crimes committed since 1991 throughout the former Yugoslavia.¹⁹

WHAT HAPPENED

Although Dayton has been widely criticized for not producing results more quickly, especially regarding the return of refugees and displaced people and the arrest of high-ranking individuals charged with war crimes, it has achieved a number of important successes. Dayton stopped the fighting and has helped maintain peace since 1995. It has helped ensure a united, multiethnic Bosnia. It authorized a robust international effort to assist in rebuilding Bosnian society. At the same time, however, significant contradictions in the agreement and obstruction by the former warring parties inhibited implementation of the Dayton Accord. These problems have continued since Dayton and have weakened the Bosnian government. Bosnia and Herzegovina continues to be held together by the presence of a steadily decreasing number of U.S. and international troops and civilians.

Security

IFOR entered Bosnia in December 1995 and January 1996. NATO assembled 60,000 troops for IFOR and divided the country into three regional sectors, each with a lead nation. The United States commanded Multinational Division North; the United Kingdom controlled Multinational Division Southwest; and France directed Multinational Division Southeast. IFOR was created as a one-year mission, although it was widely recognized that an international military presence would be necessary for some time beyond that.

¹⁹Detailed information on the ICTY is available on its Web site.

Operation Joint Guardian was the first NATO ground operation conducted outside the alliance treaty area. In addition to NATO countries, Russia and several former Warsaw Pact countries contributed forces to IFOR. The first priority of IFOR was to separate the former warring military forces and establish a durable cessation of hostilities. A major part of this process was the demarcation and monitoring of the zone of separation established in Dayton. With the active cooperation of the former warring militaries, this withdrawal of forces from the front lines went very smoothly.

At first, IFOR did not involve itself in nonmilitary missions. Various NATO countries, not least the United States, had been concerned that IFOR would find itself gradually assuming responsibilities for civilian tasks, thus clouding its mission, confusing lines of authority, and possibly creating a "dependency culture" among the other international organizations and NGOs. These concerns about "mission creep" subsided somewhat once IFOR was established and had accomplished its initial military tasks.²⁰

Nonetheless, the sharp civil-military distinctions in Dayton had several negative consequences. First, some important issues did not come under civilian or military responsibility and consequently fell through the cracks. This initially included responsibility for apprehending persons the ICTY had indicted. OHR did not have the capability to seize alleged war criminals, and IFOR was initially unwilling to involve itself in matters it considered to be law enforcement. As a result, virtually no individuals were arrested for possible war crimes during the first two years of reconstruction. Dayton left international oversight of policing entirely to the UN's IPTF, but the IPTF had little authority and took months to get in place. As a result, law and order were largely left to the suspect ethnic police forces.

When IFOR's mandate expired in December 1996, NATO did not withdraw from Bosnia. Although most of the formal military tasks were complete, the security situation in Bosnia was clearly not self-sustaining. A departure of NATO troops would almost certainly have led to a resumption of conflict between the former warring parties. As a result, IFOR was succeeded by another NATO-led force, the

²⁰Gregory L. Schulte, "Former Yugoslavia and the New NATO," *Survival*, Vol. 39, No. 1, Spring 1997, p. 26.

Stabilization Force (SFOR), which was given an 18-month mission.²¹ When SFOR was extended in June 1998, no end date was specified, and SFOR remains in Bosnia today.

SFOR assistance in the implementation of the civil annexes to Dayton increased significantly after 1996. NATO troops, for example, seized their first indicted war criminals in July 1997. Expanded SFOR activities included increased civil-military cooperation to restore essential public services and economic reconstruction and the use of military force to enforce aspects of the Dayton Accord (e.g., seizing extreme nationalist radio stations to dampen interethnic vitriol).²² SFOR became more involved in civil affairs largely because its primary military tasks had been accomplished and policymakers perceived a need for more muscle to accomplish other tasks stipulated in the Dayton Accord.

At the outset, the police situation in Bosnia was not conducive to reintegrating the country. There were three ethnically based police forces that were not interested in protecting minorities or encouraging refugee returns.²³ IPTF had little precedence or experience on which to draw in confronting this situation. The UN operation in Haiti had involved the first large-scale use of international police and had demonstrated such inherent difficulties as lack of standard procedures and language differences.²⁴ Moreover, to emphasize their roles as advisers and facilitators rather than as actual law enforcement officials, IPTF monitors were unarmed.²⁵ It took eight months

²¹Some argue that exit strategies, such as the original one-year timeline for IFOR, are “misguided in theory and unhelpful in practice. Instead of obsessing about the exit, planners should concentrate on the strategy.” (Gideon Rose, “The Exit Strategy Delusion,” *Foreign Affairs*, Vol. 77, No. 1, January/February 1998, p. 56.)

