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Hannah Deblauwe

College of Saint Benedict/Saint John's University

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International Involvement in the State Consolidation in Bosnia and Herzegovina

An Honor's Thesis

College of St. Benedict | St. John's University

*In Partial Fulfillment of the Requirement for All College Honor's and Distinction
in the Department of Political Science*

By:

Hannah Deblauwe

Glossary of Abbreviations:

BiH – Bosna i Hercegovina (Bosnia and Herzegovina)

CARDS - Community Assistance for Reconstruction and Democratic Stabilisation

IPA – Instrument for Pre-Accession Assistance

IRI – International Republican Institute

NDI – National Democratic Institute

OHR – Office of the High Representative

SAA – Stabilization and Association Agreement

USAID – United States Agency for International Development

Introduction

Much has been written about Bosnia and Herzegovina's reconstruction and development process over the last 20 years, but little has been written evaluating the effectiveness of the financial aid that flooded into the country after the signing of the Dayton Accords. While large amounts of aid came right after the ending the war in 1996, international aid has continued to be given to this nation ever since to aid in reconstruction and development; any form of aid is bound to have consequences on that nation.

Despite how much money and effort the international community has pumped into Bosnia and Herzegovina, why does the federal government's state consolidation remain weak, particularly in the areas of institutional capacity, the legitimacy of the federal government, and economic development? The purpose of this paper is to determine how international actors, through the use of economic aid, the Office of the High Commission, and other soft-power approaches, have influenced the state consolidation of Bosnia and Herzegovina. To that end it shall be argued that the EU and USAID, while they have had some positive effects on BiH's state consolidation, have ultimately failed to effect real change of the political sphere because conditionality is only so effective and the EU and USAID have not focused enough on the core of Bosnia and Herzegovina's problems, namely ethnic tensions and an overly complex, inefficient government.

In this paper the primary international actors that have been chosen to be discussed are USAID and the EU; these actors were chosen because they represent the largest investors and influencers of BiH. While there are many other actors including individual states, other IGOs like the United Nations and the World Bank, and international NGOS, they were not chosen

because individually they have not had as great an impact. Collectively they have had an important influence, but for the scope and limitations of this paper in terms of research time they have been excluded for the purposes of this paper.

In order to figure out how international actors have impacted Bosnia and Herzegovina, the first step shall be to look at existing theories of post-conflict political development to determine the framework by which Bosnia and Herzegovina's state consolidation process has been developed. Based on those theories several hypotheses shall be formed. The second step will be to examine what roles international actors have played in terms of post-conflict political development in Bosnia and Herzegovina. What projects have major international actors like USAID and the EU funded and how have those projects and the conditions that have come with those projects have affected BiH's institutional capacity, economic development, and the federal government's legitimacy. By looking at these factors, these actors will be analyzed to determine what role international actors have played in shaping the state consolidation of Bosnia and Herzegovina.

Background

Bosnia and Herzegovina is a small nation of about 3,800,000 people located in the Balkans¹. Nowadays it is largely a quiet nation; merely a blip on most Western media's radar. But it was less than 20 years ago that this state was embroiled in a bloody civil war that only ended in 1996. Because this civil war was an ethnic conflict, estimates for how many died vary depending on the source with numbers coming from the actors involved varying wildly from one another and from outside sources². In general, it is usually estimated anywhere between 100,000 and 300,000 people died. The International Criminal Tribunal for the Former Yugoslavia after 12 years of data collection published a study in 2010 that gave their final estimate of 104,372 individuals³. After the end of the war the even larger result was the displacement of about half of the country's population as a result of ethnic cleansing. Again, estimates vary, but one source estimates that 1.1 million Bosnians were displaced within Bosnia and 1.2 million became refugees in neighboring countries and across the world⁴.

Since then Bosnia and Herzegovina (BiH) has made progress as a post-conflict state. For countries fresh out of a civil war the first five years hold the most risk of devolving back into civil war. Half of all post-war countries resume violent conflict within the span of 10 years⁵. Yet, BiH has avoided these trends and has gone 18 years without large-scale violence. When the

¹ "Census Shows Dramatic Decline in Bosnian Population Since 1990s." *ABC News*, November 6, 2013. Accessed April 3, 2014. <http://www.abc.net.au/news/2013-11-06/census-shows-dramatic-decline-in-bosnian-population-since-1990s/5072072>.

² A big part of the debate comes from who is counted as a victim, for example if the person died as a direct result of violence or an indirect result of the war conditions.

³ International Criminal Tribunal for the former Yugoslavia. "New War Demographics Feature on the ICTY website." March 29, 2011. <http://www.icty.org/sid/10622>.

⁴ Bieber, Florian. *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance* (New York: Palgrave Macmillan, 2006), 29.

⁵ Galtung, Fredrik, and Martin Tisné. "A New Approach to Postwar Reconstruction." *Journal of Democracy* 20, no. 4 (October 2009): 93. *Academic Search Premier*, EBSCOhost (accessed September 15, 2013).

violence broke out it was a medium-developed industrialized country whose people enjoyed living standards higher than most comparable Eastern European ex-Communist countries, some of which are now in the EU. This stands in contrast to much of the developing world where most civil wars the mid-20th century onwards have occurred. When the violence erupted in Bosnia and Herzegovina, Europeans were astonished as very few had ever thought that violent conflicts would arise within Europe again⁶.

Bosnia and Herzegovina is a nation comprised of three major ethnic groups: Croats, Bosniaks, and Serbs. While all three speak essentially the same language and share similar cultures, their distinctions as different groups have been one of the most important factors affecting Bosnia and Herzegovina's development into what it is today. There are many factors as to why civil war broke out in BiH. Yugoslavia had tried to create a non-ethnic "Yugoslav" identity and tried to downplay ethnic difference, but with the end of the Cold War and the weakening of Yugoslavia, people became more ethnically conscious as a result of ethnic nationalist movements that had risen to prominence throughout the Balkans in the 1980s. This led to the dissolving of Yugoslavia as nationalist movements in what would become Slovenia, Croatia, Montenegro, and Macedonia created successful secessionist movements. With these nations gone Yugoslavia still existed, and would technically exist until 2006 with Montenegro's secession, but it was already much smaller and weaker. The secessionist movements in these countries were particularly successful because of their largely homogenous populations. One exception to this was that in Croatia there was a sizeable minority Serb population, but they were

⁶ Galtung, Fredrik, and Martin Tisné. "A New Approach to Postwar Reconstruction." *Journal of Democracy* 20, no. 4 (October 2009): 93. *Academic Search Premier*, EBSCOhost (accessed September 15, 2013).

largely centralized in one area and so were given measures of autonomy to appease the Serb's fears of being oppressed in the new state⁷.

Bosnia and Herzegovina, on the other hand, had a diverse and integrated population consisting of Croats, Serbs, and Bosniaks. As nationalist movements had grown during the 1980s in Croatia and Slovenia, so too had they grown in BiH. When the territory had its first elections, still a part of the Yugoslav state, opinion polls favored multi-ethnic parties, but to the surprise of observers, three nationalist parties emerged as the victors. They formed a coalition, but it soon became clear they had competing visions for the future of the region. When Slovenia and Croatia declared independence, the Bosniak and Croat parties pushed for independence, but the Serb party, the Serbian Democratic Party, or SDS, was against it as it did not want BiH to separate from Yugoslavia and its successor state, Serbia. From September 1991 onwards the SDS started consolidating its control over "Serb Autonomous Areas". In Herzegovina there were Croat-majority areas as well that the central government had little influence over. When a referendum for independence in what became BiH was held, the SDS boycotted it and so, based on Bosniak and Croat votes, the referendum overwhelmingly passed with 99.4% of those who voted in favor⁸. However, from there events escalated as Serb forces continued to consolidate and expand their territory of influence which turned into ethnic cleansing and a civil war that would last for three bloody years.

The Serb cause was spearheaded by Slobodan Milošević, president of Serbia, who encouraged the Bosnian Serb population to wage war against the Bosniaks in order to create an

⁷ Belloni, Roberto. "Bosnia: Dayton is Dead! Long Live Dayton!" In *Pathways from Ethnic Conflict: Institutional Redesign in Divided Societies*, by John Coakley, 95-115. New York: Routledge, 2010.

⁸ Bieber, Florian, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance*. New York: Palgrave Macmillan, 2006, 21-26.

independent Serb state that would then unite with Serbia. Bosnian Serb nationalism gained its power the same way that the Bosnian Croat nationalism did; people were scared of being minorities in the new Bosnia-Herzegovinian state and of being oppressed by the Bosniak plurality. It was from this fear and the nationalism that grew in the 1980s that ethnic violence broke out despite the ethnic communities having previously lived in relative harmony for over a century⁹. Behind this nationalism was the goal of creating a region of Serbs which would eventually leave BiH and join with Serbia. It was that mindset that led to Serb military forces “cleansing” the areas they controlled of all non-Serbs. This “ethnic cleansing” entailed militias using force ranging from threats of violence to large-scale murder in order to remove non-Serbs from what they considered ought to be Serb land. Some Croats in Croat-dominated areas also had grand ideas for consolidating their power over Herzegovina and joining with Croatia, though that movement was never as strong as the Serbs’. Bosniaks thus found themselves fighting both Serbs and Croats, with all three sides taking heavy losses and all three sides having scores of non-combatants killed, whether through murder or sickness or starvation as a side-result of being in a war-zone. This civil war would only be concluded with the signing of the Dayton Accords in Dayton, Ohio in December of 1995.

With the signing of these accords, Bosnia and Herzegovina finally had peace and a new political system. With the creation of any new political system, many ideas and competing interests were involved in the process. As the Dayton Accords were a United States-led peace deal, the US had an obvious influence on the system that was created, but Europe had a sizeable role as well. The origins of the Dayton Accords and the political system they created come from a previously rejected peace treaty deal proposed in 1994 by the Contact Group, consisting of

⁹ Belloni, Roberto. “Bosnia: Dayton is Dead! Long Live Dayton!” In *Pathways from Ethnic Conflict: Institutional Redesign in Divided Societies*, by John Coakley, 97. New York: Routledge, 2010.

France, Germany, the United Kingdom, Russia, and the United States which proposed a federalist Bosnia and Herzegovina which would consist of a Bosniak-Croat federation and a Serb republic acting as autonomous entities under a weak central government¹⁰.

One important issue the Dayton Accords addressed was the settlement of the territory disputes. Bosnia and Herzegovina would remain intact, but split into two entities with the Bosniak and Croat-dominated Federation of Bosnia and Herzegovina having 51% of the land and the Serb-dominated Republika Srpska (RS) having 49%. In addition, district of Brčko was declared to be under international administration. It was given this status as it separates the two main geographic parts of BiH that Republika Srpska occupies and thus is of strategic importance. All boundaries within the nation are administrative¹¹. For Bosnian citizens there is complete freedom of movement within the country, though not all citizens want to go to certain parts of the country.

The district of Brčko is particularly interesting in how its political structure is set up different from the Federation, RS, and the federal Bosnian government. Brčko is unique in how it is quite diverse, with a decent proportion of Serbs, Bosniaks, and Croats living in it. In 1991 it was 25% Croats, 20% Serbs, and 44% Bosniaks though there are still no numbers as to what this proportion would be today. It is governed by a mayor and has a 29-member district assembly. Remarkably, there is no formal power-sharing arrangement for the governance of this district. The only reference to ethnicity within the system of governance is the reservation of three seats to each of the three main ethnic groups, with the rest of the seats open for anyone to run. In

¹⁰ Caplan, Richard. "Assessing the Dayton Accord: The Structural Weaknesses of the General Framework Agreement for Peace in Bosnia and Herzegovina." *Diplomacy & Statecraft* 11, no. 2 (July 2000): 216. *Academic Search Premier*, EBSCOhost (accessed September 29, 2013).

¹¹ Caplan, Richard. "Assessing the Dayton Accord: The Structural Weaknesses of the General Framework Agreement for Peace in Bosnia and Herzegovina." *Diplomacy & Statecraft* 11, no. 2 (July 2000): 217. *Academic Search Premier*, EBSCOhost (accessed September 29, 2013).

addition, the administration emphasizes merit and the best interests of the district over ethnic quotas. At the same time the administration also tries to match the ethnic proportions of the district so as to be representative.

Some view Brčko as a model for multi-ethnic governance, but there is the fact that the most powerful political leader continues to be the international supervisor, who has even more power to influence the district government than the Office of the High Representative, the representative for the international community who is the highest civilian authority in the nation. Neither the international supervisor nor the High Representative are Bosnian citizens and as such represent international interests. In addition, nationalist parties continue to dominate the politics of Brčko, much as they do in the rest of the country¹². Some scholars have debated whether this model could be transferred to the federal level, but while this district may be more progressive and more diverse, for many reasons including hostility from Serb and Croat nationalist groups as well as the presence of an international advisor make this model not transferable.

Though the political system for BiH changed, the political parties after the end of the war largely remained the same. That being said, there were more moderate parties, many still ethnically-based, but others like the Social Democratic Party of BiH more multi-ethnic and focused on more broad issues. Still, the traditional nationalist parties that have been around since before the war, like the Serb Democratic Party (SDS), the Party of Democratic Action (SDA) which caters to the Bosniak population, and the Croat Democratic Community (HDZ), continue to be important in today's politics though they do not unequivocally dominate politics. Still, the presence of these parties and how they have continued beyond the war demonstrates the

¹² Bieber, Florian, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance*. New York: Palgrave Macmillan, 2006, 135-138.

continuity between politics before and after the war and how the tone of BiH's politics continues to be rife with ethnic tensions.

That being said, the Social Democratic Party (SDP BiH), a successor to the pre-war League of Communists of Bosnia and Herzegovina, has become an important party in modern politics. It was an SDP BiH member who won the Croat presidential seat¹³ in 2010 and it won the largest percentage of the votes (26%) for Federation voters for the parliamentary elections in 2010. In addition, other non-ethnic-based political parties like the Alliance of Independent Social Democrats (SNSD) have gained importance with this center-right Serb party winning the Serb presidential seat as well as a whopping 43% of the total votes cast by Bosnian Serbs in the 2010 parliamentary elections¹⁴. While ethnic politics remains prominent, these results show that there has been positive movement in the political sphere towards non-ethnic-based political parties.

Recent Developments

Unexpectedly, in 2014 for the first time since the creation of the new Bosnian state there were mass protests against the government. Organized Bosnian citizens protested about unemployment and corruption with the original protests coming from Tuzla where unemployment is as high as 55% and has been so for many years. This unemployment comes from the botched privatization of four factories after the Dayton Accords were signed that resulted in the factories never being reopened. These factories provided the majority of jobs for

¹³ In Bosnia and Herzegovina there are three presidents, one to represent each main ethnic group, who rotate every 8 months for the duration of their 4 year term.

¹⁴ Arslaganic. "Bosnia Polls Results: Bosniaks Vote for Change" *Balkan Insight*, October 4, 2010. Accessed December 14, 2013. <http://www.balkaninsight.com/en/article/bosniaks-vote-for-change-serbs-and-croats-remain-loyal-to-nationalists>.

Tuzla natives¹⁵. In this case and in many other botched privatizations in BiH, companies and factories were sold, but the process was not always been transparent, with cases where open bidding was actively avoided. In these botched privatizations companies were sold to foreign investors who gutted and effectively dissolved them. While not an illegal or corrupt process, this left many Bosnian workers without employment as their jobs no longer existed. That being said, there were allegations of corruption and irregularities during this privatization process.

According to Global Integrity 2007:

“The governing Republika Srpska Alliance of Independent Social Democrats (SNSD) party has sold off many of Serb-controlled Republika Srpska’s best assets without public bidding or in irregular privatization deals, including the state telephone company, refinery and tobacco factory. Significant public-works projects have also been unilaterally negotiated and awarded without public bidding to private companies.”¹⁶

In the case of Tuzla, the company that owned these factories was bought, but then the new owners decided to not keep the factories running for their economic benefit, thus leaving thousands of Tuzla citizens jobless. It was the rampant unemployment and allegations of corruption that set Tuzla citizens to protest, but soon the protests spread to other parts of the country.

