

The Stability Pact for South Eastern Europe - Strategic Success or Botched-up Bungle?

In July 1999, the Stability Pact for South Eastern Europe was ceremonially reaffirmed in Sarajevo. The Pact is an important step towards regional peace-building and "retrieval prevention". It is a unique experiment because for the first time a comprehensive integrative peace project for a whole region has been initiated. However, this project is in the process of evolution and its chances of success cannot yet be predicted. There is much that gives reason for scepticism: the tendency for states to create *ad hoc* regulations and act egotistically, the decreasing interest of the public for the less than spectacular task of reconstruction, as well as the sad fact that it was only after four wars in the region of the former Yugoslavia that the international community was able to agree on the essential features for a comprehensive approach to policy for peace and development in South Eastern Europe as a whole. The objective interest in the stabilization of a region with diverse security policy and socio-political repercussions for Europe and beyond gives rise for hope.

The Development of the Stability Pact

The history of the Stability Pact can be divided into three phases. The first phase goes from its prehistory up to its ceremonial adoption at the Sarajevo Summit Conference at the end of July 1999. This was followed by the institutionalization phase, which after the first Stability Pact Funding Conference at the end of March 2000 in Brussels, led up to the operational phase. The prehistory of the Stability Pact was marked by an escalation in the events in Kosovo starting in March 1998, and in the end, the unsuccessful efforts by the international community to find a political solution to the conflict. EU prevention policies in the region were based on four linked approaches already including important elements for the future Stability Pact:

- the "Royaumont Process of Stability and Good Neighbourliness in South Eastern Europe" was conceived simultaneously with the Dayton Agreement in 1995 and those involved aspired to create a South Eastern Europe Regional Table within the framework of the OSCE;
- the regional concept approved by the Council in 1996, which was primarily related to the five countries of the region for which there were no mandates to negotiate association agreements: Bosnia and Herzegovina, Croatia, The Federal Republic of Yugoslavia, Macedonia and Albania;

- the strategy paper adopted in 1997 in which the principle of conditionality already included in the regional concept was stated more precisely;
- the mandate issued in 1998 for the development of a common strategy for the western Balkans.

These mid- and long-term approaches were aimed at structural peace-building in the region through conditional political, financial and technical support from the EU. In return, the commitments made in the Dayton Agreement were to be fulfilled and regional co-operation in the Balkans developed.¹

Two weeks after the Yugoslavia war began, foreign ministers in the EU initiated discussions on the "Fischer Plan", including a proposal for a stability pact. The discussions were closed on 17 May 1999 with the adoption of a Common Position, which *inter alia* included the following basic points:² a leading role for the EU, which had initiated the process, a key role for the OSCE, the creation of a Regional Table, the announcement of a new kind of a contractual relationship, prospects for integration based on the Amsterdam Treaty and the Copenhagen Criteria, the calling of a conference including the participants of the Royaumont Process³ (however not including the Federal Republic of Yugoslavia/FRY), Canada, Japan, the international financial institutions, the UN, UNHCR, OECD, NATO, WEU as well as several regional initiatives.⁴ Several weeks later the opening conference of the Stability Pact took place in Cologne including these groups and countries and its goals and principles were laid down.⁵

1 Cf. Hans-Georg Ehrhart, Prevention and Regional Security: The Royaumont Process and the Stabilization of South-Eastern Europe, in: Institute for Peace Research and Security Policy at the University of Hamburg/IFSH (Ed.), OSCE Yearbook 1998, Baden-Baden 1999, pp. 327-346; cf. also Franz-Lothar Altmann, Die Balkanpolitik der EU - Regionalansatz und Prinzip der Konditionalität [EU Balkan Policy - A Regional Approach and the Principle of Conditionality], in: Südosteuropa 10-11/1998, pp. 503-515; Nicolas Kerleroux, Mobiliser la société civile pour la stabilité et le bon-voisinage en Europe du sud-est: le processus de Royaumont [Mobilizing Civil Society for Stability and Good Neighbourliness in South Eastern Europe], in: Revue du Marché commun et de l'Union européenne 433/1999, pp. 664-670; Heinz-Jürgen Axt, Der Stabilitätspakt für Südosteuropa [The Stability Pact for South Eastern Europe], in: Südosteuropa 7-8/1999, pp. 401-416; Rafael Biermann, The Stability Pact for South Eastern Europe - Potential, Problems and Perspectives, ZEI Discussion Paper C 56/1999; Christoph Roloff, Nachholende Prävention: Der Stabilitätspakt für Südosteuropa [Retrieval Prevention: The Stability Pact for South Eastern Europe], in: Ulrich Ratsch/Reinhard Mutz/Bruno Schoch (Eds.), Friedensgutachten 2000 [Peace Report 2000], Münster 2000, pp. 132-148.