²²For a detailed discussion of the civil-military cooperation elements’ contribution, see William R. Phillips, “Civil-Military Cooperation: Vital to Peace Implementation in Bosnia,” *NATO Review*, Vol. 46, No. 1, Spring 1998, p. 22.

²³Bosnia had almost 45,000 local police at the end of the war, three times the number before the war (Perito, 2002a, p. 54).

²⁴Remarks of Ambassador James Dobbins, “Haiti: A Case Study on Post-Cold War Peacekeeping,” remarks at the ISD Conference of Diplomacy and the Use of Force, Georgetown University, Washington, D.C., September 21, 1995.

²⁵The task force does not have any executive authority and is not intended to establish conditions of law and order by itself but to assist local law enforcement agencies to

to get the IPTF to full strength. Once the monitors were in place, the IPTF continued to have difficulties with the local language and with the quality of some of their recruits.²⁶ The IPTF was still struggling to influence the local police forces in 1999, four years into the operation.²⁷ Eventually, however, the situation did improve. The IPTF had some success in transforming the Bosnian police, training 16,000 police officers to operate in accordance with internationally recognized standards of human rights and fundamental freedoms.²⁸ Additionally, once more-moderate political forces came into power, entity and cantonal governments began to pressure the new police forces to enforce the law on a more-equitable basis, and, consequently, problems related to interethnic differences in law enforcement declined.

As the security situation has stabilized over the past several years, the number of SFOR soldiers has dropped substantially. By 1998, SFOR had 32,000 troops, roughly half of IFOR's original strength. These levels have continued to drop, and approximately 18,000 troops remain in Bosnia as part of SFOR. These withdrawals have not adversely affected the security situation in Bosnia, but the continued presence of SFOR does clearly exert an important stabilizing influence in the country.

Humanitarian

The UNHCR has been the lead agency for most humanitarian issues in Bosnia since 1992. The return of refugees and IDPs, demining, and the resumption of basic needs (such as water, sanitation, school, medical supplies, and electricity) were the major humanitarian issues in the months after Dayton. The vast majority of initial returns were Serbs, Croats, and Bosniacs coming home to places where their ethnic group was in the majority. There were initially very few so-

achieve this. (Julie Kim, *Bosnia: Civil Implementation of the Peace Agreement*, Washington, D.C.: Congressional Research Service, 1996, p. 16.)

²⁶On the challenges of getting the IPTF established and maintaining high-quality monitors, see especially, Perito (2002a), pp. 55–62.

²⁷International Crisis Group (ICG), *Is Dayton Failing? Bosnia Four Years After the Peace Agreement*, Washington, D.C., October 28, 1999, pp. 58–67.

²⁸Radio Free Europe/Radio Liberty, *RFE/RL Balkan Report*, Vol. 6, No. 47, December 20, 2002.

called minority returns—where people returned home to places where they were in the ethnic minority—during the first several years after Dayton. Despite strong international efforts to encourage minority returns, most people cited security concerns when they declined these offers. Persistent and often-violent attacks on those brave enough to risk returning kept these numbers extremely low.²⁹

This situation has significantly improved since 2000, however. The Property Implementation Plan, which featured a more vigorous implementation of established property laws, greatly facilitated the return process between 2000 and 2002. The coordinated work of OHR, SFOR, the UN Mission in Bosnia and Herzegovina, the OSCE, and UNHCR has been the key element in creating an environment conducive to returns.³⁰ The UNHCR undertook various measures to support the return process, such as drawing up detailed return plans, addressing legal and procedural matters affecting returns, assisting the physical return of refugees and IDPs, and providing material assistance upon return. As a result, nearly 1 million people returned to their prewar municipalities as of February 2003, and have partially reversed the ethnic cleansing that occurred during the war.³¹ For example, 2001 heralded a marked increase in the number of minority returns. UNHCR recorded a total of 92,061 minority returns, which represented an increase of 36.5 percent over the figures for 2000. This trend continued in 2002, when a record 100,000 refugees and displaced persons returned to their former homes, mostly in areas now controlled by an ethnic group other than their own.³²

²⁹ICG (1999), pp. 43–54.