On February 7, 2014, angry protestors set fire to part of the presidential palace in Sarajevo as well as other government buildings in Sarajevo, Tuzla, and Zenica. During this surge of violence that week in February protestors clashed with riot police with police using rubber bullets and tear gas to disperse the protestors. From February 6-8 was the duration of the

¹⁵ Smale, Alison. “Roots of Bosnian Protests Lie in Peace Accords of 1995.” *New York Times*, February 14, 2014. Accessed March 4, 2014. http://www.nytimes.com/2014/02/15/world/europe/roots-of-bosnian-protests-lie-in-peace-accords-of-1995.html?_r=0

¹⁶ Chêne, Marie. *Corruption and Anti-Corruption in Bosnia and Herzegovina (BiH)* Anti-Corruption Resource Centre, 2009. <http://www.u4.no/publications/corruption-and-anti-corruption-in-bosnia-and-herzegovina-bih/>.

riots across the country in which some protestors did get violent, fighting police mainly with fists and rocks. Over a 150 people were injured as a result of this unexpected violence, but by February 9th the riots had ceased and all protests thereafter were largely peaceful¹⁷. Despite these few days of violence this movement was primarily peaceful.

While these protests have surprised people, the cause of these protests is thoroughly unsurprising. What these protestors have been railing against are problems that have plagued Bosnia and Herzegovina for years. The case of Tuzla's factories is just one example in a country that is known to be corrupt and economically weak. With the Dayton Accords came neoliberal reforms with the promise that it would "rise all boats", improving the economy and the standards of living for all citizens. But yet today it can be argued that Bosnia and Herzegovina is still in a worse economic state than it was prior to the 1990s war when the country was known for its industrial sector.

What mainly surprised the world was that these protests took place at all. For 18 years these problems in Tuzla and in the rest of the country had languished without any real organized movements so the question is why these protests took place now. Many scholars and people both in and out of BiH questioned whether it was even in the nature for Bosnians to rebel against the established norms of the government. Yet these protests started in 2014 and with more steam than many would have imagined was possible. One reason for this could be the government's failure to pass constitutional reform on minority rights that led to aid from the EU being cut in

¹⁷ Marszal, Andrew. "Bosnia Protests: 150 Injured as Demonstrators Set Fire to Presidential Palace." *The Telegraph*, February 8, 2014. Accessed March 4, 2014. <http://www.telegraph.co.uk/news/worldnews/europe/bosnia/10625810/Bosnia-protests-150-injured-as-demonstrators-set-fire-to-presidential-palace.html>

half in 2014 as the straw that broke the camel's back. Another is better organization among Bosnian advocates that finally created a large enough network to stage these protests.

What is in question now is what will come about because of these protests. Several local-level officials have already resigned, yet many more politicians fail to recognize the significance of these protests. Notably, these protests have been centered mostly in the Federation side of Bosnia with few protests in Republika Srpska. Croats and Bosniaks appear to have been united by the desire for government reform, but Bosnian Serbs at this point appear more reluctant to join in, likely due to the influence of Serb nationalism. There have been small groups of Serb protestors, but they have been intimidated by Serb nationalists¹⁸. The elections later this year in October 2014 will be the true test as to how much change will occur in the government as a result of these protests. What is clear is that there needs to be government reform. Where international outside forces have failed to inspire major reform, perhaps Bosnians are the ones who will finally be able to press for real change in their government.

The Bosnian government is well-known for being excessively complicated. With four levels of government and 14 constitutions and governments with legislative power, it is no wonder that for the casual observer, Bosnia and Herzegovina's political institutions seem incomprehensible. Furthermore this complex legal framework has resulted in a lack of transparency and accountability. Thus in order to better understand BiH's political development, it is important to first have an understanding of the basics of this governmental system and its complexities.

¹⁸"Protests in Bosnia." *The Economist*, February 15, 2014. Accessed March 4, 2014. <http://www.economist.com/news/europe/21596572-latest-troubles-bosnia-may-wake-up-countrys-inept-leaders-fire>.

Bosnian Governance: A Case Study in Absurd Complexity

The basic political structure of BiH is a federalist structure created by the Dayton Accords with four levels of government. It has a weak central government with more power devolved to the entity, cantonal, and local levels. At the highest level is the federal government. The second highest level consists of the two entities: the Croat/Bosniak majority Federation of Bosnia and Herzegovina and the Serb majority Republika Srpska, or the Serb Republic. The Federation adds a third level with 10 autonomous cantons, each having its own constitution and government. Finally, the lowest level is the municipalities with the Federation having 79 municipalities, the Serb Republic having 62 municipalities, and Brčko being the one municipality independent of both entities¹⁹.

At the state level the main institutions are the Presidency, the Council of Ministers, The Parliamentary Assembly (made up of the House of Peoples and the House of Representatives), and the Constitutional Court. There are other institutions at the federal level, but these 4 represent some of the largest and most important bodies. The Presidency is unusual because Bosnia and Herzegovina actually has three presidents, one each for the Croats, Serbs, and Bosniaks, as required by the Dayton Accords. This part of the government in particular is controversial as it has been determined by the European Court of Human Rights to be a violation of the rights of citizens who are not members of these ethnic groups. Bosnian citizens living in the Federation vote for the Croat and Bosniak presidents while citizens living in the Serb

¹⁹ Bieber, Florian, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance*. New York: Palgrave Macmillan, 2006, 46, 60-61.

Republic vote for the Serb president. The chair of the presidents rotates between the three members, each serving for 8 months, with elections every four years²⁰.

The Council of Ministers serves as a Cabinet for the Bosnian Presidents. This Council contains one Chairman or Chairwoman plus 9 Ministers: 2/3 chosen from the Federation and 1/3 chosen from the Serb Republic. The Chairperson of the Council of Ministers is a de-facto Prime Minister; because of the importance of this position, the Chair must be nominated by the Presidency and then approved by the House of Representatives. The Chairperson once approved then decides on whom the other Ministers will be, along with a Deputy Minister for him or herself who must be from a different “constituent nation”, a constituent nation being one of the three main ethnic groups whose rights are enshrined in the constitution. One reservation for minorities is that one minister or the Secretary General must not be from one of the constituent nations. The decision-making process for this council is consensus-based, requiring the presence of two members from each constituent nation and half of its total members in order to hold sessions²¹. Because the Council must make decisions based on consensus, the decisions made by this body are obviously slow in development, even with the ministers being all chosen by the Chairperson.

Bosnia’s Federal Parliament has two chambers: the House of Representatives and the House of Peoples. The House of Representatives has 42 members that are directly elected by the Bosnian people, with 2/3 of the seats elected in the Federation of BiH with the other 1/3 elected in the Serb Republic. In the House of Representatives there are no reserved seats so, for example,

²⁰ Bieber, Florian, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance*. New York: Palgrave Macmillan, 2006, 48.

²¹ Bieber, Florian, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance*. New York: Palgrave Macmillan, 2006, 52-53.

in 2002 there were 12 Serbs and 2 Bosniaks that were elected from Republika Srpska, though there are clear ethnic divides between the two entities. The House of Peoples has 15 members, with 5 members from each of the constituent nations. The members of the House of Peoples are indirectly elected, being chosen by the House of Representatives. Both houses are presided over by a chair and two deputies, each from a different nation, with the chairmanship rotating every 8 months, much like the system of the presidency²².

Because the House of Peoples is based on ethnic caucuses, it is primarily tasked with preserving the interests of the main constituent nations while the House of Representatives takes care of more broad nation-wide interests. All main ethnic groups have veto rights for legislation they feel would be going against their group's interests. Though a simple majority vote is needed for passage of all legislation in both houses of the parliament, should a majority of delegates from any constituent ethnic group declare a proposed law to be harmful to their group then it then needs the approval of a majority of the Bosniak, Croat, and Serb delegates present and voting in the House of Peoples. If this veto is challenged by the majority of one of the other communities' delegates then the Chair of the House of Peoples must convene a 3-delegate Joint Commission with one representative from each community to resolve the matter. If the Commission fails in resolving the conflict then the matter goes to the Constitutional Court²³.

The Constitutional Court is made up of 9 members: 4 from the Federation, 2 from the Serb Republic, and 3 chosen by the president of the European Court of Human Rights. The Constitutional Court has made many important decisions involving the formation of BiH's

²² Caplan, Richard. "Assessing the Dayton Accord: The Structural Weaknesses of the General Framework Agreement for Peace in Bosnia and Herzegovina." *Diplomacy & Statecraft* 11, no. 2 (July 2000): 219-220. *Academic Search Premier*, EBSCOhost (accessed September 29, 2013).

²³ Caplan, Richard. "Assessing the Dayton Accord: The Structural Weaknesses of the General Framework Agreement for Peace in Bosnia and Herzegovina." *Diplomacy & Statecraft* 11, no. 2 (July 2000): 220. *Academic Search Premier*, EBSCOhost (accessed September 29, 2013).

political institution, especially in the first few years after the war. For example, for a time the Chairperson of the Ministers had two co-chairs and they would rotate much like the presidency until in 2002 when the Constitutional Court declared this practice not in-line with what the Prime Minister, or de facto Prime Minister in this case, should be, and thus unconstitutional.

Bosnia and Herzegovina can be described as a triple-power sharing system. On all levels of government Croats, Serbs, and Bosniaks share equal power. This power sharing involves four features: grand coalitions, mutual veto rights, proportionality, and segmental autonomy. Grand coalitions, or coalitions that include members from all three dominant nations, are required at the entity and state level governments. Mutual rights veto is each constitutional ethnic community has the right to veto a decision by parliament of the state, the entities, and most cantons that may negatively impact their community. Proportional representation is required at the federal and, as of 2002, the entity levels as well. Segmental autonomy is granted by the state to the entities and by the Federation to its cantons with the purpose of giving the different ethnic groups more autonomy. Most of the Federation's cantons are ethnically homogenous so Croats get some autonomy within the cantons in which they form the majority²⁴. The result of this balancing of ethnic rights adds to the complexity of an already overly complex system of government.

Office of the High Representative

One other body that the Dayton Accords created was the Office of the High Representative (OHR). The OHR is the ultimate civilian authority in Bosnia and Herzegovina, responsible for the continued implementation of the Dayton Accords. It plays a unique role in Bosnia and Herzegovina as it is an independent international body largely controlled by the

²⁴ Bieber, Florian, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance*. New York: Palgrave Macmillan, 2006, 43-44.

European Union and the United States who elect the High Representative. This hybrid position is both an international actor and a part of the Bosnian government. More importantly, as all of the High Representatives have been Europeans the OHR has served a dual purpose of first of all upholding the Dayton Accords as well as pushing for reforms, but since 2006 it also has served as a guiding role for BiH to eventually join the EU. For this reason, the OHR is an important actor to keep in mind when analyzing the role of international actors in Bosnia and Herzegovina.

The High Representative has the power to compel the government to comply with the terms of the accords by dismissing elected officials as well as imposing or revoking legislation as he or she sees necessary. The OHR has been very influential on BiH's political development. The High Representative is responsible for many changes in the Bosnian central government including the creation of one state judicial system, one customs service, one intelligence service, and one single defense structure with a new Minister of Defense. There has been plenty of criticism of the OHR as particularly before 2006 it played a very active role in the government, leading many domestic politicians to stick to nationalist rhetoric and not allow for compromise as they knew the High Representative would push the legislation through no matter what²⁵. Since 2006 the role of the OHR has dramatically reduced as it has shifted from supervision to conditionality tied to the prospect of becoming a candidate for accession to the European Union. There has been talk of closing the OHR, but since progress towards becoming a candidate has been slow, for now the OHR remains a presence in BiH²⁶.

²⁵ Belloni, Roberto. "Bosnia: Dayton is Dead! Long Live Dayton!" In *Pathways from Ethnic Conflict: Institutional Redesign in Divided Societies*, by John Coakley, 103. New York: Routledge, 2010.

²⁶ Thorp, Arabella. "Bosnia's Political Structures." UK Parliament (June 2, 2011). Accessed December 15, 2013. <http://www.parliament.uk/business/publications/research/briefing-papers/SN05989/bosnias-political-structures>.

Although the Office of the High Representative may no longer play such a large role today in Bosnian politics, in the past 18 years it has undoubtedly had an impact on Bosnia and Herzegovina's state consolidation. From 1997 to 2013 it made over 900 decrees. It was the international community's main forum for pushing through legislation that was deemed important for BiH's development as well as weeding out the most radical politicians who were deemed to not be in accordance with the Dayton Accords. Yet these interventionist, illiberal means have had longer-term effects. By using illiberal means to promote liberal democracy, this has created a situation where the Bosnian people do not feel fully accountable to the reforms that were pushed through by the High Representative. In addition it has created mistrust of foreign intervention in BiH, making it harder for the international community to get involved, the police reform in the mid-2000s which is explained further in this paper being a prime example²⁷.

Criticism of this Government Structure

There have been many arguments against the way the Dayton Accords set up the new political system of Bosnia and Herzegovina. Richard Caplan describes there being four broad structural weaknesses to these accords. The first is that the way the accords partitioned the country into two entities has made the reintegration process more difficult as de facto segregation has become the norm in the majority of the country. After the war there were efforts made to return refugees to their original homes, but the majority for various reasons never returned. The second weakness is the accords reaffirmed ethnic rather than civic principles of political organization, thus actually encouraging ethnic-based political parties with this focus on protecting ethnic rights. Third, the Dayton Accords emphasized more military peace than civil peace where there is a lack

²⁷ Belloni, Roberto. "Bosnia: Dayton is Dead! Long Live Dayton!" In *Pathways from Ethnic Conflict: Institutional Redesign in Divided Societies*, by John Coakley, 103-104. New York: Routledge, 2010.

of violence rather than actual understanding and forgiveness between different ethnic groups. This has inhibited post-conflict peace building, including the deliverance of justice for all the victims of the war. Finally, the process of economic, social, and political reconstruction was accelerated to the point that Caplan when he wrote in 2000 felt it could backfire and undermine its own objectives. Indeed the expediency of which elections were held after the war gave too little time to diffuse nationalist sentiments and so it is unsurprising that nationalist parties did well²⁸. All of these weaknesses are challenges that domestic reformers and the international community have faced in trying to stimulate BiH's development.

The Dayton Accords was a compromise that made none of the participants truly happy. All sides were forced to settle and so while the violence ended, the animosity that generated the civil war has never been fully addressed. The Serbs wanted to secede, some Croats desired their own autonomous entity, and Bosniaks wanted a fully unified, centralized state, but as these desires were incompatible, none of them got exactly what they wanted. This has created a negative peace where, though there is not wide-spread violence, there is not lasting peace either. Distrust between the major ethnic groups is still a big problem within BiH. That being said, while the Dayton Accords have been an important factor in Bosnia and Herzegovina's development, it most certainly has not been the only shaper. Bosnian politicians, the Bosnian people, and international actors have all had a hand in shaping what constitutes this country today. The Dayton Accords are, however, still vitally important and thus in order to understand BiH's development, one must understand the backbone of this nation's governmental system.

²⁸ Caplan, Richard. "Assessing the Dayton Accord: The Structural Weaknesses of the General Framework Agreement for Peace in Bosnia and Herzegovina." *Diplomacy & Statecraft* 11, no. 2 (July 2000): 222-223. *Academic Search Premier*, EBSCOhost (accessed September 29, 2013).

While initially Bosnia and Herzegovina's development seemed overall positive, as more time went by it became clearer than ever that BiH's core problems still remain unresolved. The biggest problem of them all is that, "it remains a house divided between its citizens, local ethnic entrepreneurs and the international representatives in the region, each with their own different and competing vision of what a 'right' institutional arrangement for Bosnia and Herzegovina should look like."²⁹ While BiH has other crucial problems that must be addressed like its political structure, corruption in the government, and its fragile economy, without cooperation between the different ethnic groups this country will remain stagnant in its political development.

Another problem with the fixation on ethnic politics is that for the national minorities, the people who do not belong to one of three main constituent ethnic groups, the current system is limiting their rights. In BiH, Roma consist of the largest minority besides the three main ethnic groups. Because in the Dayton Accords the political system was set up as to protect the rights of the Croats, Bosniaks, and Serbs, those who are not a part of those groups have been marginalized in the political sphere. This comes from the constitutional definition of Bosnia and Herzegovina primarily as, "a country of its constituent nations, rather than of its citizens irrespective of their national identification"³⁰. For years these minorities were politically almost invisible until 2002 when the High Representative stepped in and imposed constitutional amendments, reserving 7 seats out of 58 in the Federation of Bosnia and Herzegovina's House of Peoples and 4 out of 28 seats in Republika Srpska's Council of Peoples for national minorities³¹. However, national

²⁹ Guzina, Dejan. "Dilemmas of Nation-building and Citizenship in Dayton Bosnia." *National Identities* 9, no. 3 (September 2007): 217-234. *Political Science Complete*, EBSCOhost (accessed September 29, 2013).

