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THE ROLE OF INTERNATIONAL INSTITUTIONS

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1. Introduction

This paper looks into the contribution that international organisations have made to the post-conflict peace efforts in South East Europe in the last few years with the goal of identifying relevant lessons for establising an effective system of institutional involvement in post-conflict reconstruction and rehabilitation. The focus is therefore on the shortcomings but also the potential of the available institutional instruments as they have manifested themselves in recent practice.
Particular attention is also paid to the inter-relationship between the various institutional actors and the problems associated with the division of roles and responsibilities between them.
The paper is divided into four parts. In order to put the institutional action in context, the first part gives a brief overview of the general political objectives of the ongoing international management of the conflicts in Bosnia-Herzegovina, Kosovo, Jugoslavia and Macedonia. The second part analyses the various areas of intervention of international institutions, discussing their most plausible fields of specialisation. The third part analyses the main initiatives undertaken within the framework of the EU-led Pact for Stability for South East Europe, the most comprehensive and ambitious regional co-operation plan ever launched. The fourth and final part offers some concluding remarks.
The paper places the emphasis on the trend towards growing – albeit gradual – Europeanization of the peace missions in South-East Europe. Its central argument is that, for a number of reasons including the changing priorities of the US foreign policy and the development of new civilian and military capabilities of the EU, this trend, which is likely to become ever more pronounced in the coming years, may help address such crucial problems as the lack of consistency between the various post-conflict reconstruction programmes and the inadequate functional links between civilian and military missions. While the EU will not substitute the UN or the OSCE as primary legitimising institutions and more exclusive and informal groupings such as the Contact Group and the G8 as major diplomatic actors, it may be able to take over increasingly the overall co-ordination of crisis management and conflict prevention activities in Europe.

2. Strategic priorities of the international action in South East Europe

The institutional architecture created in Bosnia-Herzegovina pursuant to the Dayton agreement remains extremely fragile as it is not based on credible commitments by the local actors. Although the political transformations in Croatia and Serbia have resulted in an erosion of the power of nationalistic forces, they continue to enjoy a substantial consensus within the local population as shown by the recent elections. The enhancement of the governing powers of the Office of High Representative (OHR) made possible progress in important sectors of the Dayton implementation such as the

return of refugees in some areas and the capture of war criminals. However these results are partial and, to a certain extent, subject to reversal. Moreover, the attribution of increasingly extensive and pervasive powers to the OHR can hardly be seen as conducive to a stable solution of the structural problems of the current institutional arrangements. The perception has taken root that some measures of constitutional reform should be introduced to prevent ethnic discrimination from undermining the very foundation of the Dayton agreement. A ruling issued by the Constitutional Court in July 2000 goes in that direction. This process of constitutional adaptation needs to be based on – or at least draw on – a new agreement between the local parties representing Bosnia's constituent peoples. At the same time, it is important to avoid, however, that a renewed consensus-building effort be seen in Bosnia and elsewhere as an opportunity to re-open the Pandora's box of the opposing nationalistic claims. For that reason, the eventual process of revision of the Dayton agreement should have clearly defined and limited goals. The need will also remain for the prolongation of a robust military presence which is likely to become increasingly European as the US continues its military disengagement from the area.

There seems to be no immediate prospect of a negotiated settlement of the problem of Kosovo's final status. Contrary to the expectations, the advent of a democratic regime in Belgrade has not created new real opportunities for a compromise with Kosovo's Albanians. Neither Serbs nor Albanians see any interest in engaging in negotiations that appear doomed to failure. In this context, there is hardly any other choice than working on the development of provisional institutions for democratic and autonomous self-government as required by the UN Security Council Resolution 1244/1999, which did not provide, however, any defined blueprint for an agreement on Kosovo's final status. The decision by the head of the United Nations Interim Administration in Kosovo (UNMIK), to promulgate in May 2001 a Constitutional Framework for Provisional Self-Government in Kosovo, even in the absence of a consent from the conflict parties, paved the way for a consolidation of autonomous administrative structures. In the general election of November 17, 2001 the more moderate Albanian forces scored a clear victory. Not less important, the electoral participation of the Serbs was remarkably high. However, owing to serious political contrasts in the Albanian camp, the election was followed by a prolonged deadlock in the formation of the government, which indicates the extreme difficulties to achieve a minimum degree of political stability.

For the foreseeable future, the UNMIK will remain responsible for the administration of justice and law and order. Also, the NATO military force – KFOR – will continue to be in charge of providing the fundamental security support. Therefore an end of the international protectorate in Kosovo is not in sight. What will become increasingly important is the functional relationship between international and local centres of power. This will depend heavily, as in Bosnia-Herzegovina, on the capacity of the new local leadership to perform the basic government duties effectively but also on the degree of involvement of the Serbian minority in the administrative structures which remains the most controversial problem. The Kosovo's Albanians clearly see the consolidation of local institutions as a preliminary step towards the achievement of full independence. While the Western opposition to such outcome should progressively weaken, the inherent fragility of an eventual independent Kosovo, notably its inability to defend itself from external threats, will continue to require an extensive involvement of international actors capable of providing credible security guarantees.