³⁰Moreover, the UNHCR has been working with several local government and non-governmental partners for assistance to returnees. These have included the Federation Ministry of Social Affairs; the Ministry for Refugees and Displaced Persons; the American Refugee Committee; the Hilfswerk Austria; the International Rescue Committee; Malteser Hilfsdienst; the Mercy Corps, Scotland; Swiss Humanitarian Aid; the European Committee on Training and Agriculture; Iustitia; Tango; Bosanski Humanitarni Logisticki; the Programme Implementation Unit; the Helsinki Committee on Human Rights; and the International Council of Voluntary Agencies.

³¹UNHCR, *Return Statistics*, Sarajevo, February 28, 2003b.

³²About 39,000 Muslims went back to homes in the Republika Srpska, and a similar number of Serbs returned to places that are now part of the Croat and Muslim federation. Almost 11,000 Croats went home to areas in both parts of the country.

Demining has been a major emphasis of humanitarian activities in postwar Bosnia. Since 1996, 1,418 persons have been registered as mine victims, including 409 returnees and displaced persons, 34 percent of whom died of their injuries.³³ Although the process of mine clearance is very slow, significant progress has been made. In 1998, Slovenia established the International Trust Fund for Demining and Mine Victims Assistance with the aim of helping Bosnia and Herzegovina clear mines and provide assistance to mine victims. By September 2002, the trust fund had raised almost \$100 million, cleared more than 29 million m² of land, and rehabilitated more than 600 mine victims. The United States has given significant humanitarian demining assistance to Bosnia and Herzegovina since early 1996.³⁴

Civil Administration

At the international level, the London conference created the PIC to coordinate international efforts in Bosnia. It was envisioned that the PIC would meet periodically to make decisions about providing military, financial, or other assistance to the OHR or other international agencies operating in Bosnia.³⁵ A major weakness of the initial international effort was the fragmented nature of civilian implementation, poor coordination between the military and civilian elements, and disparity among the civilian elements themselves. The civilian implementation was problematic largely because of a U.S.-European split over the best approach to implementing the civilian annexes of the Dayton Accord. Most European countries were eager to give the EU responsibility for the entire civilian effort, but the United States did not want a European pillar competing with NATO for authority

³³UN Office for the Coordination of Humanitarian Affairs, "Humanitarian Situation and Action 2003," December 31, 2002.

³⁴As of April 18, 2000, the U.S. government had given over \$40 million for humanitarian mine action support alone (DOS, "U.S. Humanitarian Demining Assistance to Bosnia-Herzegovina," media note, Office of the Spokesman, Washington, D.C., April 17, 2000). On March 22, 2002, the U.S. Congress again approved \$14 million to continue support for demining efforts in the Balkans (DOS, International Information Programs, "U.S. Congress OKs Another \$14 Million for Demining in Balkans," press release, March 22, 2002).

³⁵Information about the history and composition of the PIC is available on the OHR Web site.

within the country. The result was a highly disjointed international effort from the outset. Initially, civil-military coordination was largely nonexistent. The military aspects of Dayton were under the control of NATO, while the civilian aspects were largely under OHR. There was little contact and no established coordination mechanism between the two organizations at the beginning of the operation. This created significant difficulties during the first year of the operation.

From the outset of the intervention, civilian implementation lagged behind the military effort. Apart from the difficulties in creating and staffing OHR, the complex and time-consuming nature of civilian implementation tasks contributed to the slow start, as did the poor civil-military coordination functions inherent in the Dayton framework. Following the language of Dayton, High Representative Bildt and his staff initially attempted to “facilitate the parties’ own efforts” to reunite the country. Bildt’s limited authority and the intransigence of many Bosnian leaders frustrated his efforts to get implementation of the civil annexes of Dayton on track. The result was continuing de facto military partition between the ethnic groups and little progress in reintegrating the country. The first national elections, held in September 1996, overwhelmingly returned wartime leaders to office.

The relationship between OHR and IFOR during the first postwar year was strained. OHR, for example, wanted IFOR troops to secure suspected mass gravesites and to conduct other operations in support of Dayton civilian implementation. IFOR, on the other hand, focused on completing the military tasks given to it in Dayton. In time, OHR and SFOR developed a closer working relationship, but it did not emerge during the difficult first year.