³⁰ Guzina, Dejan. "Dilemmas of Nation-building and Citizenship in Dayton Bosnia." *National Identities* 9, no. 3 (September 2007): 227. *Political Science Complete*, EBSCOhost (accessed September 29, 2013).

³¹ Guzina, Dejan. "Dilemmas of Nation-building and Citizenship in Dayton Bosnia." *National Identities* 9, no. 3 (September 2007): 227. *Political Science Complete*, EBSCOhost (accessed September 29, 2013).

minorities still cannot run for President or for the Federal House of Peoples and still are marginalized within society.

In December 2009 the European Court of Human Rights ruled that Bosnia and Herzegovina's constitution violated the European Convention of Human Rights by discriminating against leading members of the Jewish and Roma communities solely based on their ethnicity in a landmark case known as *Sejdic and Finci v. Bosnia and Herzegovina*. In this case the court found the current constitution and electoral laws to be discriminatory and ruled that urgent measures must be taken, but so far no action has been taken. In addition to politics, there is also discrimination in the government's civil service. Because of ethnic quotas many times there are no seats left for any people not belonging to one of the three main ethnic groups³².

For many Bosnian politicians, domestic politics is viewed as a zero-sum game in which the ethnic communities are continuously pitted against each other. Nationalist parties encourage this idea so as to consolidate their power among their own ethnic communities. Bosnians remain suspicious of one another to the point where there are young adults that have never left their corner of the country. Many youth from Banja Luka have been to Serbia, but never have ventured to Sarajevo. In Mostar, where Croats, Bosniaks, and a small population of Serbs once lived together peacefully, it is now segregated into mainly two ethnic populations divided by the river that runs through the city. Croats live on one side and the Bosniaks live on the other. Domestic politics is a very important factor in Bosnia and Herzegovina's political development, but international actors are the focus of this paper.

³² "Second Class Citizens: Discrimination against Roma, Jews, and Other National Minorities in Bosnia and Herzegovina." *Human Rights Watch*, 2012. p.2-3. Accessed March 1, 2014. http://www.hrw.org/sites/default/files/reports/bosnia0412ForUpload_0_0.pdf

Bosnia and Herzegovina has had a difficult 18 years since the end of the Bosnian war. While there have been improvements from the initial political system that was created by the Dayton Accords, there has yet to be any serious constitutional reform. Despite the international community's best intentions and efforts, thus far reforms of the government have been slow in coming and small in scope. This next section will be taking a step back and looking at state consolidation from a broad scope in order to better understand this complex issue.

Ch. 1: Literature Review

Political development as a field has been studied by many scholars from many angles, but state consolidation is an important branch that has received less attention. State consolidation has several aspects. Jeffrey Herbst in his article, “War and the State in Africa” discusses how war has played an historical role in European nations’ state consolidation. Through war states could gather taxes in greater amounts and become more efficient in their functions and encourage nationalism which fosters allegiance to the state. He notes that in Africa states are poor, short of trained manpower, and often fragmented. Bosnia and Herzegovina, while not a third-world nation, has many of these same problems, but to a lesser though still important extent. Herbst argues that it is immensely difficult outside times of crisis to reform elemental parts of the governmental system³³. It is true that Bosnia as a region before 1992 had no history in the modern era of total self-governance and thus has not experienced any wars with other countries. It is also true that a poor taxation and a lack of unified nationalism contribute to the weakness of the Bosnian state, but there are other factors as well.

While war can be a strong factor in causing people to truly identify with the state, another unifier can be rallying people within a nation against the demands of international forces. For Bosnian leaders this could be a valuable technique to unite the country, but the problem remains that many Bosnian Serbs and to a lesser extent Bosnian Croats are still at odds with the idea of a unified Bosnian state. If there were a significant outside threat to Bosnia and Herzegovina’s survival perhaps Bosnians would unify, but just international interference is not enough to unify people in a country where they’re still so at odds with one another.

³³ Herbst, Jeffrey. “War and the State in Africa.” *International Security* 14, no. 4 (Spring 1990): 117-39.

It is clear that the Bosnian-Herzegovinian state lacks legitimacy, an important part of state consolidation. Patrick O'Neil defines legitimacy as, "a value whereby something or someone is recognized and accepted as right and proper."³⁴ In other words, an institution is legitimate when it is widely recognized and accepted by the public. Through legitimacy that institution gains authority and thus power. When people recognize the authority of a government, they are more likely to follow its laws, even when the threat of punishment is slight because it is viewed as the "right thing to do". People with faith in their government are more likely to pay taxes, abide by laws and regulations, and be a politically active and engaged citizen. Today many ethnic nationalists in Bosnia do not claim the Bosnian identity and do not recognize the legitimacy of the federal government. To secessionist Serbs and Croats, only the Bosniaks and the International Community truly want BiH to exist. This means that for many Bosnians, the Serb Republic or their cantonal government is more legitimate than the federal government. How has this lack of legitimacy of the federal government come about? Besides the obvious answer of ethnic nationalism, the OHR and other international actors clearly have effected in the legitimacy of the Bosnian government through their projects and conditions on aid.

Beyond legitimacy, there are other important factors that affect state consolidation. Sovereignty³⁵ plays a vital part in that it "affirms the separate identity of a social unit and suggests that its persistence is not primarily a function of directive action from other institutional spheres."³⁶ From this definition alone it is clear how important autonomy is for BiH to develop as a state. Yet there is a gap between the nation's real sovereignty and its perceived sovereignty.

³⁴ O'Neil, Patrick H. *Essentials of Comparative Politics*. 3rd ed. New York: W. W. Norton & Company, 2009. 35.

³⁵ Van Willigen uses autonomy in place of sovereignty in his article; however for the sake of clarity sovereignty shall be used instead.

³⁶ van Willigen, Niels. "International Administration and Institutional Autonomy in Bosnia and Herzegovina and Kosovo." *East European Politics* 28, no. 4 (December 2012): 432. *Political Science Complete*, EBSCOhost (accessed September 17, 2013).

In terms of the definition provided by van Willigen, Bosnia and Herzegovina has definitely achieved more independence from international control in the last 18 years, but it has yet to become sovereign as it has not achieved complete independence as long as the OHR still exists in BiH. While the Office of the High Representative still exists, its actions have dramatically decreased in number and frequency since 2005. The main issue is that while the international community has begun to draw out of BiH, the domestic government has not stepped in to fill in the gap in leadership. As stated previously, in earlier years when the Office of the Representative was playing a larger role in the country, domestic politicians would be in continuous gridlock, knowing that the High Representative would step in to push through its own version of whatever bill was being debated³⁷. Thus, domestic politicians were allowed to vote along ethnic nationalist lines without having to deal with the consequences. Today the High Representative has only a minimal presence in Bosnian domestic politics and as such the Parliament when it comes to passing important laws has become gridlocked, particularly when it comes to constitutional reform.

The problem is that while BiH's institutional independence has increased, its institutional capacity has not. Van Willigen defines institutional capacity as, "the strength of the institutions or the ability of the institutions to: 'plan and execute policies and to enforce laws cleanly and transparently'" while the World Bank defines it as, "the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such

³⁷ van Willigen, Niels. "International Administration and Institutional Autonomy in Bosnia and Herzegovina and Kosovo." *East European Politics* 28, no. 4 (December 2012): 437. *Political Science Complete*, EBSCOhost (accessed September 17, 2013).

policies.”³⁸ From these two definitions it is clear that Bosnia and Herzegovina’s government, while having a good amount of institutional independence, does not have much institutional capacity. With the government in near-constant gridlock, the government cannot be effective and thus is weak in capacity.

Capacity-building, a component of state-building, has a longer history than most realize, dating back to the colonial era when it was used as an excuse by colonizers to seize control of a particular area in order to “civilize” it. Going into the 1950s, state-building became a part of the Cold War. Development funds were used as a tool to sway countries to one side or the other. In the post-Cold War era, state-building, particularly political development, has taken a new turn when it comes to post-conflict nations. Organizations like the UN have moved beyond just disarmament and setting up basic infrastructure for a new government. New issues like capacity-building and developing the programs that provide basic services for citizens have become more important³⁹. However, while development as a whole has been much written about, long-term political development has not received as much attention as more immediate concerns like reconstruction or economic development. Western-based international actors clearly have a long history of capacity-building, continuing to the present with the international community’s involvement in Bosnia and Herzegovina.

O’Neill describes capacity more tangibly as something where citizens feel secure and safe in their nation, the legislature is able to pass laws at an appropriate pace, schools and roads

³⁸ van Willigen, Niels. "International Administration and Institutional Autonomy in Bosnia and Herzegovina and Kosovo." *East European Politics* 28, no. 4 (December 2012): 434. *Political Science Complete*, EBSCOhost (accessed September 17, 2013).

³⁹ Roberts, David. "Post-conflict Statebuilding and State Legitimacy: From Negative to Positive Peace?" *Development & Change* 39, no. 4 (July 2008): 539-40. *Political Science Complete*, EBSCOhost (accessed September 22, 2013).

are built, and those who break the law are punished.⁴⁰ Yet, how the international community can increase the capacity of a nation is the billion-dollar question. One way the international community tries to increase a state's capacity is by using 'lending conditionality'. This involves putting conditions on aid, like having certain percentages of it go to particular government programming like health care for children. The conditions could also pressure the government to implement reforms in areas it is funding. This tactic is contentious because it has had varied success, with results differing in different countries, and because it can seem neo-imperialist in intention depending on what the conditions are.⁴¹

In Bosnia and Herzegovina, the Office of the High Representative is an unusual, location-specific method which the international community has used to promote state capacity. The OHR was used to ensure the stability of the Dayton Accords in the first few years. More importantly, it also increased state capacity by intervening directly in Bosnian politics when it felt was necessary⁴². While this direct method can indeed increase state capacity, it also can interfere with a state's sovereignty and make the citizens of that nation feel less connected to their government. In essence, under the OHR Bosnia and Herzegovina has been a protectorate, a state under partial or full international administration. Van Willigen argues one way to deal with this issue of lack of sovereignty is to gradually transfer government functions from the international level to the domestic level⁴³. As the number of interventions declines, paralleling the OHR backing off from Bosnian politics starting from 2005, the state's autonomy increases.

⁴⁰ O'Neil, Patrick H. *Essentials of Comparative Politics*. 3rd ed. New York: W. W. Norton & Company, 2009. 40.

⁴¹ Roberts, David. "Post-conflict Statebuilding and State Legitimacy: From Negative to Positive Peace?" *Development & Change* 39, no. 4 (July 2008): 548. *Political Science Complete*, EBSCOhost (accessed September 22, 2013).

⁴² Belloni, Roberto. "Bosnia: Dayton is Dead! Long Live Dayton!" In *Pathways from Ethnic Conflict: Institutional Redesign in Divided Societies*, by John Coakley, 103. New York: Routledge, 2010.

⁴³ van Willigen, Niels. "International Administration and Institutional Autonomy in Bosnia and Herzegovina and Kosovo." *East European Politics* 28, no. 4 (December 2012): 433. *Political Science Complete*, EBSCOhost (accessed September 17, 2013).

Today the OHR is barely involved, but as long as it still exists Bosnia and Herzegovina cannot be called a fully sovereign nation as the potential for an OHR intervention is always looming.

Van Willigen offers another method international actors can use to intervene in order to increase the capacity of a weak state. As institutions are a critical component of any government, the international community can make a deal with the government, or directly intervene when the state is a protectorate like BiH, to create, develop, and/or reform institutions which are considered to be the most important in stabilizing and improving the post-conflict nation. One example of this is the OHR and European Commission creating the Police Restructuring Commission in order to reform BiH's police force. The reform of the police force was vitally important because it was known for being corrupt and ethnically biased. However, the Commission had mixed success, not achieving all the reforms it wanted due to push back from Bosnian politicians. One other method of improving institutions is offering training services for the civil service.⁴⁴

Shahar Hameiri defines state capacity as it used by the most predominant international actors as, "...rather than being an objective and technical measure of performance that can be 'built', [it] essentially constitutes a political and ideological mechanism for operationalizing projects of state transnationalism."⁴⁵ He argues capacity building is used to pressure domestic governments to use a particular set of social and political relationships and institutional arrangements that are supportive of these relations. In particular, this pressure is used to implement neoliberal economic and liberal political policies.

⁴⁴ van Willigen, Niels. "International Administration and Institutional Autonomy in Bosnia and Herzegovina and Kosovo." *East European Politics* 28, no. 4 (December 2012): 434. *Political Science Complete*, EBSCOhost (accessed September 17, 2013).

⁴⁵ Hameiri, Shahar. "Capacity and its Fallacies: International State Building as State Transformation." *Millennium (03058298)* 38, no. 1 (August 2009): 57. *Political Science Complete*, EBSCOhost (accessed September 22, 2013).

This critique is powerful especially when considering the neoliberal reforms that came with the package of the Dayton Accords that included mandates for privatization of many industries the government owned (left over from when it had been a part of the Communist Yugoslavia) and the creation of an open-market economy⁴⁶. While BiH is under the umbrella of European nations that have more Social Democratic political cultures, it is not immune to neoliberal policies. Tuzla is a famous case where the privatization of factories led to a loss of jobs which has led to this town's high unemployment even 18 years later, but Tuzla is representative of the bigger woes of Bosnia and Herzegovina: namely a lack of jobs that has led many Bosnians to leave the country in search of work.

Hameiri also argues that state-building programs have been very difficult to implement and often have not achieved the expected development milestones or alleviation of violent conflict in many fragile or failed states. Indeed, in many nations capacity-building programs have failed. Hameiri argues that one reason for these failures is that instead of establishing a formula for governance as international actors said they will, instead they often end up relying on stopgap measures to put out spot-fires where they emerge such as focusing on the reform of a particularly egregious ministry within the government rather than. In many cases these measures may actually hinder sustainable political development⁴⁷. Short-term measures have been used in many countries including Bosnia and Herzegovina as they solve immediate problem and are easier to produce tangible results while longer-term measures have been used less as they are not as urgent nor as they as easily quantifiable. This argument for the case of BiH, based on preliminary evidence may be a contributing factor to this nation's lack of political development.

⁴⁶ Mirascic, Goran. "Current Economic Situation in Bosnia and Herzegovina." *Journal of International & Global Studies* 3, no. 1 (November 2011): 33. *Academic Search Premier*, EBSCOhost (accessed September 17, 2013).

⁴⁷ Hameiri, Shahar. "Capacity and its Fallacies: International State Building as State Transformation." *Millennium (03058298)* 38, no. 1 (August 2009): 56. *Political Science Complete*, EBSCOhost (accessed September 22, 2013).

For many international actors the Organization for Economic Coordination and Development (OECD) is held up as the standard for Western ideals of development which is defined as a liberal constitutional democracy based on an industrialized or post-industrialized market economy. David Roberts, a researcher on post-conflict transition, argues against the liberal democracy norms stating, "One of the weakest but most important links in state-building is the creation of a stable domestic environment in countries emerging from wars."⁴⁸ While the military and other disciplinary arms of the state need to function, it should not distract from the importance of stabilizing the relationship between the state and its larger society. One way of doing this is by connecting them through provision of essential social services⁴⁹. Another important point to develop is citizenship. When people feel loyalty to a federal state then they recognize the legitimacy of it and will be more likely to actively participate in it. This sense of citizenship comes from a number of things: shared history and experiences, shared culture, and shared language and ethnic identity are just a few potential sources.

Another expert, Kalu, argues that when international actors fail at developing a nation it does not necessarily result in a failed state, but an inadequate product of failed institutions. The building up of capable institutions is a vital part of state-building and political development and in order for those institutions to be credible, people must believe themselves to be citizens of that system. Citizenship connects people to their government and thus becomes, "an ordering device

⁴⁸ Roberts, David. "Post-conflict Statebuilding and State Legitimacy: From Negative to Positive Peace?" p. 552. *Political Science Complete*, EBSCOhost (accessed September 22, 2013).