2 Vgl. Common Position of 17 May 1999 adopted by the Council on the basis of Article 15 of the Treaty on the European Union, concerning a Stability Pact for South-Eastern Europe (1999/345/CFSP).

3 The so-called Royaumont format comprises EU members, the Yugoslavian successor states, their neighbour states not belonging to the EU, the USA, Russia, Turkey, as well as representatives of the Council of Europe and the OSCE.

4 Southeast European Cooperative Initiative (SECI), Central European Initiative (CEI), Black Sea Economic Cooperation (BSEC), South Eastern Europe Cooperation Process (SEEC), Royaumont Process.

5 The Stability Pact has three categories of participants: 28 participants according to the Royaumont format including the European Commission, Council of Europe and the OSCE; 16 facilitating States, Organizations and Institutions (Canada, Japan, the UN,

The goals developed in Cologne and the organization of the Stability Pact correspond by and large to the Fischer Plan. At its core are provisions to foster peace, democracy, respect for human rights and economic prosperity. To reach these goals the participants pledged to co-operate towards concluding bilateral or multilateral agreements, bringing about democratic processes, creating peaceful and good-neighbourly relations in the region through strict observance of OSCE principles and the use of its mechanisms, protecting minorities, creating a market economy, fostering economic co-operation in the region, combating organized crime, preventing forced population displacement and migration generated by poverty, ensuring the safe and free return of all refugees and displaced persons to their homes as well as creating the conditions for full integration into the political, economic and security structures of their choice.⁶

To achieve these goals, a South Eastern Europe Regional Table was set up, which is meant to give the endeavour dynamics as well as acting as a clearing house, framework for co-ordination and steering body. This table is designed to co-ordinate the Working Tables on the topics of democratization and human rights, economic reconstruction and development as well as security issues. The Regional Table and the three Working Tables are made up of the participants in the Stability Pact though these committees are open to co-operation with other interested states, organizations, institutions and regional initiatives.⁷

A Special Co-ordinator, Bodo Hombach who was appointed by the EU after consultations with the OSCE and other participants, chairs the Regional Table. He is responsible for promoting the Pact's objectives, maintain close contact with all participants, provide regular progress reports to the OSCE Chair, co-operate closely with all EU institutions, take part in the high-level steering group for the donor co-ordination process and ensure co-ordination of the activities of the three Working Tables. The Special Co-ordinator for the Stability Pact, who is also a Special Representative of the EU for this task, is subordinate to the EU Presidency and required to report to the Council.⁸

With the ceremonial confirmation of the Stability Pact on 30 July 1999 by Heads of State and Government from 38 countries and representatives of numerous international organizations the first phase of its development came to an end. The Sarajevo Summit was not just a case of politicians cashing in

UNHCR, NATO, OECD, WEU, IMF, the World Bank, EIB, EBWE, the Royaumont Process, BSEC, SEECF, ZEI, SECI); eleven observers (six associated countries of the EU, plus Moldova, Norway, Switzerland, the Ukraine, and the International Committee of the Red Cross).

6 Cf. Stability Pact for South Eastern Europe, Cologne, 10 June 1999, in: Institute for Peace Research and Security Policy at the University of Hamburg/IFSH (Ed.), OSCE Yearbook 1999, Baden-Baden 2000, pp. 551-564, here: pp. 552-554.

7 Cf. *ibid.*, pp. 554-555 and pp. 562-564.

8 Cf. Council Joint Action of 29 July 1999 confirming the appointment of the Special Representative of the European Union to act as Co-ordinator of the Stability Pact for South Eastern Europe (1999/523/CFSP).

on a free flight, as was often depicted by the media. On the contrary, this endeavour was designed, first, to gain the right political momentum lacking in the prevention efforts before the outbreak of the Yugoslavia war. Secondly Sarajevo was chosen intentionally as the location for the conference because it was "a symbol of the will to emerge from the depths of conflict and destruction as well as a symbol of multi-ethnic, multi-religious and multi-cultural respect and tolerance".⁹