The intransigence of the former warring parties during the first two years after the peace settlement led OHR to take a more-intrusive role in Dayton implementation. The international community decided to adopt a condominium model. OHR was to oversee, rather than simply support, entity and cantonal governments. It would frequently make and enforce decisions, sometimes in direct opposition to the wishes of the ruling parties. Using authority that the PIC had delegated in December 1997, the second High Representative, Carlos Westendorp, began to make decisions that the former warring parties had been unable or unwilling to make. This more-robust power enabled Westendorp to impose binding decisions and dismiss public

officials.³⁶ Some of the High Representative's actions included decisions on a common Bosnian currency, a national flag, and national license plates. These policy decisions facilitated greatly increased integration between the entities. Common license plates encouraged interentity travel (usually for commercial reasons), something that had previously been difficult because cars marked by license plates from a different entity were frequently vandalized, or their drivers were harassed by police.

As the political situation stabilized, thuggish behavior was penalized, the economy improved, and moderate political forces within Bosnia began to gain strength. In the Republika Srpska and in Croat areas of the federation, leaders began to take more-temperate policies toward Dayton implementation. Nonetheless, centrifugal forces continued to hamper the economic and political integration of Bosnia. Joint institutions, such as a central bank and a common foreign policy, remained feeble. Although railroads, highways, and bridges were repaired, economic connections between the two entities and between Bosniac- and Croat-dominated cantons remained tenuous as relations between the ethnic groups continued to be strained.

Another element in the reconciliation process has been the tribunal in The Hague. The ICTY publicly and later secretly indicted numerous officials who had allegedly committed atrocities during the Bosnian war. Initially, few were arrested and brought to trial. Beginning in summer 1997, however, SFOR became more involved in seizing indicted officials, and the number of prisoners at The Hague increased. In addition, numerous indicted persons have turned themselves in to the ICTY, most notably former Bosnian Serb President Biljana Plavsic. Former Serb President Milosevic was apprehended by Serbian national police in April 2001 and transferred to the tribunal in June 2001, where he is currently on trial for war crimes.³⁷ Although Milosevic was initially charged with war crimes committed in Kosovo, he was subsequently indicted for incidents in Bosnia as well. In total, 83 individuals have been tried or are awaiting

³⁶ICG, *To Build a Peace: Recommendations for the Madrid Peace Implementation Council Meeting*, Washington, D.C., December 15, 1998, p. 2.

³⁷For details on the ICTY process and proceedings, see its Web site.

trial in The Hague. Two principal indicted figures, Bosnian Serb leaders Radovan Karadzic and Ratko Mladic, still remain at large.

Democratization

Until 2001, the OSCE directly managed all election activities. The OSCE established various programs to promote the development of democratic political institutions at all levels of state government. These programs aimed at preparing, conducting, and supervising the country's postwar elections until an election law was adopted. The first few rounds of elections, however, largely resulted in returning to office the nationalist parties that helped spark the civil war. The situation improved in time as OHR and the OSCE removed candidates suspected of war crimes or believed to have "obstructed Dayton" from ballots and forced those in power with similar track records to withdraw from official positions. In October 1999, for example, the Provisional Election Commission refused to allow the Serb Radical Party to register for the April 2000 municipal elections on the grounds that its leaders were obstructing the Dayton peace process. With each subsequent election, the OSCE gave the national authorities greater control over the election process. Following the adoption of an election law in August 2001 and the appointment of the Election Commission in November 2001, the OSCE handed over the direct administration of the election process to national authorities.

Reconstruction

Because of the limited powers of the national government, the initial lack of authority on the part of OHR, and an international focus on providing humanitarian assistance and security, efforts to establish new economic policy institutions, a prerequisite for creating conditions for sustained growth, were slow to get off the ground. It was not until the end of October 1996, almost a year after the Dayton Accord was signed, that the three-member presidency of Bosnia and Herzegovina agreed to the appointment of an expatriate governor to the new Central Bank of Bosnia and Herzegovina.³⁸ However, the bank

³⁸IMF, *Bosnia and Herzegovina: Selected Issues*, Washington, D.C., IMF Staff Country Report No. 98/69, August 1998, p. 8.

did not begin operations until August 11, 1997, almost a year later, at which time a currency board was introduced.

The currency board, mandated by the Dayton Accord, was to last for a minimum of six years. The stipulation that Bosnia adopt a currency board was taken to provide confidence in the new currency by anchoring it to the most widely used and trusted foreign currency, the deutschmark, and to remove the distractions and pressures involved in making decisions on monetary policy from the purview of the new Bosnian government. The currency board created a new currency, the *konvertibilnaja marka* (KM), which was pegged to the deutschmark at a rate of one to one; the currency now trades at a similarly fixed rate relative to the euro.³⁹ It took some time for the entities to adopt the new currency, however. New banknotes were introduced into the federation in June 1998. The Republika Srpska adopted the KM in 1999. The rapid depreciation of the Yugoslav dinar, which had been in widespread use in the Republika Srpska, led the government to ban the use of Yugoslav dinars in local payments and to adopt the KM.