⁴⁹ Roberts, David. "Post-conflict Statebuilding and State Legitimacy: From Negative to Positive Peace?" p. 552. *Political Science Complete*, EBSCOhost (accessed September 22, 2013).

that defines the scope and boundaries of what is or is not permissible in the larger community.”⁵⁰
 Through the norms that citizenship creates, a healthy civic culture can then be promoted.

For Bosnia and Herzegovina, reconciliation and political development need to go hand-in-hand. It is impossible to have a healthy democracy in this nation unless the different ethnic groups come to some agreement to live together under a unified state. In this matter NGOs, both domestic and international, have played an important part in developing programs at the local level to promote reconciliation, even if it is indirectly. Dejan Guzina, a scholar of nation-building in BiH, remarks on how Bosnia has been an experimental ground for all kinds of techniques dealing with inter-ethnic conflict ranging from efforts at partition to multicultural integration. Guzina argues that the international community has tried to implement liberal solutions to BiH, but at the same time de facto segregation, the imposition of majority culture customs and lifestyles, the denial of civic and political rights to minorities, and so on remain in full force. Crucially, he argues, while international actors try to keep to their liberal development agenda, for better or for worse in the long run they must cooperate with local leaders who have different policy ideas⁵¹.

International Actors have played an exceptionally large role in Bosnia and Herzegovina’s state consolidation, ranging from the development and signing of the Dayton Accords to the massive amount of funding and number of programs that were dedicated to the country once the war ended. BiH’s situation differs from much of the post-conflict literature discussed previously because it is not a nation just emerging from a conflict; it is by now an 18-year-old nation. Thus

⁵⁰ Kalu, Kalu N. "Institution-building, Not Nation-building: a Structural-Functional Model." *International Review of Administrative Sciences* 77, no. 1 (March 2011): 133-34. *Political Science Complete*, EBSCOhost (accessed September 22, 2013).

⁵¹ Guzina, Dejan. "Dilemmas of Nation-building and Citizenship in Dayton Bosnia." *National Identities* 9, no. 3 (September 2007): 230-31. *Political Science Complete*, EBSCOhost (accessed September 29, 2013).

issues of political development must be addressed in the long-term. To that end some scholars have hypothesized about what should be focused for BiH's long-term development. On this topic, Eric Martin has argued that cross-sectoral trust and legitimacy should be built up, institutions strengthened, self-regulation introduced, operationalizing civil society building, and encouraging ownership should all be focused on more by both international and domestic actors in BiH⁵². When analyzing how international actors have promoted capacity-building, these ideas are useful to quantify specific areas of state consolidation and make it easier to understand.

One area of political development that is not discussed as often is the role of civil society. While civil society may not have a great impact on Bosnia's state consolidation, it is an important part of the development of the state as a whole. Building up the civil society gets citizens more engaged both locally and with their governments. In addition civil society makes up an important part of the peace-building process which is absolutely vital to any long-term solution for BiH to thrive. In this nation, it is more common for Bosnian Serbs and Bosnian Croats to identify as Serb or Croat than as a Bosnian. These ethnic identities for many Bosnians very much impacts their lives as de facto segregation is widespread⁵³.

Non-Governmental Actors such as Amnesty International are unique in that they have no default ethnic ties. They are suited to incorporate Bosnians of all backgrounds into their programs and to promote reconciliation as an important step to state consolidation. There has been some improvement in ethnic relations, but without reconciliation, ethnic politics will continue to dominate Bosnian politics, thus bogging down the nation's ability to grow and

⁵² Martin, Eric C. "Nation Building in Bosnia and Herzegovina: Cooperation, Coordination and Collaboration." *South East European Journal of Economics & Business (1840118X)* 2, no. 2 (November 2007): 7-22. *Business Source Premier*, EBSCOhost (accessed September 22, 2013).

⁵³ Clark, Janine Natalya. "Missing Persons, Reconciliation and the View from Below: A Case Study of Bosnia-Herzegovina." *Journal of Southeast European & Black Sea Studies* 10, no. 4 (December 2010): 426. *Academic Search Premier*, EBSCOhost (accessed June 26, 2013).

change. Unfortunately, NGOs in BiH are often very small and under-funded with many of them completely reliant on foreign aid as there are few sources of income for them within the state and due to their foreign funding, many Bosnians distrust them. Thus, at this moment, domestic NGOs have proven thus far to be ineffectual at promoting any large-scale change⁵⁴.

For this thesis a number of variables will be looked at in order to judge why the international community's involvement in Bosnia and Herzegovina has not succeeded in creating a stronger federal government despite how much money, time, and effort has been pumped into it for the last 18 years. The dependent variable will be state consolidation. The independent variables are institutional capacity in regards to public services like education, health care, and provision of goods and services, legitimacy of the federal government, and economic development.

There are many other variables present when it comes to determining why BiH as a state has not been successfully consolidated and made effective including nationalism and the nationalist domestic parties currently dominating the political sphere, corruption in the government, and more, but those topics have had more scholarship which is why this paper is focused on the realm of international actors. The Office of the High Representative and the role of the international community in directly influencing the governance of this nation played a hugely important role in Bosnia and Herzegovina's post-conflict political development. A whole separate paper could be written just on that topic which is why I am choosing to focus on the variables of international projects and conditionality.

⁵⁴ McMahan, Patrice. "International NGOs and Peacebuilding." *Conference Papers -- International Studies Association* (2010 Annual Meeting 2010): 1. *Political Science Complete*, EBSCOhost (accessed December 17, 2013).

To that end I have two hypotheses. My first hypothesis is this: the international community, while it has largely succeeded in reconstructing much of Bosnia and Herzegovina, has failed in creating an effective federal state because the projects that were created and funded by various International Governmental Organizations (IGOs) and nation-states have been ineffective because there has not been enough projects focused on the core of BiH's problems: ethnic tension and an inefficient government. My second hypothesis is that the international community's conditionality that comes with aid and the conditions that are part of the process of accession into the EU have been ineffective as catalysts for real reforms and change because of the difficulty of changing a political system and because there is not a consensus within Bosnia and Herzegovina to make these changes.

Chapter 2: Evidence

Reconstruction and development for Europeans and other Western countries like the US was a matter of pride as BiH was the first real war and genocide in Europe after WWII. Though genocide has happened all over the world, for the Western world Bosnia and Herzegovina was an exceptional case because it happened in their backyard and they watched it happen on their TVs, exposing them to the horrors in a new way. To that end a disproportionate amount of aid was funneled into BiH's development when compared to other post-conflict states. From 1996 to 2007 alone some \$14 billion⁵⁵ in foreign assistance flooded into the nation of less than 4 million people amounting to about \$300 per person per year. From 1991-2013 the EU alone gave over 3.2 billion Euros in aid to Bosnia and Herzegovina. While at first large amounts of aid were poured into the country, as time progressed interest waned in the country, but did not completely dissipate. Aid money began to dry up, but international actors like the US government and the EU have remained active in development projects.

Today, the largest donor in BiH is the European Union (EU). Other key multilateral donors include the European Bank for Reconstruction and Development (EBRD), the European Investment Bank, the World Bank, and the United Nations agencies. Other main bilateral donors include the United States, Sweden, Germany, Italy, Switzerland, Norway, and Japan, but there remain still many other actors and organizations involved in Bosnia and Herzegovina. The international aid sector in BiH thus remains complex with so many actors involved in its development.

⁵⁵ The numbers for this amount vary considerably as it is difficult to track the money from so many different sources and BiH has not kept consistent records on the aid money it has been given. For example, USAID estimates the total amount from 1996-2012 to be closer to \$8 billion.

I. Methodology

USAID is a wing of the US government used for giving international aid while EuropeAid is the EU's equivalent organization. The US along with the EU are two of the top aid-givers in the world and as such are very influential in the international development arena. For this reason and due to time constraints these two organizations were chosen to be the focus of my research, though there are many other nation-states, international governmental organizations (IGOs) like the UN, and non-governmental organizations involved in Bosnia and Herzegovina's development as a whole. It is true that individual nations, IGOs, and NGOs all have played important roles in BiH.

In order to investigate how international actors have indeed affected BiH's political development I researched what projects these organizations have funded throughout the years in Bosnia and Herzegovina. To that end my primary sources were the official websites for USAID, EuropeAid, and the Delegation of the EU to BiH though some data was gathered via official e-mail correspondence with an EU employee. I recognize that in the case of government agencies, the data procured via this method may not be completely unbiased, particularly in reporting results of these projects, but even in NGOs there can always be some bias as aid organizations must put forward a good face for donators.

Unfortunately, my data for USAID is incomplete as the information available on USAID's website was incomplete. The data gathered from this organization spans only as far back as 2009, detailing only current USAID projects. For future research with additional time this gap in research would be filled in, but due to time constraints that is not possible at this time. In addition, only projects related to political development and state consolidation have been

included in this research. There are many other projects that might have some tangential effect on the political sphere like economic projects, but as they are not directly related they will not be included.

The biggest problem faced in this research was a lack of available information. While gathering data I noted that the data I was gathering from the EU was most often just summaries of the projects with few details as to actual implementation, results, and effectiveness. USAID, on the other hand, does have information available about implementation and results, but as most of the projects it has listed online are current projects, the results are only projected. Neither USAID nor the EU has reports easily found online on the effectiveness of their past projects. In the course of my research I found one report which was written by the EU on their EAP Project which ran from 1995-1998, over 15 years ago and a few other reports by USAID found on independent website. Finally, because of the vagueness of much of the data I gathered, the wording for portions of these results is also, unfortunately, rather vague as well. With more data this could be rectified, but due to time constraints that must be left to future research.

II. USAID

The United States has been involved in Bosnia and Herzegovina since even before the end of the war in the country. The US first played an important role in NATO which aided the Bosniaks in fighting the Serbs using surveillance drones and missile strikes. Then the US was a major player in the formation of the Dayton Accords, the accords being named after where they were signed in Dayton, Ohio. Since then the US has remained involved in country in various ways spanning across all sectors. Today, USAID has two main stated goals: improved democracy and governance, thus creating more functional and accountable institutions and actors that meet citizens' needs, and economic growth.

While information for specific projects for USAID is incomplete, there is more general information available about some projects USAID has completed in the past. In terms of rule of law, USAID assisted BiH policymakers with the adoption and implementation of the Law on Freedom of Information, a law in which any citizen can fill out a form to request information from the government and it must be answered in a timely fashion, though that is not always the case. This law has the potential to increase the legitimacy of the government if information about it is spread so that it is more widely used and responses to requests are answered more promptly, but at this time it is not.

USAID and the US Government also assisted in the creation of the High Judicial and Prosecutorial Council which acts as a unified oversight of judges, prosecutors, and court administration; they also helped with the process of reappointing judges, prosecutors, and strengthening the council secretariat. USAID also has helped 32 courts in BiH to implement court improvement plans which included remodeled courthouses and buying audio equipment to

record hearings. These judicial reforms are an important step towards improving institutional capacity and legitimacy, but as will be discussed later, BiH still has a ways to go.

One important project for improving government goods and services that USAID completed in the past with collaboration from the Swedish and Dutch governments was the Governance Accountability Project which helped local governments to create One-Stop Shops which help them provide better services to their citizens by creating one location in an area for citizens to access goods and services of the government that they need. Where these One-Stop Shops have been successfully implemented, there have been reduced waiting times, increased efficiency, and improved transparency, thus burgeoning BiH's capacity.

USAID has also been involved in supporting Bosnian and international NGOs in order to help develop BiH. From 1999-2004 USAID had a program known as Democracy Network (Demnet) which supported Bosnian NGOs to improve their supervisory skills and to become better service providers. By the time the program ended in 2004, \$7.6 million dollars had been spent to assist over 130 NGOs with grants, training, and technical assistance. While these NGOs have not improved BiH's state consolidation, there are many NGOs that deal with youth engagement and political engagement like KULT. KULT works on political and peacebuilding education of youth to enable them to become active and engaged members of their communities. As well as training young people, this organization builds strong partnerships with local authorities and the wider community to ensure the long-term sustainability of their projects. Thus indirectly NGOs can be a powerful force for encouraging citizens to get more politically engaged or even run for office. These people may then spark positive change in the government.

Today USAID has two main programs dealing with BiH's civil society: the Civic Advocacy Partnership Program (CAPP) which works directly with Bosnian NGOs and the NGO Sector Sustainability Program. Through USAID's aid two Bosnian NGOs in particular, the Center for Civic Initiatives (CCI) and the Civil Society Promotion Center (CPCD) are considered to be the best NGOs in the country by most major international donors⁵⁶. CCI is focused on improving the democratic process through monitoring and analyzing the performance of government institutions as well as providing training to other civic groups and NGOs and working to improve citizen participation in government. CPCD much like its name suggests is focused on promoting Bosnia's civil society, working directly with other NGOs to aid them and help them improve.

An independent report of civil society programs from 2008 found that overall NGOs in BiH are still mostly small organizations working on a project to project basis. This report recommends that Bosnian NGOs need to establish better networks to improve effectiveness of campaigns as well as strengthen movements, government officials at all levels need to be educated about NGOs so they can work better together, more projects need to address problems at the state level, not just local, and there needs to be more "second generation advocacy", that is advocates for social and political issues that are Bosnians⁵⁷.

Two American NGOs that USAID has directly supported that have state consolidation programs in BiH are the National Democratic Institute (NDI) and the International Republican Institute (IRI). The NDI has worked in Bosnia and Herzegovina since 1997. This organization's

⁵⁶ *Evaluation of Civil Society Programs in Bosnia and Herzegovina: Final report*. Washington, DC: Management Systems International. 2008. p. 7. Accessed April 5, 2014.
http://www.ecnl.org.hu/dindocuments/204_Bosnia%20Civil%20Society%20Report%2007-04-08%20%20FINAL.pdf.

⁵⁷ *Evaluation of Civil Society Programs in Bosnia and Herzegovina: Final report*. Washington, DC: Management Systems International. 2008. p. 8-10. Accessed April 5, 2014.
http://www.ecnl.org.hu/dindocuments/204_Bosnia%20Civil%20Society%20Report%2007-04-08%20%20FINAL.pdf.

focus is supporting political reform at the highest-levels and at the grassroots level. To that end NDI has had three main programs. The Democratic Initiative for Europe is an ethnically and politically diverse group of elected officials who draw on civil society expertise to propose legislation of election reform, whistleblowing, and other anti-corruption issues. NDI also uses public opinion research to help political parties target the issues that citizens at the local level care about including social services, education, health care, and agriculture. Finally, NDI organized debates for mayoral candidates prior to the 2012 elections⁵⁸.

The International Republican Institute is the other main American NGO that USAID supports which focuses on the political development of BiH. IRI works in three main areas: supporting democratic reform and accountability within political parties, assisting local communities and civil society in improving advocacy efforts by regular citizens using lobbying tactics directed at decision makers in political parties, and fostering the inclusion of women and youth in the political process. More specifically, IRI partners with local governments in order to strengthen government institutions so they can better deliver goods and services and construct better outreach strategies to engage citizens from various ethnic and political backgrounds. IRI is also organizing a series of workshops on democratic governance practices for mayors and councilors with the aim to promote, “accountability, transparency, efficiency and responsiveness.”⁵⁹

In order to address the complacency of BiH’s political parties which under the current system have little incentive to pass reforms, IRI also promotes independent, non-party individuals and civic organizations that can present sound policy proposals, communicate them

⁵⁸ National Democratic Institute. “Bosnia and Herzegovina.” Accessed March 10, 2014. <https://www.ndi.org/bosnia>

⁵⁹ International Republican Institute. “Bosnia and Herzegovina.” Accessed March 10, 2014. <http://www.iri.org/countries-and-programs/europe/bosnia-and-herzegovina>.

to the public, and organize citizens to encourage parties to embrace these policies. Thus IRI works from both inside and outside the political system and the political parties in order to encourage political reform. IRI also has a strong commitment to improving women's political participation. Currently politics in BiH is a male-dominated institution and Bosnian society reflects traditional gender stereotypes of women as mothers and wives. Only 17% of elected officials are women. IRI has partnered with the Women's Democracy Network, a Bosnian NGO, which empowers women in politics and provides networks and programing for them to prepare for careers as political leaders. It also works directly with female politicians in order to create strong women's organizations within political parties⁶⁰.