The Institutionalization Phase

At its first meeting on 16 September, which took place at the invitation of the EU Presidency in Brussels,¹⁰ the Regional Table adopted a flexible working plan, which laid down the strategic goals of the Working Tables. The working plan is valid till the end of the year 2000. The effort to give the Working Tables as much leeway as possible is evident in this plan. This way they will be able to deal with the changing priorities and requirements they are faced with. Every Working Table can decide whether to establish a sub-table. Thus Working Table III has established a Sub-Table on "Defence and Security Issues" as well as a Sub-Table on "Justice and Home Affairs". The OSCE High Commissioner on National Minorities, Max van der Stoep (Democratization), the Chairman of the Italian Central Bank, Fabrizio Saccomanni (Economics) and the State Secretary of the Swedish Foreign Ministry, Jan Eliasson (Security), were appointed as the Chairmen of the Working Tables. The Working Tables meet at least twice a year in those countries, which hold a deputy chair at that particular time. Thus in the year 2000, they met in Hungary, Turkey and Bulgaria.

The Working Table on Democratization and Human Rights held its initial meeting on 18 and 19 October 1999. In view of the varied tasks it is faced with, its participants resolved to build "task forces", which are managed by facilitating countries or organizations to develop action programmes for the following priority areas:¹¹ human rights and ethnic minorities (Slovenia, Council of Europe), ombudsman, good governance (Council of Europe), refugee return (UNHCR), gender issues (OSCE), media (UK), parliamentary exchanges (Royaumont Process), education and youth (enhanced Graz Process/Austria). The task area "ombudsman" has in the meantime been assigned to the "good governance" area, which also includes the topics "public administration" and "local government". Added to this is the "Szeged Process" (Hungary), which is designed to promote dialogue with Serbian civil society

9 Sarajevo Summit Declaration of the Heads of State and Government of the participating and facilitating countries of the Stability Pact and the Principals of participating and facilitating International Organizations and Agencies and regional initiatives, Sarajevo, 30 July 1999, www.stabilitypact.org/Official%20Texts/SUMMIT.HTM.

10 The meetings of the Regional Table take place alternately in Brussels or Thessaloniki.

11 The sponsors are in parentheses.

as well as support the independent media and democratic forces in the FRY. In the meeting of the task forces in Budapest on 24 January 2000, progress reports were presented and initiatives for future action were prepared.¹² The Working Table, which met a week later, presented priority projects for the Funding Conference, which then took place at the end of March. In this undertaking they wanted to ensure that there be a balanced projects package for all three Working Tables.¹³

The Working Table on Economic Reconstruction and Development convened for the first time on 9 October 1999. First key task fields were developed: infrastructure, private sector development, trade and investment, environmental issues, vocational education and training. At this meeting, tasks were assigned and the method of deciding upon selecting projects and funding was laid down. While the World Bank and European Commission were made responsible for the co-ordination of a comprehensive regional approach, the EIB was to concentrate on infrastructure projects and the EBRD on projects to promote the private sector. Proposals on these projects were then to be forwarded to the appropriate international financial institutions to be audited and a report was to be submitted to the Chair of Working Table II who would subsequently inform the high-level steering group. Finally this group would decide which priority projects would be presented at the Regional Funding Conference for the purpose of raising funds.¹⁴ On 19 January 2000, the Business Advisory Council, which had been promoted by Germany and SECI, was established. It included high-level economic representatives from the EU, North America, Japan and South Eastern Europe. The Council was charged with advising the members of the Stability Pact on all issues related to trade and investment, regional co-operation, vocational training and project development. At the second meeting of Working Table II on 10 and 11 February 2000, each individual project was fine-tuned and in view of the coming Funding Conference, priorities were laid down.¹⁵ Later the topics energy, social sector reform and the banking sector were identified as new areas to be promoted.¹⁶

The Working Table on Security Issues started its work on 13 and 14 October 1999. Its tasks include examining current and upcoming projects as well as programmes to determine whether there are overlaps or gaps so as to add surplus value to regional stability. The Sub-Table "Defence and Security" established the following priority areas: arms control, confidence- and secu-

12 Cf. Task Force Meeting, Budapest, 24 January 2000, www.stabilitypact.org/WT-1/Task.

13 Cf. Conclusions by the Acting Working Table, Budapest, 21-22 February 2000, www.stabilitypact.org/WT-1/Budapest%2021-22Feb%202000.htm.