During the years of the civil war, the Bosniac, Serb, and Croat authorities financed their operations by printing money. Not surprisingly, extraordinarily high rates of inflation ensued. All Bosnians preferred currencies other than the Bosnian dinar. Once the currency board was introduced and the KM was launched, however, the entity governments could no longer print money. Since no one was willing to lend to them, they were forced to exercise fiscal restraint, although both entity governments financed some expenditures by delaying payments and building up arrears. International financial institutions, working with OHR, provided the national, entity, and cantonal governments with considerable advice and help during this period. They helped set up a modern unified tax and customs administration, introduced simpler and more-transparent tax codes, and set up systems to audit and control government expenditures.

Although the new tax codes resulted in rapid increases in tax revenues in the federation, the increases came off a very low base. Con-

³⁹IMF, *Bosnia and Herzegovina: First Review of the Stand-By Arrangement and Request for Waiver of Performance Criteria*, Washington D.C., IMF Country Report No. 03/04, January 2003a, p. 16.

sequently, the international community was an important source of budgetary finance in 1995 and into 1996. However, by 1997, foreign grants and concessional loans fell to just 3.6 percent of total expenditures, down from 7.1 percent in 1996 and a very large share of government expenditures in 1995. The substantial flows of economic assistance since 1995, still one-fifth of GDP in 2001, were quickly channeled into reconstruction and development programs that were handled through off-budget accounts. They were not used for direct support of ongoing government expenditures.

One of the failures of the new tax system was the incentives that it continued to provide for smuggling and excise tax evasion. Revenues from selling smuggled goods, contraband cigarettes, and other items were the primary means criminal gangs used to support their activities. The international financial institutions supported the use of customs tariffs to collect revenues for the Bosnian government. Customs revenues formed an appreciable share of total revenues—ranging as high as one-third in the Republika Srpska in 1996 but then declining to less than one-fourth. However, they remained small in absolute terms compared to overall levels of aid, which ranged from \$125 million to \$200 million annually. The additional cost to donors of making up revenues that were lost by eliminating customs tariffs probably would have been well worth it. Such measures would have deprived criminal gangs of their principal source of income, greatly hampering their ability to recruit and maintain the thugs they needed to wield their power.

In addition to creating a new central bank and revamping and improving fiscal operations, the Bosnian government has been revising its laws to make them more conducive to the operation of a market economy. In June 1997, the government passed a “quick start” package of key economic laws on the 1997 budget external debt, trade and customs policies, and on the central bank. However, many of these laws were not implemented until January 1998, more than two years after the Dayton Accord was signed.

Bosnian governments have continued to pass and modify laws to improve the operation of the economy and markets in Bosnia. A modern payment system has replaced the former regional payment bureaus. These semiautonomous units were frequently abused to make payments to favored institutions or individuals and to with-

hold payments from those less favored. More recently, tax rates have been unified, and tariffs have been reduced. Bosnia has signed a number of free-trade agreements with important regional trade partners, including Croatia, Serbia and Montenegro, and the EU and hopes to enter the World Trade Organization in 2004.

The Bosnian government has been slower to privatize state- or entity-owned businesses than to make other policy changes. Half of all tenders for privatization issued since 1999 were issued in 2002. Many state enterprises are not economically viable, but the government has been slow to restructure or close them. Control of entity-owned assets remains an important source of patronage and wealth for a number of Bosnian political parties and individuals. The December 1997 PIC decision to interpret the mandate of the High Representative to give him the authority to impose interim policy decisions, both in the political and economic spheres, was key to the passage and implementation of laws and policies in Bosnia conducive to economic growth. Without this authority, it would have been unlikely that the Bosnian governments (national, entity, and cantonal) would have agreed to the legal and other changes needed to make the Bosnian legal and regulatory systems conducive to the efficient operation of markets.

Despite the slow start in terms of legal and institutional changes, Bosnia's economic performance has been remarkable. By 1999, four years after the signing of the Dayton Accord, per capita GDP in Bosnia had reached \$1,951 at purchasing power parity in 1995 prices, more than three times the 1995 figure. Although the rate of growth in GDP slowed sharply from 9.0 percent in 1999 to 4.5 and 2.3 percent in 2000 and 2001, respectively, it accelerated to 3.9 percent in 2002 and is projected to exceed 4 percent in 2003 and 2004. Inflation has plummeted from thousands of percent per year during the war to the low single digits or declines in the price level since.