One Bosnian organization USAID has directly supported is the Center for Civic Initiatives which organized two elections that allowed parents to elect primary school principals in Tuzla and Kalesij, the first elections of this kind. CCI also leads other programs aimed at increasing the accountability of the BiH government and politicians. Another aspect of politics USAID is focused on is improving bottom-up communication within political parties, increasing outreach and transparency, and improving focus on real issues through public opinion research. Plus, USAID has also provided training of all election administrators and provided up to 5,000 domestic observers in various elections. Finally, USAID helped Bosnia and Herzegovina's State and Entity parliaments to increase efficiency of caucuses and committees through improving rules of procedures. In addition, with USAID support, parliaments increased their capacity to reach out to constituents by organizing open-day events and public hearings, and introduced an internship program.

⁶⁰ International Republican Institute. "Bosnia and Herzegovina." Accessed March 10, 2014. <http://www.iri.org/countries-and-programs/europe/bosnia-and-herzegovina>.

In terms of economic development, USAID's main objective is, "a competitive, market-oriented economy providing better economic opportunities for all its citizens."⁶¹ More specifically, USAID seeks to improve economic opportunities and to promote a more business-friendly environment by supporting efforts to increase competitiveness and productivity, attract investment, and make economic policy reforms. The sectors USAID is targeting most are: agriculture, wood products, tourism, and light manufacturing. Overall, USAID also has programming targeted at reducing or eliminating barriers for businesses to be established or thrive, establishing a more transparent tax system, creating a reliable energy regulatory environment, and promoting transparent banking, investment, and insurance policies.

USAID Projects

USAID has 6 current or recent projects promoting institutional capacity and legitimacy, 4 projects promoting reconciliation, 2 projects promoting community development, 8 projects promoting economic development, 1 project focusing on human rights and 1 project focusing on independent media for a total of 22 projects. The total value of these 22 projects is \$156,151,596.00, with most of the funding coming from USAID, but also some additional funds from partnerships with other organizations and governments. Below are summaries of the strategies USAID is using with its current projects (ranging from 2009-present), grouped by relevant theme.

Institutional Capacity and Legitimacy:

- Political Processes Support Program: Training members of political parties and supporting pluralism in political parties and civil society based on policies that address economic and social issues rather than ethnicity.

⁶¹ USAID. "Bosnia and Herzegovina: Economic Growth." March 6, 2014. Accessed March 10, 2014. <http://www.usaid.gov/bosnia/economic-growth>

- **Anti-Corruption Civic Organizations' Unified Network (ACCOUNT):** Working with civil society, media, and other anti-corruption stakeholders to create a unified anti-corruption network, develop new anti-corruption legislation and policies, and to create widely known and safe avenues for reporting on corruption.
- **Civil Society Sustainability Project:** Developing BiH's civil society by partnering with 10-12 NGOs so they can create better ties with the government and other key stake-holders so as to improve civic engagement in policy development, implementation, and oversight.
- **Engaging Civil Society in Constitutional Reform:** Working with civil society leaders, grassroots activists, NGOs, and key stakeholders to help them develop a citizen-driven movement for BiH constitutional reform to address ethnic division. This has included training 15 local civil society groups.
- **Strengthening Governing Institutions and Processes in Bosnia and Herzegovina:** Strengthening the capacity of the country's governing institutions to adopt, implement, and account for more effective policies, laws, and budgets that address critical EU accession related issues. This has been done through hands-on technical assistance with members of government including the executive branch and will also include increasing government ties with civil society and the BiH policy community.

There are four main components to this program: improving policy development; improving budget preparation, review, adoption and implementation; strengthening systems of public accountability and transparency; and enhancing the role and capacity of women in government.

- **Justice Sector Development:** Building an effective and credible judiciary in BiH by strengthening the independence, accountability, and effectiveness of its judicial institution and by partnering with the High Judicial and Prosecutorial Council (HJPC), the Ministry of Justice (MOJ), courts, and prosecutors' offices.

Percentage of Total Aid: 18% (~\$28.49 million)

Community Development:

- **Strengthening Accountability of Women and Young Political Leaders:** Increasing the engagement of women and youth in political processes by increasing their knowledge of politics, and providing them with opportunities to engage in the public and political life of BiH. This has been and will continue to be done through cross-party seminars and workshops on EU accession, economic and social development, international relations, leadership, and management.
- **Peacing the Future Together (Youthbanks):** Supporting BiH youth in community development activities including hands-on opportunities to build project management skills working on youth-led community service initiatives including refurbishing a kindergarten playground.

Percentage of Total Aid: 2% (~\$3.13 million)

Reconciliation:

- **Trust-Understanding-Responsibility for the Future:** Providing opportunities for leaders and citizens of BiH to challenge and transform their own beliefs about one another, and then start transforming their communities. This includes trainings, peace camps, speaking-out events, cultural events, small grants, and community initiatives targeting 30 municipalities- 15 pairs of communities that have been divided along ethnic lines. This project will also engage Bosnian leaders so that they might serve as role models for citizens.

- **Peace Education on Location:** Promoting inter-ethnic reconciliation by supporting joint activities for youth of different ethnic, political, and religious backgrounds to help citizens understand and accept ethno-religious differences that present an impediment to lasting peace, reconciliation, and development in BiH. This will include the development and testing of an education training package that local community leaders and representatives of centers and networks that deal with war crime sites and victims in both entities will help to develop and implement.

- **Education for a Just Society:** Changing the educational system in BiH to reflect a vision of a society that promotes peace and reconciliation, and encourages all BiH children to envision and build their future, including the revision of curricular materials, integrated settings, and alternative pedagogical methods. This program will involve school principals and teachers from 18 communities participating in intensive training and mentoring. In addition, the teachers and 30 trainers will develop model plans that promote social justice and cohesion which will be posted on the Open Curriculum webpage where students from different backgrounds can exchange and provide peer review and feedback for each other's work, allowing for a potential breakdown of stereotypes and barriers.

- **Choosing Peace Together:** Creating a more positive attitude toward reconciliation at the grassroots level through education and psychosocial services by working with victims associations throughout BiH, the project reaches people already self-identified as being traumatized by the war, who have not managed to find closure on their own with a special emphasis placed on BiH youth because the post-war generation often feels responsible for the suffering of its parents, and for this reason may be even more opposed to reconciliation efforts. This program included speak-outs and trainings and helped to establish the Network for Building Peace, a network of over 100 local and international organizations to support reconciliation.

Percentage of Total Aid: 5% (~\$7.29 million)

Economic Development:

- **Fostering Agricultural Markets Activity (FARMA):** Helping BiH expand its economy and prepare for accession to the EU through technical assistance and training that improves the competitiveness of BiH agricultural producers and businesses.
- **Fostering Interventions for Rapid Market Advancement (FIRMA):** Supporting sustainable economic growth, employment expansion, and increased household incomes in BiH by helping companies better compete in international markets by supporting joint exhibitions at top trade fairs and establishing producer sales agencies in the US and UK. FIRMA has supported over 500 companies.
- **Development Credit Authority Loan Portfolio Guarantee:** Mobilizing private capital to finance development initiatives in BiH and demonstrating the economic viability of such investments to the local banking sector.
- **Enterprise Energy Efficiency (3E):** Promoting and expanding the use of clean, safe, and affordable energy efficiency technology in BiH through 17+ pilot projects in buildings.
- **Growth-Oriented Local Development (GOLD):** Assisting local communities in achieving their economic growth and development goals through local economic development planning, engaging stakeholders to improve public service delivery and business enabling reforms, promoting new direct investment, etc.
- **Partnership for Innovation:** Supporting the creation and operation of Business Innovation Centers (BICs) in four BiH cities -- Banja Luka, Tuzla, Mostar, and Sarajevo – as sustainable service providers that will continue strengthening local information and communication technologies (ICTs) capacity after the end of the project.
- **Solar Energy as the Future of Sustainable Development:** Bringing together producers and users of solar energy collectors in BiH, this program provides 20 small and medium-sized enterprises (SMEs) with access to finance and technical assistance to develop sustainable production of solar collectors.
- **Student Entrepreneurship:** Developing student entrepreneurship and civic participation in BiH by partnering with three BiH universities in Sarajevo, Mostar, and Banja Luka. In each location, this project provides assistance through practical “schools of entrepreneurship” led by experts and entrepreneurs who share their knowledge with students wanting to start their own businesses through workshops and practical education modules.

Percentage of Total Aid: 71% (~\$111.23 million)

Human Rights:

- **It's About Ability:** Campaigning to change public perception about children living with disabilities so that they are included in all aspects of society in BiH. This includes a media campaign and public relations events.

Percentage of Total Aid: .2% (~\$340,000.00)

Independent Media:

- **Strengthening Independent Media:** Promoting complete, unbiased news coverage through traditional and alternative media.

Percentage of Total Aid: 4% (~\$5.7 million)

USAID Results

Overall, USAID has given over \$1.6 billion in aid to BiH since 1996. In terms of economic development, USAID reports a number of accomplishments during the 18 years it has worked in this country⁶². These include providing 600 loans worth \$162 million to help businesses restart operations and employ more than 16,000 citizens, connecting 600 companies in the wood and metal processing and tourism sectors to new international markets thus creating an estimated 2900 new jobs, and guaranteeing 247 loans worth \$47.5 million dollars, helping to create or sustain an estimated 4400 jobs.

USAID also reports having assisted more than 500 small farmer and agri-business groups with more than 18,000 beneficiaries across BiH to expand production, improve quality, and access new markets. Because Bosnia and Herzegovina has no Ministry of Agriculture, USAID helped create and implement standards for Bosnian farmers to overcome some constraints for the export of food to the EU; Bosnian fish and honey now can be exported and milk and potatoes are

⁶² This is another section where due to information available, the following information is unfortunately worded rather vaguely and may be biased as it was gathered from USAID.

expected to become eligible soon. USAID also has provided almost \$9 million in grants to microcredit organizations for loans for more than 5500 small farmers.

In terms of creating a better business environment, USAID reports to have reduced the time to obtain a construction permit from 260 days to less than 60, though it does not specify exactly how. It also reports to have introduced some tax reforms, likely by working with domestic politicians and civil society, increasing revenue collection by 15% and the number of registered taxpayers by 12%. Finally, USAID helped BiH establish the state-level Deposit Insurance agency which has substantially increased deposits in commercial banks.

In terms of increasing state capacity, USAID reports work done on judicial reform including updating court procedures so case only takes half the time to resolve, reducing the backlog of the Constitutional Court by 75%, and creating a Justice Network of 64 civil society and legal professional groups, partnering with government, and advocating for legal reforms. USAID also introduced the use of audio equipment to record hearings to increase transparency and accuracy.

USAID also reports working on increasing government accountability. This includes the previously mentioned Freedom of Information law, but also assistance with the passing of a law on registering non-governmental organizations and a whistleblower protection law, though again it does not specify exactly how. USAID also has assisted over 100 organizations to better monitor government performance and advocate for policy changes, such as its work with its Anti-Corruption Civic Organizations' Unified Network project, as well as created the first Women's Caucus in the Balkans through its work with female politicians.

Less directly related to state consolidation, but still of indirect vital importance, USAID has worked on promoting tolerance between ethnic groups, as demonstrated by the above-detailed projects including Trust-Understanding-Responsibility for the Future, Peace Education on location, and Education for a Just Society. To that end it has created and integrated violence prevention curriculum into mainstream education, facilitated conflict resolution among youth in 31 ethnically mixed communities through over 784 community development projects, and worked with 120 victim organizations to provide psycho-social support to survivors and organize 100 speaking-out events.

Effectiveness of USAID

Effectiveness in international aid is a difficult thing to quantify, but it is doable. To that end I have picked a few variables including: efficiency, domestic involvement, accountability, transparency, and measurable results. Not all of the other criteria can be answered fully either, but that will speak to the criteria of transparency. These variables were chosen from The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action⁶³. While there are other variables these were chosen as they were the best ones for the purposes of this paper.

Efficiency is defined as getting the most results for the least amount of money. In other words, it measures how the money is being spent and how much positive development is coming from these projects. Domestic involvement measures how involved domestic actors are in the projects funded by these organizations. When domestic actors are more invested in a project, it is made more legitimate and may be more successful. Accountability measures how both donors and partner countries and actors are accountable for their results. Transparency measures how

⁶³ Organization for Economic Cooperation and Development. "The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action." <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>.

easily information on the organization and its projects are found as well as how much information is available. Finally, measurable results look at the final results of these projects and what they have accomplished⁶⁴.

Efficiency is important in any organization in the world. It is getting the most bang for one's buck, which especially important when it comes to foreign aid. While there is a lack of information overall on USAID's efficiency there is one notable case of inefficiency. While USAID has its Anti-Corruption Civic Organizations' Unified Network, the EU has its Legal Anti-Corruption Network (LACON). This is a clear case of project overlap where, while LACON does some extra things like analyzing and proposing legislation, there is no need for there to be two separate anti-corruption networks when it would be better to have one merged network.

Another important variable in the effectiveness of an aid organization is how involved are domestic actors in the aid organization's programs. This also includes how much of the programs are actually run by domestic actors. There are of course issues with this as sometimes domestic actors are not as qualified, but it is important to have Bosnians involved because it increases legitimacy of those programs in the eyes of Bosnian citizens. In a number of USAID projects there is clear Bosnian involvement in terms of cooperation with domestic actors including politicians, experts, and organizations. But especially when it comes to training, most of them are opaque about who is doing the actual training. It can be assumed that most of that training is being done by USAID employees, but without more information available there is no way to know.

⁶⁴ Organization for Economic Cooperation and Development. "The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action." <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>.

Accountability is also important because this ensures that the aid organization maintains a high level standard for its programs. Accountability is tied in with transparency because without transparency, accountability is not possible. There must be a freedom of information for Bosnians to know what USAID is doing and be able to hold it accountable. To that extent USAID does have a few websites for a few of its programs, but otherwise there is limited information available and not all of it is easily found. Therefore USAID at this time is not very accountable for the average citizen. It needs to improve its transparency in order to become a more effective aid organization.

Finally, actual results are of course an important part of judging the effectiveness of an aid organization. USAID has provided information about its general results and it is clear it has done a lot of good ranging from supporting legislation being passed to developing the banking sector to supporting civil society and small farmers. That being said, in the larger scheme of things USAID has not been as effective in its larger goals: improved democracy and governance and economic growth. While growth trends for government have been slow, but positive, BiH's economic growth has not. Unemployment is still incredibly high, government debt is growing, there are substantial barriers to business creation, and corruption is only making it harder for the economy to improve⁶⁵. Overall USAID is by no means performing poorly, at least from its reported results, it is not being as effective as it should.

⁶⁵ European Commission. *Bosnia and Herzegovina 2013 Progress Report*. p.24-6. Accessed April 5, 2014. http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/ba_rapport_2013.pdf.

III. European Union

The modern EuropeAid is a “Directorate-General”, a combination of several previous European international aid organizations. EuropeAid is the EU’s “one-stop shop” for providing international aid as well as making it easier for stakeholders and donators to have one point of contact. EuropeAid was involved in Bosnia and Herzegovina since even before the war in the 1990s with the European Commission Humanitarian Assistance (ECHO) which was founded in 1992. Today though, it has ceased programming with BiH since its role was taken over starting with the Community Assistance for Reconstruction and Democratic Stabilisation (CARDS) program in 2001 and followed by the Instrument for Pre-Accession, both of which are administered directly by the EU.

Overall EU financial support to Bosnia and Herzegovina from 1991-2013 was 3.2 billion Euros. This amount was delivered through various programs and organizations: the European Commission Humanitarian Assistance (ECHO), the Emergency Assistance Programme (EAP), the Democracy and Human Rights program (which still actively funds development programs in BiH), the Phare Programme, the Obnova Programme, the Community Assistance for Reconstruction and Democratic Stabilisation (CARDS), and most recently the Instrument for Pre-Accession (IPA).

On the heels of the Dayton Agreement, the EU started the Phare and Obnova Programmes which ran from 1996 to 2000. During the 4 years the EU spent €890 million in five main areas: post-war reconstruction, democratization and institution building, sustainable economic development, integrated activities to encourage refugee return, and civil society and social development.