14 Cf. Working Table on Economic Reconstruction, Development and Co-operation, 9 October 1999, Conclusions by the Chairman Fabrizio Saccomanni, in: Special Co-ordinator of the Stability Pact, Official Texts, Brussels, 1 November 1999., pp. 49-52.

15 Cf. Conclusions by the Chairman Fabrizio Saccomanni, Skopje, 10-11 February 2000, www.stabilitypact.org/WT-2/Conclusions%20WT2%Skopje%20Feb%2010%2011.htm.

16 Special Co-ordinator of the Stability Pact, Current Activities, Regional Table, 8 June 2000, p. 8.

rity-building measures, non-proliferation, de-mining, conflict prevention and crisis management. The Sub-Table "Justice and Home Affairs" concentrates for the moment on the areas of organized crime and corruption, migration and border management as well as police and legislative reforms.¹⁷ At the second meeting of the Working Table, projects were presented - e.g. the proposal for a regional aerial observation system or the establishment of a legislative clearing house - and, as another focal point, an anti-corruption initiative was adopted.¹⁸

"Refugee return" and the "anti-corruption initiative" as well as the subject of "trauma and reconciliation" were later taken out of their corresponding Working Tables. They constitute an interdisciplinary category and are known as "cross-table issues". Moreover the Special Co-ordinator encouraged the creation of a Cross-Table Migration Initiative designed to encourage and monitor projects in the area of migration management. The International Organization for Migration (IOM) will act as a secretariat.¹⁹

Although the stabilization effect in the region must be on a medium- or long-term basis, the situation itself demands fast and visible solutions. Because of this, the projects submitted were classified according to differing time frames, initially divided into quick-start packages and other projects. Projects in the initial phase are given a one-year term and must fulfil the following criteria: rapid implementation, regional dimension, attractiveness to sponsors, balance between the executing agencies. Further principles of the Stability Pact are the balance between the Working Tables, the active involvement of the countries of the region as targets and beneficiaries of the Pact and avoiding duplication of tasks. Furthermore its overall framework should result in added value over existing policies and initiatives as well as an integration of the private sector and NGOs.²⁰

The first Funding Conference for the Stability Pact for South Eastern Europe went beyond all expectations. Representatives from 47 countries and from 36 international organizations took part. Instead of the 1.8 billion Euros originally targeted, 2.4 billion were granted for quick-start projects.²¹ The major part of the 1.83 billion Euros was naturally pledged to projects from Working Table II; investments in infrastructure alone were 1.4 billion. Working Table I was accorded 430 million Euros, Working Table III were granted 81 million and the cross-table initiatives received 5.2 million Euros.²²

17 Cf. Working Table III, Priorities for the Year 2000, www.stabilitypact.org/WT-3/WT3%20Priorities%202000.htm.

18 Cf. Conclusions by the Chairman Jan Eliasson, Sarajevo 15-16 February 2000, www.stabilitypact.org/WT-3/WT3Chairm%20Con%20Sarajevo%2015-16%20Feb.htm.

19 Special Co-ordinator of the Stability Pact, Newsletter on Current Developments, No. 3, 17 May 2000, pp. 2f.

20 Cf. Special Co-ordinator of the Stability Pact for South Eastern Europe, Report of the Special Co-ordinator for the Regional Funding Conference for South East Europe, Brussels, 29-30 March 2000, Thursday, 23 March 2000.

21 Detailed information on individual projects can be obtained from the annex of the report given by the Special Co-ordinator for the Funding Conference. Cf. *ibid.*

22 Cf. the table at the end of this article.

By the end of the Funding Conference, the fundamental institutional and financial prerequisites for the implementation of the Stability Pact had been established for the following twelve months. Thus the Pact entered a new phase: On the one hand, now it is a matter of utilizing the allocated funding in the most efficient manner in order to achieve the strategic goals for stabilization in the region. In addition, applications for new funds are to be initiated to ensure continuity after the quick-start phase. At the second meeting of the Regional Table on 8 June 2000, the necessity for clear priorities was emphasized and the establishment of a donor network was announced. This network is to serve as a flexible information and co-ordination forum.²³ On the other hand, there has been a necessity to re-examine the structure of the Pact and if necessary adapt it to changing situations and optimize it functionally. Finally reforms have to be mobilized in the field. The countries of the region therefore have to be prepared to provide something in return for the active involvement of the international community and make more of a commitment to the Stability Pact.²⁴

There have been great expectations placed in the Stability Pact since it was adopted. After all, it is the first time a comprehensive peace project, which raises hopes for the sustainable regulation of the conflict potential in South Eastern Europe, has been launched. It has re-emphasized civil diplomacy in a war phase and thus contributed to a higher acceptance of the policies of the international community as well as having enhanced the value of the EU, OSCE, and the Council of Europe. Thus after the earlier failures in the Balkans, it offers the chance of gradually placing a prevention culture in position rather than using reactive crisis intervention.