The recovery was propelled by a \$5.1 billion foreign-assistance package between 1996 and 1999. The slowdown in growth in 2000 and 2001 was in part due to reductions in economic assistance from abroad and in part due to base-year effects (as the economy grew, the same increment in output resulted in a smaller percentage increase). The resurgence in economic growth in 2002 and that projected for 2003 result from healthy growth in exports as manufactur-

ing and agricultural output rise. The 2002 figures provided the first indications that Bosnia will be able to sustain solid economic growth even as external assistance declines.

LESSONS LEARNED

Nation-building efforts in Bosnia have had mixed success. NATO was well organized and effective, but adopted a limited view of its responsibilities. On the civil side, international responsibilities were more dispersed and slower to take hold. Bosnia has made political and economic progress but more than seven years after the Dayton Accord, it is not yet a self-sustaining political or economic entity. Important lessons include the following:

- Unity of command can be as important for the civil aspects of peace operations as for the military.
- Elections are an important benchmark in progress toward democracy. Held too early, they can strengthen rejectionist forces rather than promote further transformation.
- Organized crime can emerge as the greatest obstacle to transformation.
- It is difficult to put a nation back together if its neighbors are pulling it apart.
- Successful reconstruction in poor and divided countries requires substantial long-term commitment from donors.
- Foreign donors need to take an active role in economic policy in countries with stalemated or ineffective governments.

NATO was effective in ensuring broad participation, unity of command, and U.S. leadership on the military side of the Bosnia operation. On the civil side, however, the United States took the opposite approach. In a misguided effort, it sought to advance NATO authority at the expense of the EU, and U.S. influence at the expense of the Europeans. For example, there was no contact and little coordination between NATO and OHR at the beginning of the operation. The result has been endemic conflict among competing international agencies, indecisive leadership of the transformational effort, and unnecessary prolongation of the international military presence.

The Clinton administration originally set an arbitrary one-year deadline for the Bosnia mission. In an effort to meet that deadline, it pressed successfully for early and frequent elections at each level of governance. In most cases, the elections returned to office the nationalist parties that had helped spark the civil war and strengthened those resisting the creation of a democratic and multiethnic state. Holding elections before viable democratic political institutions were built created a number of problems that made democratization more—rather than less—difficult. Over time, however, OHR and the OSCE helped remove candidates suspected of war crimes and who attempted to obstruct implementation of the Dayton peace process.

As in other postcommunist societies, the emergence of organized crime accompanied Bosnia's transition to market economy. In the immediate aftermath of a conflict, governments have virtually no tax revenues because of the collapse in economic activity. However, foreign pressure to raise taxes to cover government expenditures can have unproductive side effects. In the case of Bosnia, the continued use of customs tariffs resulted in widespread smuggling, which provided the economic basis for the continued operation of criminal gangs and paramilitary groups. Bosnia now has free-trade agreements with all its major trading partners. The country would have been better off if it had immediately abolished tariffs and had donors temporarily funding the budgetary shortfall.

In the aftermath of the Dayton Accord, both the Serbian and Croatian governments continued to pursue their divisive and irredentist objectives in Bosnia through nonmilitary means. Only after replacement of the Milosevic and Tudjman regimes with democratic successors did Bosnia's neighbors begin to work with the rest of the international community to push it together rather than pull it apart.

The international community's long-term financial commitment has been crucial for economic growth in Bosnia. Economic growth was very rapid in the years immediately following the Dayton Accord, driven by the peace and by foreign assistance. In 2002, the Bosnian economy first showed signs that growth would be sustained as economic assistance is reduced. OHR and international financial institutions continue to play a key, positive role in economic policymaking in Bosnia.

Because of Bosnia's acrimonious interethnic politics and the weak constitutional authority of the national government, decisions to reform the economy were made very slowly, if at all. The logjam was broken only after the authority of OHR was significantly expanded. Key decisions on the national currency, taxation, budget, and privatization have only been made because of OHR. More than seven years after the Dayton Accord, OHR still plays a key role in economic policymaking in Bosnia. Moreover, like the Haitian government, Bosnia's governments have resisted privatization for political and personal reasons. Only with steady pressure from donors, international financial institutions, and OHR has privatization made progress in Bosnia. The process has still not been completed.