In my research I found information on the Phare Essential Aid Program from 1996-1998, but no specifics on the Obnova program, so only the Phare Program will be discussed in greater detail. The Phare program ran from 1996-2000 and acted as a priority reconstruction and economic recovery program. Its main purpose was to provide essential aid in the form of fast supplies of materials, equipment and spare parts to the ten vital economic sectors (Equipment to Federal Institutions, Health, Education, Housing, Agriculture, Energy, Water and Sanitation, Transport, Telecommunications, Investment and project preparation, and Management). According the EU review of this program, the EAP overall had a strong, but variable direct impact depending on the sector. Most of the equipment and goods delivered met the needs of those who received them, but the report found that the impact of this aid could have been improved with better management, more staff, more technical expertise, and in particular more flexible implementation.

One thing of particular importance the report noted was that the Federation benefited from the largest part of the funding with only about 10% directed to Republika Srpska, when the intention was 30%. This mostly had to do with frequent political suspension of the assistance by Republika Srpska. Overall, the report found that in the Federation the supplies delivered to all Ministries had a positive impact on standardization and ease of communication, but in Republika Srpska the distribution of the equipment to regional technical institutes limited the impact on central institution-building. Overall the EU spent €262.8 million on the Phare Program with 200 million of that in the first two years, and €553 million on the Obnova Program where the money was more equally distributed over time.

After the end of the Phare and Obnova Programs, the EU launched the 2001 Community Assistance for Reconstruction, Development and Stability in the Balkans (CARDS) program.

Overall the EU spent €412.5 million in Bosnia and Herzegovina in 5 priority sectors that supported BiH's participation in the Stabilization and Association Process (SAP): democratic stabilization, administrative capacity building, economic and social development, environment and natural resources, and justice and home affairs. Within the area of democratic stabilization, the EU focused on the return of refugees and displaced persons, including things like housing repair, monitoring and evaluating said housing repair, and financial support to the Civil Protection Authority, and the civil society and media.

In terms of good governance and institution building the EU focused on judicial reform, police reform, asylum and migration, integrated border management, public administration reform, and customs and taxes. In terms of economic and social development, the EU concentrated on the investment climate, trade, infrastructure, the environment, and education and employment. Finally, the EU also focused on the opening of the community programs, though this was only a minor program started in 2004.

In 2007 the EU implemented the Instrument for Pre-Accession Assistance (IPA) program for all candidates of potential candidate countries, BiH included, for accession to the EU. The IPA contains 5 components with three only for candidate countries. Transition assistance and institution building and cross-border cooperation are for all nations a part of the IPA, and regional development, human resources development, and rural development programs are only for nations at candidate status. From 2007-2013 the EU spent €655.5 million on BiH.

[Overview of budget allocations in €M per programme for BiH for IPA]

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | All |
|--|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Transition Assistance and Institution Building | 58.1 | 69.9 | 43.9 | 100.7 | 102.7 | 102.7 | 103.5 | 581.5 |
| Cross-border Co-operation | 4.0 | 4.9 | 5.2 | 4.7 | 4.7 | 5.2 | 5.3 | 34.0 |
| TOTAL | 62.1 | 74.8 | 89.1 | 105.4 | 107.4 | 107.9 | 108.8 | 655.5 |

The Multi-annual Indicative Planning Document for 2011-2013 focused on six sectors for the EU's focus: justice and home affairs, public administration reform, private sector development, transportation, environment and climate change, and social development

Projects Funded (IPA)

From 2007 to today under the IPA the EU has implemented 23 programs. Of these projects there are 2 projects promoting environmentalism, 17 on economic development, 3 on capacity building and legitimacy, and 1 on human rights. Excluding the regional projects (Adriatic CBC Programme, Mediterranean Programme, South East Europe Programme) which do not have numbers for how much BiH specifically got and a 20 million Euro loan for the Sava Waterway project, the total for the below listed projects is 28,217,100.09 Euros. The combined value of the regional programs is 189,949,334 Euros. Below are summaries of the projects the EU has implemented since 2007, grouped by relevant theme.

Environmentalism:

- Joint Action for Green Industry: Building capacities of civil society organizations for monitoring the behavior of the industry in compliance with environmental permits.
- Partnership for Higher Environmental Standards in BiH: Increasing the capacity of NGOs and the level of public participation in environmental policy making as well as promoting good governance through the protection of environmental rights.

Total Aid: 180,000 Euros

Capacity Building/Legitimacy:

- Legal Anti-Corruption Network LACON BiH: Analyzing relevant laws, drafting amendments for laws that are not harmonized with UN Conventions Against Corruption, drafting missing laws which are required by UN convention, public awareness raising, and training for network members.
- Support for Efficient Prison Management: Improving staff and management capacity in prisons, promote use of non-custodial sanctions & strengthen ability to remedy shortcomings and to provide suitable support for prisoners with special needs.
- Support for the BiH Judiciary: Improving the work of the courts and prosecutors' offices through the necessary Information and Communication Technology (ICT) equipment.

Total Aid: 2.294 million Euros

Human Rights

- Support to the National Action Plans (NAP) on Roma Inclusion: Establishing an effective mechanism for implementation and monitoring of the National Action Plans in the fields of employment, housing and health, institutional strengthening, and capacity-building of both governments and non-governmental actors.

Total Aid: 500,000 Euros

Economic Development

- Animal Disease Control and Eradication Programme in BiH – Classical Swine Fever and Rabies: Reducing swine fever and rabies in pigs thus reducing public health risks and economically benefiting the pig farming industry.
- Capacity Strengthening of the BiH Rural Development Programming Capacities: Creating rural networks capable of engaging in the planning and implementation of local rural development programs utilizing participatory, community-based approaches.
- IPA Adriatic CBC Programme: Strengthening sustainable development capabilities of the Adriatic region with three priorities: economic, social, and institutional cooperation; natural and cultural resources and risk prevention; and accessibility and networks.
- Mediterranean Programme (MED): Improving the area's competitiveness with four priorities: strengthening innovation capacities, environmental protection and promotion of a sustainable territorial development, improvement of mobility and of territorial accessibility, and the promotion of a polycentric and integrated development of the Med space.
- Preparation of IPARD Sector Reviews in BiH: Preparing for sector studies based on EU standards to be done on the Meat and Dairy, Fruits and Vegetables (including wine sector), and Diversification areas of BiH's agricultural sector.

- Strengthening and Harmonisation of the BiH Agriculture and Rural Sectors Information System: Addressing immediate BiH needs for accurate and reliable agricultural data for the rural economy based on EU harmonized methods of data collection and analysis developed through the pilot projects performance.
- Supplies for BH Mine Action Centre: Upgrading technical capacities to implement their core activities related to the supervision of Mine Action activities in BiH, by provision of protective equipment, clothes, shoes, notebooks and vehicles and training.
- Supply of Equipment for Food Control Laboratories: Supporting enforcement of BiH food safety, compositional and quality legislation through provision of the equipment for food control laboratories.
- Support for strengthening the capital base of the Deposit Insurance Agency of BiH: Strengthening capital from the EC in combination with the stand-by credit line from the EBRD will enable the DIA to raise the deposit insurance limit to KM 50,000 (EUR 25,565) while maintaining sound coverage.
- South East Europe Programme (SEE): Improving the territorial, economic and social integration process in South East Europe and contribute to cohesion, stability and competitiveness of the area through the development of transnational partnerships.
- Central Bosnia Region, Zavidovici, Kakanj - TAJAN - Tourism, Adventure, Joy, Attractions, Nature: Improving competitiveness of the Central Bosnia region in the niche of eco-tourism by development of sustainable tourism Designated Eco Zone TAJAN.
- IPA CBC Croatia – Bosnia and Herzegovina: Creating a Joint Economic Space to contribute to the integration of the economy in border areas and to encourage creation of cross-border networks and partnerships and the development of joint cross-border actions.
- **Šipovo Eco Zone**: Establishing sustainable eco-tourism in the Šipovo region through the creation of an eco zone with support to infrastructure, tourism program development, extensive training and education campaigns, and coordinated marketing efforts.
- Support to Development of the Eco Tourism in Sutjeska National: Developing eco-tourism in Sutjeska National Park through the development of new eco-tourist products, the development of tourist infrastructure, the strengthening the human capacities, and new marketing approaches.
- Sava Waterway Rehabilitation Project: Providing the preconditions (demining and provision of main design) for the re-establishment of the Sava River inland navigation route.

- **Responsible Management of Medical Waste:** Adopting and implementing laws and regulations at the national and entity levels of Bosnia and Herzegovina related to the responsible Medical Waste (MW) management, contributing to the eventual admission of BiH into the EU.
- **CBC Bosnia and Herzegovina – Montenegro:** Foster the joint sustainable development of the cross-border area by strengthening the capacities of human resources and joint institutional networks among local communities and local private and public actors

Total Aid (Excluding Regional Projects): 25.241 million Euros

Effectiveness in State Consolidation

In order to judge the EU Delegation's effectiveness, the same standards taken from the Paris Declaration on Aid Effectiveness will be used: efficiency, domestic involvement, accountability, transparency, and measurable results⁶⁶.

In terms of efficiency, overall the EU's bureaucratic system is complex to the point of cumbersome to the casual observer. The multiple organizations and programs that have been used in BiH throughout the years add another level of complexity to an already extremely complex situation. As the EU's information on its projects was even less than USAID's, unfortunately there is not much to judge, but with the multiple organizations and projects involved, in the past and in the present, there is a case to be made that it would be more efficient to have just one organization involved in Bosnian affairs.

The first measure, domestic involvement, is difficult to measure as the information gathered really does not say either way. It can be assumed that there is some proportion of EU and domestic actors involved in EU programming, but without evidence this is only speculation. As for accountability, the lack of transparency like with USAID is detrimental to this. There are

⁶⁶ Organization for Economic Cooperation and Development. "The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action." <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>.

at least some reports for USAID and the EU, but these are not by any means easily found for the average citizen. Neither organization's website has reports easily found on their website which further demonstrates the lack of transparency, and therefore the lack of accountability. An additional difficulty with transparency is that information is listed for EU regional projects, but it does not explain what how Bosnia and Herzegovina specifically is affected by it, nor how much money it actually has received out of the total.

In terms of results the EU with its overall lack of detailed information, unsurprisingly also has little available about the results of its projects. There is some broad information available from other sources, detailing the results of its conditionality policies and the OHR, which is the most transparent of all of these organizations, having detailed information about all of its decisions since it was created available and easily found on its website. But, this broad information does not come from the EU itself which is another testament to its issues with transparency. Overall the EU needs to work on its accountability, efficiency, and transparency.

Incentives for Reform: The Matter of Conditionality

One important factor of BiH's state consolidation is that this country wants to eventually join the European Union. While this idea is one of the few ideas that is popular across ethnic lines, due to the slowness of the government to pass reforms, BiH has yet to even accomplish becoming a candidate for accession to the EU. However, this process of using soft power and positive incentives to guide Bosnian politicians to pass reforms in order to comply with EU standards is a powerful tool for state consolidation and political development that has clearly had some success.

In order to accede to the EU a nation must meet three criteria. In terms of politics, it must have stable institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities. In terms of economics, it must have a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union. As the EU originated as an economic union this part is very important so a country must be up to a certain economic standard in order to both be a valuable asset to the EU trade zone as well as be able to compete against larger more established companies in the economic zone. Finally, a country must be able to accept the "Community acquis", or the obligations of membership including adherence to the aims of the political, economic, and monetary union of the EU⁶⁷. In other words, a country must accept the accumulated legislation, legal acts, and court decisions that make up the body of the European Union law.

Currently BiH has been recognized as a "potential candidate country". To facilitate progress towards becoming a candidate in 2003 BiH started the process towards signing onto the

⁶⁷ Europa. "Accession Criteria (Copenhagen Criteria)". Accessed March 9, 2014.
http://europa.eu/legislation_summaries/glossary/accession_criteria_copenhagen_en.htm

Stabilization and Association Agreement (SAA)⁶⁸. The SAA is an agreement that all potential candidate and candidate-status nations signed on to as a newly developed process for accession to the EU. The main elements of the SAA include: promoting the free movement of goods; creating efficient institutions; developing a market economy; reducing crime and corruption; promoting higher education reform; developing democracy, human rights, and an independent media; and improving the region's transport infrastructure.

Negotiations on a SAA started in 2005 and were expected to be finalized in late 2007, but negotiations were stalled due to disagreement over police reform. Once the issue of police reform was completed though, the SAA was signed by BiH in 2008 and today all member states of the EU (besides Croatia which only last year joined the EU and thus is exempt) have ratified the agreement. However, because BiH missed the deadline for one of the key required reforms, namely constitutional reform to protect minority rights, the EU has temporarily refused to fully ratify the agreement.

In order for Bosnia and Herzegovina to become a candidate for accession to the EU it must first make some progress towards achieving the aforementioned criteria. However, due to the slowness of BiH's government in passing reforms, progress on that front has been slow. It has been slow enough to the point that the Office of the High Representative has remained open and will remain open until BiH meets the conditions for it to be closed. As long as the OHR is open, BiH cannot submit a credible application to become a candidate for accession to the EU. The conditions for closing the OHR are known as the "5+2 Agenda". As the name suggests, there are 5 main conditions for closure, with an additional two added later on.

⁶⁸ The Stabilization and Association Agreement (SAA) is what the nation signs while the Stabilization and Association Process (SAP) is the process of fulfilling said agreement.

These main conditions are: the acceptable and sustainable resolution of the issue of apportionment of property between state and other levels of government; the acceptable and sustainable resolution of defense property; the completion of the Brčko Final Award; fiscal responsibility (promoted through an agreement on a permanent ITA co-efficient methodology and establishment of a National Fiscal Council); and the entrenchment of the rule of law (demonstrated through the Adoption of National War Crimes Strategy, the passage of the Law on Aliens and Asylum, and the adoption of the National Justice Sector Reform Strategy). The added two conditions are: the signing of the SAA, and a positive assessment of the situation in BiH by the Peace Implementation Council Steering Board (PIC SB), another international body charged with ensuring full compliance with the Dayton Peace Agreement⁶⁹.

While there has been progress in completing the 5+2 Agenda, particularly the original 5, this progress has not been enough for the PIC SB to close the Office of the High Representative. That being said, it is good to look now at some of the reforms the federal government has passed towards meeting EU standards for acceding to the EU. In order for the EU to ratify the SAA, there have been three main demands: the creation of one governmental body to deal with foreign aid, the creation and implementation of the first census in over 20 years, and constitutional reform so that minorities can run for the Presidency and the House of Peoples. In 2012 BiH adopted the State Aid law in order to regulate the assigning, implementing, and the return of misused budget money in the country. This was planned to establish and assure market conditions and the country's obligations under international agreements. It also created a single

⁶⁹ Office of the High Representative. "The 5+2 Agenda." January 1, 2012. Accessed February 15, 2014. http://www.ohr.int/ohr-info/gen-info/default.asp?content_id=46773.

unified body for international aid to the Bosnian state⁷⁰. The other law passed to move the country closer to EU application status was the Census Law which provided for the coordination of the first census to take place in BiH since 1991⁷¹. This census took place in 2013, but is still being processed with the final results coming out in bits and pieces, estimated to take up to two years to be fully completed.

The third main demand of the EU is the enactment of constitutional changes based on the *Sejdic and Finci v. Bosnia and Herzegovina* court case. As previously discussed this court case involved a Jewish and Roma man suing Bosnia and Herzegovina for not having equal political rights. With the way the political system is set up now, only Bosniaks, Serbs, and Croats can be elected to the presidency and the House of Peoples. In 2009 Sejdic and Finci argued this was a violation of their political rights and the European Court of Human Rights agreed, ruling that the Bosnian constitution must be changed so that minorities can have the same rights as the main three ethnic groups⁷². The EU thus will not accept an application for accession until there is this constitutional reform.

This has proved a greater challenge than initially anticipated largely because of how entrenched ethnic politics is in the constitution and in the political system. For the issue of the presidency, having three presidents ensures that each main ethnic group has representation. One solution would be to have only one president who is elected by the entire nation and is open to all, but the bottom line is that ethnic-based parties are reluctant to make changes because their

⁷⁰ Jukic, Elvira. "State Aid Law Passed in Bosnian Parliament." *Balkan Insight*, February 3, 2012. Accessed March 6, 2014. <http://www.balkaninsight.com/en/article/the-state-aid-law-passed-bosnia-parliament>

⁷¹ Sito-Sucic, Daria. "Bosnia Passes Laws Key to EU bid, Muslims Agree to Census." *Reuters*, February 3, 2012. Accessed March 6, 2014. <http://www.reuters.com/article/2012/02/03/us-bosnia-laws-eu-idUSTRE81221T20120203>

⁷² "Second Class Citizens: Discrimination against Roma, Jews, and Other National Minorities in Bosnia and Herzegovina." *Human Rights Watch*, 2012. p.2-3. Accessed March 1, 2014. http://www.hrw.org/sites/default/files/reports/bosnia0412ForUpload_0_0.pdf

base of support largely comes from their ethnic group, and not as much on political or economic issues. There still remains this fear among some Bosnians that if, for example, a Bosniak president were elected, he or she would abuse their power and would centralize the government and oppress the Croats and Serbs rights. How many people believe this is inherently uncertain, but the prevalence of ethnic-based parties shows that there is still clearly distrust between the different ethnic groups.