However an adequate policy requires time, courage to deal with complex situations and stamina. These are very scarce resources in our breathless electronic media age. Accordingly the Stability Pact and the Special Co-ordinator were criticized in a seldom differentiated manner even before the Funding Conference. The Sarajevo Summit was publicly degraded as being expensive film footage or there were complaints about the allegedly belated date of the Funding Conference. However the trite criticism "too little too late" can be countered with several arguments. First, it was necessary to establish a time-consuming broad consensus for smooth project implementation. Second, the success of the Conference was more important than its date. Third, a series of activities had already been embarked upon before the Funding Conference so that afterwards project implementation could be effected without disruption. According to Bodo Hombach, of the approxi-

23 Cf. Agenda for Stability, Regional Table, 8 June 2000, Thessaloniki, pp. 5f.

24 Cf. corresponding Declaration of Intent of the informal meeting of the foreign ministers of the South Eastern European States on 7 June 2000, [www.stabilitypact.org/Regional% ...20 report_on_the_informal_meeting_o.htm](http://www.stabilitypact.org/Regional%20report_on_the_informal_meeting_o.htm).

mately 200 projects that had been at the starting line, 20 per cent had already begun by the end of June 2000.²⁵

Naturally it would have been desirable for the Stability Pact to be poured into a mould with less complicated structures. An ideal model for this would have been the Marshall plan. At the time, the USA made clear to war-battered Europeans that a shared organization was necessary for the distribution of aid. Thus the Organization for European Economic Cooperation (OEEC) was founded and later became the OECD. Without this institution the successful reconstruction of Western Europe would barely have been possible as it not only contributed to the efficient distribution of Marshall Plan funds, but also led to the liberalization of foreign trade and currency conversion.

In contrast to the USA, who in those days had an uncontested political and economic leading role, the EU was neither in a position to create an organization in one mould, which could have been led by the High Representative of the EU for Common Foreign and Security Policy, Javier Solana, and the Commissioner for External Relations, Chris Patten, nor were they able to come up with the required funding. The reasons for this are multifarious. They range from the complicated structure of the EU and conceptual deficits to failing political will as well as national egotism and jealousy between international organizations. Because it was impossible to create a unified and tight organization, the only other option was improving co-ordination of international support.²⁶

If one considers that for example in Bosnia and Herzegovina there was a lot of talk about co-ordination, but that at the end of the day everyone acted on their own initiative, the success and potential successes of the Stability Pact are by no means small. For the first time, the three international financing institutions, the World Bank, EBRD and the EIB are co-operating by sharing tasks. For the first time NATO and the World Bank are pursuing a joint project (professional training for former Romanian and Bulgarian officers). And for the first time specialists, who have dealt with a particular area of expertise, have come together at the same table to deal e.g. with problems like demining or the quantity and transfer of light arms and small weapons. Moreover the Stability Pact is based on an approach that includes several innovations. These are the emphasis on "public-private partnership" in project promotion, integrating non-governmental organizations in project implementation and the development of plans of action with clear-cut benchmarks and timetables to evaluate projects. Finally the Stability Pact has contributed in many areas to the creation of regional co-operation.

Of course this is not a guarantee for success, especially since there are still many unclear points and weaknesses. For example, funding for certain pro-

25 Cf. Frankfurter Allgemeine Zeitung, 30 June 2000, p. 4; cf. also Statement by Mr. Bodo Hombach to the OSCE Permanent Council, Vienna, 20 January 1999, www.stabilitypact.org/Speeches/Speech%20Vienna%20Jan%2000.htm

26 Cf. diagram at the end of the article.

jects had already been pledged before the Funding Conference, but they were presented again to foster an image. Furthermore not all pledges were allocated to specific projects, some still have to be assigned. The question of whether donors will agree to re-allocate projects that have been over-funded must be resolved. However, these problems should be fairly easy to solve without long delays. One must also question why the position of the Special Co-ordinator is so weak. He neither has the authority to issue instructions nor does he have his own budget. And - compared to less complex organizations - his staff of 28 employees is very lean and does not have the organizational potential to design and implement its own development projects. This does not particularly strengthen Hombach's position with respect to donor states and international organizations.