Still, passing a constitutional reform is vital not only for BiH's continued path towards accession to the EU, but also the legitimacy of the Presidency and the House of Peoples which are to be elected later this year. Passing this reform would show the government's ability to compromise which would give the government more legitimacy not only in the eyes of the Roma and Jews, but many other Bosniaks, Croats, and Serbs as well. But, because of the government's failure to find and pass a solution for this problem before the deadline in 2013, the EU suspended 50% of IPA funds until further notice. For a country that is already experiencing high unemployment and economic hardship, this is a serious blow, worth 47 million Euros. It is of critical importance that a compromise be made and a solution found, but as not even the threat of losing half of its aid from the EU was enough to push through a compromise after 4 long years, it is difficult to see a solution coming in the near future. Yet, perhaps with the new elections in 2014 the Bosnian people will be able to voice their dissatisfaction with the government and vote in politicians more willing to compromise; this seems BiH's best bet towards being able to progress in the future.

Police Reform

Besides these three main demands, the EU has worked with BiH directly with its delegation in Bosnia and Herzegovina, CARDS, IPA, SAA, and the Office of the High Representative. Using these various bodies and projects, the European Union has cooperated with Bosnia and Herzegovina on a variety of reform-based projects. One major project was the area of police reform in order to tackle the bloated and overly complex system of BiH's various police bodies. The police force was one of the most sensitive areas of Bosnian public administration after the war because during the war many police participated in the ethnic cleansing and violence. In BiH there were 10 cantonal police forces, one Brčko police force, one Federation and one Republika Srpska police force, the SBS, the State Information and Protection Agency, judicial police, and financial police for a total of around 17,000 staff and a cost of about 180 million euros per year⁷³. The state of the police in BiH represents the problems of the larger nation: overly expensive and complex.

The international community has also been involved in BiH's police force, especially after the war as members of the police force had been a part of the fighting. Initially the International Police Task Force, a component of the UN, was the only international oversight over the Bosnian police force.⁷⁴ However, by 2005 the international community's influence over the Serb Republic's police had eroded, leading the European Commission to endorse recommendations put forth by the OHR, establishing a Police Restructuring Commission in order to reform BiH's police services to ensure fairness

⁷³ Aybet, Gülnur, and Florian Bieber. "From Dayton to Brussels: The Impact of EU and NATO Conditionality on State Building in Bosnia & Hercegovina." *Europe-Asia Studies* 63, no. 10 (December 2011): 1917. *Political Science Complete*, EBSCOhost (accessed September 16, 2013).

⁷⁴ Bieber, Florian, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance*. New York: Palgrave Macmillan, 2006, 74.

There were three requirements as a part of the recommendations: that all budgetary and legislative policy making on police matters should be transferred to state-level institutions, that police districts should be drawn on technical, not political grounds, which would allow police units to cross into the other entity when necessary, and that policing should be free from political influence. Unlike many other issues that had come in front of the federal legislature, because of its importance as a vital step towards becoming a candidate for accession to the EU, the recommendations had a real shot at becoming law. In addition, Miroj Lajčák had just become the new High Representative and was strongly backing the cause⁷⁵.

However, in 2006 the newly elected Serb Prime Minister Milorad Dodik blocked the attempt to turn the separate entities' police forces into one inter-entity police force. Lajčák reacted by using the High Representative's overriding powers to change the voting procedures to make it more difficult for the entities to block national level decision-making through blockages by absenteeism. Serb politicians viewed this as an attack on the Serb Republic's autonomy and Dodik temporarily withdrew all Serb ministers from the Council of Ministers and threatened to step down from office, standing firm on their position for the next six weeks⁷⁶. Ultimately, Lajčák was forced to accept a weaker compromise in which the clauses about creating an inter-entity police force were removed. Soon afterwards in 2008 the EU, fearing a complete loss of influence, signed a stabilization and association treaty despite Bosnia's failure to meet its initial demands⁷⁷. This incident is just one example of how the separate entities created by the Dayton

⁷⁵ Belloni, Roberto. "Bosnia: Dayton is Dead! Long Live Dayton!" In *Pathways from Ethnic Conflict: Institutional Redesign in Divided Societies*, by John Coakley, 104-105. New York: Routledge, 2010.

⁷⁶ McMahon, Patrice C., and Jon Western. "The Death of Dayton: How to Stop Bosnia from Falling Apart." *Foreign Affairs* 88, no. 5 (September/October 2009): 79. *JSTOR* (accessed September 25, 2013).

⁷⁷ Belloni, Roberto. "Bosnia: Dayton is Dead! Long Live Dayton!" In *Pathways from Ethnic Conflict: Institutional Redesign in Divided Societies*, by John Coakley, 105. New York: Routledge, 2010.

Agreement have become tied to separatist nationalist interests and how they have prevented reform to create more effective functioning governmental structures.

For obvious reasons, this police reform has been the most controversial of the EU's projects in BiH. What makes this case different than judicial reform or other conditions is that the OHR was still heavily involved in this process, putting a lot of pressure on Bosnian politicians to pass the reforms and even using its powers to change the voting laws to make it more likely to pass. Plus, the EU's insistence on having new policing regions that would cut across entities and having the budgetary and legislative aspects of the police force rest with the state represented a line in federal state consolidation that Republika Srpska politicians refused to cross. More than that, even Bosniak and Croat politicians were dissatisfied with the proposed solutions. In addition, police reforms became linked to the Stabilization and Association Process which tied it now to conditionality to the EU, which is something that had not been previously part of the agreement. In the end, the police reform package that passes achieved few, if any of the original goals of the EU and the OHR. In addition the package established a largely symbolic policing superstructure at the state level, which would only assume real powers after the completion of constitutional reforms. By linking this police reform to constitutional reforms, this not only ended all efforts to engage in state building via police reform, it also now added a disincentive for Republika Srpska to engage in constitutional reforms⁷⁸.

In 2006 the international community made its first major effort to push for constitutional reform in an effort to further centralize decision-making and state institutions. This led to a tentative agreement that included strengthening the federal government's Council of Ministers

⁷⁸ Aybet, Gülnur, and Florian Bieber. "From Dayton to Brussels: The Impact of EU and NATO Conditionality on State Building in Bosnia & Hercegovina." *Europe-Asia Studies* 63, no. 10 (December 2011): 1917. *Political Science Complete*, EBSCOhost (accessed September 16, 2013).

and creating two new national ministries, including one for a unified agricultural policy and one for science, technology, and the environment. The proposal of creating a Ministry of Agriculture was particularly important because it is one of the mandatory ministries for any country to enter EU and it would open BiH up to being able to export more of its agricultural products to countries in the EU. The proposal broke down when at the last minute the then Bosniak President Silajdzic and the leaders of a breakaway faction of the Croatian Democratic Union opposed the package. In the end, the proposed amendment failed by just two votes shy of the necessary 2/3 majority in the parliament.⁷⁹

While BiH has yet to create a Ministry of Agriculture, in 2008 the state-level Law on Agriculture, Food, and Rural Development (AFRD) was adopted. It has provided for clarification of competencies at all administrative levels, creation of a strategic framework for the harmonized agri-food and rural development policy, and the development of new structures that be required for this country to eventually join the EU. More recently though in 2013 the EU suspended 5 million euros of earmarked money for agriculture and rural development projects as BiH authorities failed to complete preparations for two agriculture and rural development projects.

Corruption

Another area that the EU has sought to address overall is corruption, which remains a major problem for Bosnia and Herzegovina's political development. At every level there have been corruption scandals. A large factor in the growth of corruption in the administration has been the system set up by Dayton. With almost every public office, even including low-level

⁷⁹ McMahan, Patrice C., and Jon Western. "The Death of Dayton: How to Stop Bosnia from Falling Apart." *Foreign Affairs* 88, no. 5 (September/October 2009): 78. *JSTOR* (accessed September 25, 2013).

administration jobs, allotted according to an ethnic quota, a spoils system has grown that has led to extensive patronage networks, corruption, and inefficiencies. BiH has 160 government ministers and a public sector that eats up about half of the state's annual budget. In addition, corruption is a huge problem in the government, both in the local and the federal levels. In 1999 it was found that over \$1 billion in aid, nearly 1/5 the total amount that had been given from 1996-1999, had disappeared⁸⁰.

This corruption in the political domain is particularly corrosive as it undermines the democratic process while also undermining people's trust in the government, which was not very high in the first place. The recent protests in Bosnia and Herzegovina that started in February 2014 started in part to protest the corruption found in the government at all levels. Part of the corruption in the government stems from the bloated bureaucracy, which accounted for about 54% of the annual GDP in 2005, higher than any other European nation. The different and overlapping layers of government create a confusing uneven set of rules that is difficult to navigate, opaque, and not very accountable. In particular, political parties are one of the biggest sources of corruption as many positions in the government are filled along political allegiances rather than by merit⁸¹. One program the EU has enacted as a part of IPA was the Legal Anti-Corruption Network (LACON) from 2011-2013 which looked to amend laws not harmonized with the UN Conventions against corruption and to draft new laws required by the UN convention.

⁸⁰ McMahan, Patrice C., and Jon Western. "The Death of Dayton: How to Stop Bosnia from Falling Apart." *Foreign Affairs* 88, no. 5 (September/October 2009): 75. *JSTOR* (accessed 25, 2013).

⁸¹ Chêne, Marie. *Corruption and Anti-Corruption in Bosnia and Herzegovina (BiH)* Anti-Corruption Resource Centre, 2009. <http://www.u4.no/publications/corruption-and-anti-corruption-in-bosnia-and-herzegovina-bih/>.

The judiciary system, another aspect of BiH's government that is considered to be corrupt, is another area of Bosnia and Herzegovina's government that the EU has been cooperating through various projects. Transparency International's poll of Bosnian citizens revealed that public opinion generally considers the judiciary system to be corrupt, rating it 3.5/5 with 5 being extremely corrupt and 0 being not corrupt at all. The Bertelsmann Transformation Report from 2008 reports that the judiciary system has a legacy of being influenced by political parties, ethnic bias, weak professional standards, and corruption. Independent judges have even been intimidated and threatened. All this being said, according to the 2008 World Bank Worldwide Governance Indicators the trends in regards to corruption have been positive, though corruption still remains a major problem⁸².

In 2011 Bosnia's Anti-Corruption Agency's management was finally appointed, two years after the founding of the agency. Yet, as of January 2013 the agency has not yet started carrying out the activities of BiH's Anti-Corruption Strategy. In addition the independence of the Anti-Corruption Agency has been questioned by groups like Transparency International (TI), an NGO that globally seeks to improve transparency in the governance of nations and rates levels of corruption and perceived corruption by a nation's own citizens. TI has found evidence that the current institutions responsible for implementing anti-corruption laws suffer pressures from the executive branch. Other institutions for implementing anti-corruption legislation are either under the full control of the government or do not have the capacity or authority to efficiently implement the laws⁸³.

⁸² Chêne, Marie. *Corruption and Anti-Corruption in Bosnia and Herzegovina (BiH)* Anti-Corruption Resource Centre, 2009. <http://www.u4.no/publications/corruption-and-anti-corruption-in-bosnia-and-herzegovina-bih/>.

⁸³ Transparency International. "BiH Overview." Accessed March 7, 2014. http://www.transparency.org/country#BIH_Overview

Despite recognition from the Constitutional Court of BiH, the State Court and the Prosecutor's Office of BiH is still being questioned by some political parties with some politicians even calling for the abolition of these bodies. Furthermore, TI adds that audit offices have pointed out numerous irregularities in public expenditures and public contracting which have never been prosecuted by the judiciary. Plus, statistics from a European Commission Progress Report on BiH indicate that very few cases of corruption result in criminal convictions. Even fewer reach final verdicts with 70% of corruption investigations ending up being dismissed. In 2010, only two final verdicts for cases of corruption resulted in jail sentences⁸⁴.

The core of the problem of the judicial system of Bosnia and Herzegovina lies in its fractured system. This country with an estimated population of 3.8 million people, about the size of a typical larger Western European city, has four different criminal justice systems, one for the state, two for the entities and one for the Brčko District. Each applies different substantive and procedural laws which results in equality of the law for BiH citizens not being assured. Equality is dependent on the willingness at various levels to harmonize differing criminal laws which does not always happen. BiH still lacks a judicial authority that could ensure uniform interpretation of different criminal laws applied by courts⁸⁵.

Corruption remains a big obstacle for Bosnia and Herzegovina's state consolidation. It reduces the state's institutional capacity by lowering efficiency, it reduces the legitimacy of the government as people view the government as corrupt and not responsive to their needs, and it hinders economic growth. To that end the EU has mandated judicial reform as part of the

⁸⁴ Transparency International. "BiH Overview." Accessed March 7, 2014. http://www.transparency.org/country#BIH_Overview

⁸⁵ Robbins, Gary D. "Bosnia and Herzegovina's Unfinished Judicial Reform." *New Europe* April 25, 2010. Accessed March 11, 2014. <http://www.neurope.eu/article/bosnia-and-herzegovina%E2%80%99s-unfinished-judicial-reform>.

process for BiH's accession to the EU. A strong and independent judiciary is vital for upholding the rule of law. An article in *New Europe* spells it out, saying:

“A clear and unambiguous country-wide position recognizing the constitutional status of [the State Court and the Prosecutor's Office of BiH] would provide much-needed stability and predictability to legal processes, lessen the risk of interference from executive and legislative branches of government, strengthen the principle of separation of powers, and foster the sustainability of re-forms already undertaken.”⁸⁶

It is clear that judicial reform is an important step that needs to be taken for BiH's state consolidation. The EU thus has been taking steps towards encouraging judicial reform from both within the framework of the IPA and with its Bosnian delegation.

Under the IPA, the EU funded Support for the BiH Judiciary, a project started in 2010 that ran until 2013 with a budget of 1.4 million euros. This project worked to improve the work of the courts and prosecutors' offices through giving them better technological equipment in order to improve efficiency, quality of information, and quickening exchanges of information between legal parties. EU has also more directly worked with Bosnian officials to reform the judiciary with talks and discussion named in EU writings as a “Structured Dialogue on Justice”.

Analysis

When judging conditionality, one can see that there have been successes from this tactic. Conditionality has led to some reform of the police and it has also led to the creation of several important governmental bodies. The EU's strategy of conditionality was improved with the creation of the Stabilization and Association Agreement which acts as a tangible milestone for countries that comes with real benefits. BiH is close to the signing of this agreement, but even

⁸⁶ Robbins, Gary D. “Bosnia and Herzegovina's Unfinished Judicial Reform.” *New Europe* April 25, 2010. Accessed March 11, 2014. <http://www.neurope.eu/article/bosnia-and-herzegovina%E2%80%99s-unfinished-judicial-reform>.

then that hasn't been enough pressure to urge politicians to pass the needed constitutional reform on minority rights.

One big criticism of conditionality in general is how it does not always enact effective change even when reforms are passed. Because conditionality uses pressure and coercion on an organization or country in order to meet a condition or set of conditions, this can create a conflict in legitimacy. The political elites do not necessarily believe in the reforms that are passed and it is therefore not certain that the reforms will be properly enforced. In addition these reforms might not be recognized by many Bosnian citizens as well. On the other hand, particularly in the case of Bosnia and Herzegovina, which is known for its political gridlock, conditionality is a useful tool for effecting change. The case of police reform was problematic because it did not involve a consensus on the part of the Bosnian politicians, though there was very real historical basis for it, and in the end there was not a cultural shift among the police because there was no desire for it. On the other hand, in other cases like with the State Aid Law these reforms were passed through the legislation without any drastic measures being taken. As the OHR has dramatically stepped back since 2006 the EU's method of conditionality has become less problematic, though still with the problems inherent to conditionality.

Still, the big problem is that the EU is pushing for conditions that further centralize a state in which a decent percentage of the population is firmly against further centralization and/or loss of entrenched ethnic reservations and quotas. There still remains distrust between Bosnians and among a majority of Bosnian Serbs a disdain for the state. In order for conditionality to work there needs to be an agreement among the political elites that currently does not exist.

Conditionality on making constitutional reforms is also always going to be more difficult in BiH because it means changing the political system itself. Currently the system has a careful balance for the three main ethnic groups. Changing the presidential system and parliamentary systems is a big change for any country, but especially one that is still embroiled in ethnic politics. Politicians who base their power out of ethnic-based political parties in particular are going to be more likely to be against reducing ethnic reservations. There is also the matter of many Bosnian Serb politicians who are firmly against further centralization of the country because they want, if anything, more autonomy for Republika Srpska. This presents a conflict of interest not only for Bosnian Serbs, but ethnic-based politicians in general. There has not been enough impetus for politicians to move past these barriers and pass the necessary reforms for continuing BiH's path to accession.

There is also the issue of mission creep with increased necessary conditions in order to sign the SAA. The most notable example of this is the case of minority rights which resulted from the *Sejdic and Finci v. Bosnia and Herzegovina* court case in 2009. Prior to this case's ruling there had been no demand to amend the constitution in this way. This new addition makes it more difficult for the requirements to be met for the SAA to be signed. Mission creep has also affected the OHR which still has yet to be closed because of added conditions for closure even though today it serves no real purpose. This lack of consistency can delegitimize the EU's efforts within the country this can be discouraging to Bosnian politicians. Conditionality, for better and for worse, is a valuable tool, but as with any tool, there are limits as to what it can and cannot do. From these results conditionality appears to have hit its limit in BiH and so the EU should look into using other tools like supporting civil society.

Chapter 3: Bringing it All Together

In terms of the projects USAID and the EU have done so far in BiH, there is plenty of overlap in theme. Both have worked on economic development on the local and rural levels, combatting corruption, strengthening government institutions, judicial reform, minority rights, ecotourism and constitutional reform. More specifically though, USAID has focused on some things the EU has not like independent media, promoting civil society, increasing engagement of youth and women, promoting issue diversity in politics, and reconciliation, at least in more recent years. On the other hand, the EU has focused on things USAID has not like environmentalism and more specific projects like prison management, pig disease control, and food control lab supplies.

Because the EU works so extensively in BiH and uses its delegation and conditionality to deal with more broad issues, its projects since 2006 have dealt with more “smaller” issues more than USAID’s projects have. One issue that has not been tackled more recently by the EU has been reconciliation. With the shift from peace-building to state-building in the early 2000s, the EU has not had any reconciliation projects as part of the IPA while USAID lists 4 of them in the past few years. On the other hand, the EU promotes environmentalism and ecotourism more than USAID does, which focuses more on regular economic development. Together, the EU and USAID complement one another, covering a wide range of aspects of state consolidation.

This being said, there should be more focus on not just economic development, but also reforming the federal government and employing more peace-building activities. The heart of the problems in BiH remains the pre-occupation of Bosnian society with ethnic politics. Even if inter-ethnic tensions remain stable, inter-personal trust between the ethnic groups remains

extremely low. The UNDP found, for example, that in 2009 less than 7% of non-Serb respondents in Serb-majority areas of Bosnia reported that they are trustful of others.

USAID from 2009 to present has dedicated over \$111 million out of a total of \$156 million to economic projects while projects focused on improving institutional capacity (which includes development of the civil sector) have only gotten \$28 million and reconciliation projects only got \$7.3 million. Part of this is of course that economic development projects can cost more especially when dealing with large-scale efforts like development of the banking industry, yet at the same time it is clear that the US, for better or worse, has a larger commitment to economic development if its 8 projects out of 22 amount to 71% of its total budget. When it comes to matters of aid there are numerous opinions as to what should be focused on when developing a nation and what makes the best strategy.

The EU on the other hand has more information available about its projects overall, but that information is less detailed and even more difficult to find. As stated previously, there is a noticeable gap between the total amount of aid reported to have been given and what is actually accounted for in its listed projects available online. The EU is known for having a complex bureaucracy and in BiH it is no difference. There ought to be just one organization of the EU that deals with Bosnian affairs as this would be more efficient and make it easier for Bosnians to work with. The EU delegation has focused much more on economic development projects than anything else with only 3 projects dedicated to state consolidation for a net value of about 2.3 million Euros which sounds like a lot, but these programs are spread out over multiple years and are only a small part of the overall aid that is given.

From all of this data it is clear that the EU and the US have invested a lot of time, energy, and funds in Bosnia and Herzegovina's development. While USAID presents on its website clear results of its efforts, the EU can contribute the passing over several large reforms to its name including the creation of one governmental body to deal with foreign aid, police reform, and the creation of a governmental Anti-Corruption Agency. USAID is on the right track with its number of projects on promoting reconciliation, but it would be beneficial for the EU to get more invested again in the peace-building side of state consolidation, because for BiH to ever truly work as a unified state there must be a growth in trust and understanding in order for the country to move forward.

So far it has been explained what the role overall of the US and the EU has been in BiH, and it is clear both organizations have had an impact on Bosnia and Herzegovina's state consolidation, but the real question is why all of these have efforts not affected greater change. To that end three variables shall be addressed while looking at the EU and USAID: institutional capacity, legitimacy, and economic development.

Institutional Capacity

USAID and the EU have both done a lot towards increasing institutional capacity both at the local and federal levels, but for the most part there have not been many major changes. At the end of the day the government remains bloated and inefficient with 40% of all employed persons working on some form of government sector⁸⁷ and there remains a lack of coordination between the different levels of government throughout the country. The EU has been working with the Council of Ministers to create an effective coordination mechanism for the

⁸⁷ Mirascic, Goran. "Current Economic Situation in Bosnia and Herzegovina." *Journal of International & Global Studies* 3, no. 1 (November 2011): 39. *Academic Search Premier*, EBSCOhost (accessed September 17, 2013).

implementation and enforcement of EU laws, but so far this has not yielded results⁸⁸. Some federal institutions have been strengthened, but the federal government overall is still weak and it can be argued that strengthening the federal government only serves to further enlarge and complicate this country's bureaucracy. That being said, there has been a positive trend in state consolidation over time, as evidenced by the police reform, judicial reform, and much more, it is just that progress has been too slow.

The EU delegation since 2007 has only funded 3 institutional capacity projects about the creation of an anti-corruption network, support for prison management, and support for judicial reform. Most everything else was achieved as a result of conditionality pressure, the most notable being police reform, the creation of an Anti-Corruption Agency, and the creation of a governmental body to handle all foreign aid. There must be a balance of course in international involvement in Bosnia and Herzegovina, but the EU needs to put more emphasis in funding programs so as to improve institutional capacity.

The US on the other hand has had more programs dealing with institutional capacity. It has funded programs supporting pluralism within political parties, an anti-corruption network, civil society development, the strengthening of government institutions, judicial sector development, and education reform for a total value of almost \$30 million. All of these areas work whether directly or indirectly to improve BiH's institutional capacity. It is clear the US has focused more supplementing institutional capacity, but one area that has not been addressed as much by the EU is constitutional reform. The EU has relied solely on conditionality to pressure for constitutional change, but USAID, following its trend of supporting more civil society

⁸⁸ European Commission. *Bosnia and Herzegovina 2013 Progress Report*. p. 6, 10. Accessed April 5, 2014. http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/ba_rapport_2013.pdf.

organizations, has its Strengthening Governing Institutions and Processes in Bosnia and Herzegovina program what works within civil society to help develop a citizen-driven movement for constitutional reform. This has the potential to be a great idea. As previously argued, conditionality has not been effective in constitutional change. The other option is to effect change from below. The flaw with this strategy is that not all Bosnians believe in constitutional change either, if conditionality cannot effect change, it is up to the Bosnian people to do so.

The US, much more than the EU, appears to have bought into this strategy. There are positives and negatives to working directly with the government to affect direct change versus working with NGOs and civic organizations to affect change from below. The biggest problem with working the government as it is now is that BiH's government does have an issue with corruption and inefficiency, but on the other hand, there is no guarantee either that aid given to the civil sector will be effective either because of the already low confidence of Bosnians in their governments. In the end it is important to work with both, but working with civil society is more important because in order for there to be a real political cultural shift, there needs to be pressure from below.

Legitimacy

Legitimacy, especially of the federal government still remains a big problem. With the prominence of ethnic nationalists within the governments of BiH, even if the federal government is strengthened, if it is not recognized as legitimate that process is pointless. Bosnian Serb nationalists identify much more with Republika Srpska than with BiH as a whole. There is also a problem with Bosnians having very low levels of belief in the BiH' institutions⁸⁹. That being

⁸⁹ Mirascic, Goran. "Current Economic Situation in Bosnia and Herzegovina." *Journal of International & Global Studies* 3, no. 1 (November 2011): 40. *Academic Search Premier*, EBSCOhost (accessed September 17, 2013).

said, political elections have been one area of success for the international community, particularly in terms of legitimacy. For a nation that did not have a history of democracy, elections have been consistent and most recently have been rated overall to be fair and free. However, this only means so much for a nation's legitimacy.

The big issue with legitimacy is the question of sovereignty. The Office of the High Representative and other international bodies within the BiH government challenges this nation's true sovereignty when it has individuals and organizations that can overrule Bosnian actions. Accordingly, there also is the issue of reforms coerced from the outside using conditionality or imposed from without. The worst of this was during the height of the OHR's interventionist period from about 2000-2006 when there would be about 90-150 decisions made per year. This was seriously damaging to BiH's legitimacy, especially in the eyes of its citizens. Though the OHR is not involved today, its continued existence still interferes in BiH's sovereignty and legitimacy.

Though BiH's legitimacy has increased somewhat as international actors have gotten less directly involved, the underlying issue in state consolidation remains in that even within the country there is no consensus as to what the state should be and how it should function. In order for BiH to function and thrive as one state there needs to be a greater sense of identity of being "Bosnian". One way to do this is to have greater participation and ownership of government reform by Bosnian citizens. If citizens get involved and their demands are listened to by the government then that can create greater trust of the government and increase legitimacy.

To that end USAID has supported a number of programs aimed at increasing political engagement aimed primarily at women and youth, but also for recruitment for specific reformist

aims like reconciliation. The EU on the other hand has no reported programs for encouraging political engagement. It might have some programs with this aim, but the EU delegation has not reported any such program as a part of the IPA. Overall it can be said that the OHR did more harm than good in terms of promoting legitimacy and the EU has not done much more than that. USAID on the other hand in the past few years has put a lot more focus on developing civil society and as such has engaged more in programs for increasing civic engagement as well. As civic engagement is a good tactic for increasing legitimacy such programming should be invested in more.

Economic Development

Economic development has been a big area of importance for all international actors in Bosnia and Herzegovina. For any development project, economics is an important sector as it provides stability in more ways than one. However, it is clear from the 44% estimated unemployment rate in BiH that international economic development has not been effective enough⁹⁰. The EU has focused more economic projects for ecotourism and rural and local development while US has focused on larger economic development in addition to local development as well.

USAID has spent a lot of money on economic development programs, in particular on large-scale entrepreneurship interests like developing the banking sector, helping companies compete in the international market, though it also has focused on fostering agriculture and local development projects. The EU delegation under IPA has also spent a lot of money on economic

⁹⁰ CIA. "The World Factbook: Bosnia and Herzegovina." Last Modified March 31, 2014. <https://www.cia.gov/library/publications/the-world-factbook/geos/bk.html>

development, particularly on ecotourism, rural and local development programs, and regional programs. It also has much more specific economic programs for things like mining equipment.

One big problem that both organizations have tried to address is corruption and barriers to business start-ups. As previously discussed, both of these things have negative impacts on the economy as corruption not only wastes money, but also creates unfair hiring situations marked by nepotism and bribery⁹¹. Business barriers are also seriously harmful as it makes that much harder for small businesses to be created which would help with the high unemployment rate. Mirascic argues the best ways improve the economy there are: an increase in investments, an increase in competitiveness of exports, a decrease of agricultural imports, more exploitation of the energy sector as BiH is a resource rich country, partnership between public and private sectors, and cooperation between universities and the economy⁹². USAID has in fact done programs for the first two and the EU has worked on the third, but the last two should be invested in by these aid organizations if they are not being adequately covered by other international actors so as to improve economic development which in turn helps fund the government which already is running on a deficit.

To recount, my hypothesis argued that the international community has failed in creating an effective federal state because the projects that were created and funded by these two organizations have been ineffective because they have not focused on the right areas. The emphasis on economic development is all well and good, but there needs to be more emphasis on state-building and more importantly, on reconciliation. Reconciliation is of utmost importance

⁹¹ Chêne, Marie. *Corruption and Anti-Corruption in Bosnia and Herzegovina (BiH)* Anti-Corruption Resource Centre, 2009. <http://www.u4.no/publications/corruption-and-anti-corruption-in-bosnia-and-herzegovina-bih/>.

⁹² Mirascic, Goran. "Current Economic Situation in Bosnia and Herzegovina." *Journal of International & Global Studies* 3, no. 1 (November 2011): 43. *Academic Search Premier*, EBSCOhost (accessed September 17, 2013).

because it is the only way BiH can ever become a fully functional cohesive state. State-building in Bosnia and Herzegovina is profoundly difficult because of the complex structure and corruption, but that is precisely why it needs more attention. Therefore, the international community has been ineffective because not enough emphasis has been placed on those kinds of reforms.

My second hypothesis argued that the international community's conditionality that comes with aid and the conditions that are part of the process of accession into the EU have been ineffective as catalysts for real reforms and change. There are many factors for this, but the two biggest are a lack of willingness from political elites and the difficulty of constitutional reform in any country. Clearly the EU's conditionality has been somewhat effective in producing some reforms, but at the end of the day it has yet to produce any kind of constitutional reform. This is why I argue that conditionality has reached its plateau in BiH. It can still be a useful tool for pressuring for smaller reforms, but when it comes to the big questions of constitutional reforms, in particular the inability to pass constitutional reforms to ensure minority rights even after half of their aid from the EU has been cut off, it seems questionable that conditionality alone can force unwilling Bosnian politicians to change. Unless the elections later this year provide a more cooperative government (particularly from Republika Srpska), it may be best for the EU to focus on initiating reform from below by empowering Bosnian citizens and civic organizations to force their government to change.

Conclusion:

At the end of the day, for all of the pessimism both in and outside the country, when one looks at the long-term growth of Bosnia and Herzegovina in terms of democracy and state capacity there has been positive growth. Changes have happened, slowly, but surely. Even as ethnic-based political parties continue to be a prominent part of Bosnian politics, today there are a number of political parties in Bosnia and Herzegovina that are not primarily ethnically-affiliated. It has been 18 years since the second beginning of “Bosnia and Herzegovina”. In that time another generation that has never known war has been born and has come of age. It is those young people and the Bosnian people who protested the government earlier this year who may in the future become the shakers and movers of Bosnia and Herzegovina. The process of development is not a one-sided endeavor of USAID, the EU, and other organization and nations. It is a two-way process that must involve wholeheartedly Bosnian politicians, organizations, and citizens who are willing to compromise and to adapt to a world that is ever-changing in order for BiH to be able to prosper and grow.

In the future there are many things I would do in order to further my research in this topic. First of all, I must acknowledge there were many constraints in this paper. International involvement in the political development of any country is an ambitious subject, but for Bosnia and Herzegovina with the sheer number of actors involved this is doubly so. The research done for this paper primarily focused on two main international actors, but this did not include primary research on the Bosnian government itself. Also there were few reports to be found on these projects so there was minimal data available to assess how effective these projects really have been. In future research I would conduct primary research on the Bosnian government on many of the issues discussed in this paper, particularly looking into the specific projects and how much

of a result they really had so as to be able to compare strategies better and to determine exactly has worked best in BiH. In addition, I would complete my data collection for USAID and for the EU as well as collect data on other major actors involved so as to get a more complete picture. I would also look into better defining what it means for a project to be “effective”. In the end, this is a topic that needs further research by more scholars not only so to better understand how best to improve development in Bosnia and Herzegovina, but also to look at how to better long-term development practices by the international community throughout the world.

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