However the present structure of the Stability Pact has the advantage that it is flexible. The frequent lamentations about the "Balkanization" of the international Balkan policy²⁷ have found an ear with the result that within the framework of the Stability Pact as well as within the EU, efforts have become visible to adapt instruments and structures to each specific situation. Thus the Royaumont initiative was officially integrated into Working Table I on 8 June 2000. The Co-ordinator, the Greek diplomat Panagiotis Roumeliotis, had already taken over the Chair from Max van der Stoep at the beginning of the year.²⁸ Whether the regional initiative SECI will be integrated into the Stability Pact is under discussion. Finally the designation facilitating state has been eliminated. Japan and Canada are thus full members of the Stability Pact. This is also true of Switzerland and Norway, who after persistent demands, were raised from the status of non-voting observers to full members entitled to vote.²⁹

Furthermore the criticism of the complexity of Balkan aid is directed primarily at the EU itself.³⁰ On the one hand, the EU claims a leading role in the Stability Pact, but on the other its organization suffers from being excessively complex. Moreover when the office of a Special Co-ordinator was created, a hidden power struggle began between the Commissioner for External Relations and the High Representative for CFSP on who would have the most influence in a political area, which is considered to be the choice morsel of foreign and security policy in the EU. Let us take a quick look at its role: The EU is the initiator of the Pact and its biggest sponsor for the region. Like the UN, it has several Balkan representatives including Hombach. It runs a Reconstruction Agency for Kosovo and implements numerous promotional pro-

27 Cf., for example, Erhard Busek, *Balkanisierung als politische Strategie? [Balkanization as a Political Strategy?]*, in: *Europäische Rundschau* 1/2000, pp. 41-43.

28 Cf. *Déclaration sur le Processus de Royaumont*, www.stabilitypact.org/Regional%20le&20Processus%20de%20Royaumont.htm.

29 To give support to their demands to become full members, Switzerland threatened to cut its lump-sum payments to finance administrative and organizational expenses of the Pact. Cf. *Neue Zürcher Zeitung* of 30 March 2000, p. 1.

30 Cf. Romano Prodi, *EU Must Bring Peace to the Balkans*, in: *International Herald Tribune* of 21 March 2000, p. 6.

grammes for the whole region, which are administered by very diverse offices. The Council jealously guards its foreign-policy authority, the Commission its influence on funding and the High Representative for CFSP is also looking for an entrée into the internal EU scramble for authority.³¹

By the end of March 2000, the Council of Europe self-critically realized that the financial, administrative and political involvement of the Union was so complex that operational effectiveness was a problem. Too many political actors impaired efficiency and long-winded decision-making processes made quick reactions unfeasible. As a result, they gave Javier Solana and Chris Patten a mandate to secure coherency in EU Balkan policies and to strengthen co-ordination with the Stability Pact. At the same time they strengthened Hombach's role and thus rejected efforts to weaken his position.³²

The adaptation of EU Balkan policies took place in three steps. First continuing development of the regional concept must be mentioned. This includes the conditional offer to enter into a new kind of contractual relationship in the form of Stabilization and Association Agreements (SAA) - including perspectives for EU membership. One of the problems of this approach is that only those countries can be considered who have fulfilled certain minimum standards.³³ Thus up to now relevant negotiations have only been conducted with Macedonia. The EU, in view of its current enlargement process, must be careful not to take action according to different standards. Alone the impression that there may be "light" membership requirements for certain Balkan states could dampen the enthusiasm for reform of current candidates for membership. The perspective of EU membership as strong encouragement to institute reforms is certainly positive. However this is a long-term process, which requires considerable development in the transformation of the state, society and economy.³⁴

The second step includes the strengthening and further development of assistance programmes. This embraces the creation of a uniform legal basis, which would incorporate the assistance programmes for the five countries affected like PHARE and Obnova in the new CARDS programme (Community Assistance for Reconstruction, Development and Stabilisation Programme). Additionally, larger asymmetrical access to the free market is being

31 Solana is striving for a situation in which all EU Special Representatives, that includes Hombach, will report to him and be paid from his budget. Cf. *Der Spiegel* 27/2000, p. 261.

32 Cf. "Hilfe für Hombach" ["Help for Hombach"], in: *Der Spiegel* 13/2000, p. 179.

33 Cf. Andreas Wittkowsky, *Stabilität durch Integration? Südosteuropa als Herausforderung für die Europäische Union* [Stability through Integration? South Eastern Europe as a Challenge for the European Union], in: *Eurokolleg* 43/2000, pp. 9ff.

34 The European Parliament assumes that the SAA with Macedonia will go into effect at the earliest in the year 2004. Cf. *Europäisches Parlament, Bericht über die Mitteilung über den Stabilisierungs- und Assoziierungsprozess für die Länder Südosteuropas* [European Parliament, Report on the Announcement on the Stabilization and Association Process for the Countries of South Eastern Europe], A5-0069/2000 of 22 March 2000, p. 17.

considered.³⁵ Of course these innovations are meeting with resistance among the member states. Thus the eleven billion DM, which was proposed by the Commission for mid-term financial planning in the five Balkan countries, was deemed unrealistic by France and Germany. France, which is in the middle of a pre-election contest, is balking at the appropriation of funds from the agricultural budget. Germany does not want additional expenditures under any circumstances. Both countries are demanding Commission budget forecasts for specific projects and not general numbers games.³⁶

Moreover there has been no success in adopting a common strategy for the Western Balkans announced in December 1998. Although Finland tried during its EU Presidency to make an attempt to achieve this goal - albeit a rather inadequate one - Portugal has shown no interest in this matter. Now hopes have been raised that the French Presidency will tackle the problem during the second half of the year. President Chirac has suggested a summit meeting between EU member states and the states of South Eastern Europe and announced the development of a more resolute strategy for the Balkans as one of the goals for the French EU Presidency.³⁷ However this does not mean that a common strategy for the Union will be adopted on this occasion. This strategy would be the third and most important step towards adapting EU Balkan policies in a relevant manner. In view of the developmental differences between the five "core countries", who are confronted with similar problems (to different degrees), the EU must create a developmental strategy that fits in with the Stability Pact. For example co-operation - lacking up to now - between the Stability Pact and the Reconstruction Agency for Kosovo could be established. Moreover the Agency's authority could be extended to the whole sub-region, as was stipulated in its mandate. Another essential element in the strategy would be the creation of a politically conditioned, unlimited and non-reciprocal gateway to the EU market.

Despite all the inadequacies of the Stability Pact and EU policies one must keep in mind that external aid can only be implemented in a manner, which helps these countries help themselves. Past EU experience has shown that material and political incentives do not necessarily lead to the desired reforms. The most decisive point here is the political will, occurring in varying degrees in the countries affected, to put reforms into practice. However this necessitates certain structural prerequisites. The basic economic principle "strategy follows structure" is also valid for South Eastern Europe. Certain basic structures must be established to implement a comprehensive development strategy. These include a legitimate political order, functional adminis-

35 There are plans to expand trade facilities on 95 instead of 80 per cent of products in circulation.

36 Cf. *Le Monde* of 22 April 2000, p. 2

37 Cf. Discours de M. Jacques Chirac devant le comité des présidents de l'assemblée parlementaire de l'UEO et les auditeurs de l'IHEDN, 30 May 2000, www.ihedn.fr/Actualites/sommaire/texte/discourschirac.htm.

trative structures, a minimal standard of legal security, basic equipment for an infrastructure, an adequate educational level and not least a certain awareness of the issues. That is, one must resolve no greater dilemma than that although economic development should lead to political stability, a certain amount of political stability is also a necessary prerequisite for economic development. For the moment it would be a great success if the quick-start packages led to a positive prevailing mood based on the justified hope for a better future.

While the developments in Croatia show what is possible when political conditions change, the FRY is the main problem in the stabilization of the Balkans. Actually it is not disputed that regional stability cannot be achieved without the Federal Republic of Yugoslavia. One need only mention its central geographic position in South Eastern Europe, its population or the necessity to clarify regional security questions, which were dealt with in the negotiations according to Article V of the Dayton Agreement (with the FRY) as well as in the framework of the Stability Pact (without the FRY). However, Belgrade will not be able to benefit from the blessings of the Stability Pact as long as Milošević is in control. And at the same time, opposition forces are to be supported by the Stability Pact. Time will tell whether this all sums up.³⁸

Strategic Success or Botched-up Bungle?

The Stability Pact for South Eastern Europe is a unique effort to build up long-lasting stability in a region riddled with conflict through combining the two successful peace concepts, the Helsinki Process and EU integration, with which the East-West conflict was ended and West Europe unified. It is a comprehensive preventive approach based on the fundamental view that security, prosperity and democracy are tightly interwoven and that co-operation and integration are the decisive methods to further the development of peace-building structures. So much for theoretical concepts.

However if one considers the practical implementation of the Stability Pact, it looks more like a political botched-up bungle than a strategic success. This is not astonishing because its implementation phase has only just begun. Nevertheless the international community will be in danger of repeating past mistakes if it does not manage to further thin out the jungle of actors, initiatives and institutions involved, to create clearer political responsibilities and generate the prerequisites for sustainable policies and policy-making. The Pact itself is not one of these actors, but a political and conceptual framework for a long-term process. However, it is missing a functioning driving power. Although initial efforts to lessen backfires are becoming visible, the question is whether these will be satisfactory. If the EU - as the potentially most im-

38 The peaceful change in Yugoslavia and the overwhelming victory of the democratic movement DOS in the parliamentary elections of December 2000 have opened up new perspectives to the country.

portant actor in this endeavour - is able to put more focus into its policies, the Stability Pact will be strengthened. If it cannot, at best a patchwork of individual projects will emerge, but not an integrated development strategy. A strategy of this kind is however necessary if the already high expectations of the region are not to be fully disappointed.

The international community and particularly the EU must have a vital interest in the success of the Stability Pact. After many failures in reactive conflict management, it is the main credibility test for an ideal prevention culture. After violent intervention in the Yugoslavia war, which was controversial because of its international law implications, the question has also become one of political morality and responsibility. Finally, the Stability Pact is a political strategic necessity if South Eastern Europe as a whole is to be integrated step-by-step on a long-term basis into the EU.

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Pledges for Quick-Start Stability Pact Regional Projects and Programmes

In Euro millions

Donor (country/agency)	Cross- Table Initia- tives	WT 1 Democra- tization Human Rights	WT 2 Economic Recon- struction	WT 3 Security Issues	Unallo- cated	Total (of all four sectors)
Countries						
Austria	0.00	5.34	1.85	0.46	0.00	7.65
Canada	0.00	28.63	10.74	11.45	0.00	50.83
Czech Republic	0.23	6.94	16.79	0.56	0.00	24.52
Denmark	0.00	0.06	0.00	0.00	9.94	10.00
Finland	0.34	0.67	2.78	0.00	0.00	3.78
France	0.15	2.10	20.65	2.10	0.00	25.00
Germany	2.56	47.04	93.87	6.14	0.00	149.60
Greece	0.42	2.35	7.30	0.74	0.00	10.80
Hungary	0.00	1.46	0.04	0.05	0.00	1.55
Ireland	0.00	1.27	0.00	0.00	0.00	1.27
Italy	0.00	32.07	115.48	1.03	0.00	148.58
Luxembourg	0.00	1.67	0.90	0.29	0.00	2.86
Netherlands	0.00	27.50	38.75	1.50	0.00	67.75
Norway	0.20	2.28	5.28	2.23	2.36	12.35
Poland	0.00	1.04	0.00	0.00	0.00	1.04
Portugal	0.00	0.00	6.50	0.00	0.00	6.50
Slovenia	0.00	0.76	4.00	0.38	0.38	5.51
Spain	0.00	0.30	41.00	0.00	0.00	41.30
Sweden	0.00	0.16	2.38	0.55	0.00	3.09
Switzerland	0.31	5.91	10.58	0.00	0.00	16.81
United Kingdom	0.00	0.00	19.10	0.00	35.24	54.35
United States	0.21	24.02	49.18	7.16	0.00	80.56
Other*	0.00	2.50	55.00	2.50	0.00	60.00
All countries	4.41	194.07	502.17	37.13	47.92	785.69
Of which EU countries	3.46	123.03	365.56	15.29	45.18	552.53
Institutions and Organizations						
European Commis- sion	0.00	191.00	325.00	15.55	0.00	531.55
Black Sea Trade and Development Bank	0.00	0.00	41.50	0.00	0.00	41.50
Council of Europe Development Bank	0.00	75.00	75.00	0.00	0.00	150.00
IFIs	0.83	0.00	867.17	25.94	0.00	893.93
Total Institutions and Organizations	0.83	266.00	1,308.66	41.49	0.00	1,616.98
Total European Com mission and EU countries						
Grand Total	5.24	460.07	1,810.83	78.62	47.92	2,402.68

*Includes pledges by countries which do not wish to make part of their pledge public at this stage of the budgetary procedure.