The future of the Federal Republic of Yugoslavia also remains highly uncertain. Montenegro's government continues to follow a secessionist course. In the last few years it has been able to free itself of many institutional links with Serbia and to meet some basic requirements for independent statehood. Yet, as shown by the narrow margin by which the secessionist parties prevailed at the election of 21 April 2001 there remain profound divisions in Montenegro over the future relations with Serbia as well as over the procedures to adopt to take a decision on the matter (the government repeatedly postponed the holding of a highly controversial referendum on independence). The picture is further complicated by the disruptive political conflict between the federal government and the Serbian one concerning their respective competencies and the ways of dealing with Montenegro's secessionist drives. All those factors make it unlikely that the Yugoslav Federation can survive for long in its current configuration. At the same time there seems to be room for a political compromise on the establishment of looser federal or confederal links between Belgrade and Podgorica.

In this context, the international actors have to accomplish a complex task. They should provide extensive economic and technical assistance for the consolidation of Montenegro's fragile institutions in order to enable them to take effective measures against organised crime which continues to affect heavily the country's political and economic life. The international support for the reform and democratisation process in Serbia is not less essential since there is a growing risk that the local population's discontent about the government's poor performance leads to a new rise of nationalist forces which can eventually result in the reversal of the liberalisation trends. Finally, the active involvement of international mediators appears a key pre-requisite to arrive at a balanced and enduring compromise solution concerning the new relations to be established between Serbia and Montenegro.

The international action in Macedonia has concentrated on two main – closely related – goals: preventing a new outbreak of violence between the Slav Macedonians and the Albanian population and ensuring the implementation of the Framework Document of 13 August 2001 which calls for the establishment of a set of new mechanisms for the promotion of the rights of the Albanian minority. The Framework Document offers an articulate and solid basis for a constitutional reform that accommodates the central requests of the Albanians while preserving the unity of the Macedonian state. Of key importance are its provisions concerning the decentralisation of government, the educational and linguistic rights of the minorities and their free expression of identity. Only in November 2001, after harsh contrasts which threatened to derail the peace process, did the Macedonian parliament ratify the constitutional amendments required by the Framework Document. Their actual implementation remain however problematic because of the opposition from a large part of Slav Macedonians.

In Macedonia, unlike in other troubled areas, the post-conflict external intervention has developed according to a consistent model of multi-ethnic state that incorporates the fundamental needs of the conflict parties. However, following the recent clashes, the inter-ethnic climate has sharply deteriorated and a number of adverse external factors make the road to pacification full of obstacles. The completion of the NATO mission Essential Harvest charged with the task of collecting weapons from Albanian rebels made an important, but insufficient, contribution to mutual trust. The follow-on force established by NATO for the protection of the OSCE monitoring mission can help stabilise the situation on the ground. Due to its limited size, however, it would probably not be able to prevent a resumption of hostilities which could result from the

government's failure to implement the constitutional reform. Hence the need for the Western countries to prepare for a renewed escalation of their military involvement and, at the same time, to continue to exercise diplomatic pressure on the Macedonian authorities to obtain an early implementation of the constitutional changes and prevent the resort to a referendum which, as happened in other ares, would only exacerbate the ethnic divisions.

3. Division of labour between international actors

John Roper's call, at the CAEC workshop of March 8, for a "a non-proliferation treaty" for institutions involved in South East Europe may sound provocative, but it points out a problem which has become increasingly topical since early the 1990s when the violent outbreak of war in Yugoslavia first prompted international intervention in the area. There is a widespread perception not only that, in many situations, peace-support efforts have not benefited from the multiplication of international actors involved, notably institutional ones, but also that, in others, what was soon stigmatised as "institutional inter-blocking" proved to be a serious obstacle to their success.

Policy-makers often find, rather cynically, that resorting to international institutions is a handy way to relieve themselves or their countries of direct responsibility for risky foreign policy actions.

However, there are a number of serious motivations behind the choice to rely on a variety of institutional means when complex interventions are undertaken. The most obvious is the need to make use of different types of expertise and operational instruments which only a multiplicity of institutions can offer. This applies, in particular, to post-conflict reconstruction and rehabilitation missions the mandates of which often cover a vast spectrum of political and socio-economic sectors. Sometimes, in effect, different institutions manage to act in a mutually reinforcing way.

This is the case, for instance, of some initiatives jointly undertaken by the European Union (EU) and the World Bank (WB) within the framework of the Stability Pact for South East Europe. By the same token, the UN blessing for a given mission may be enhanced by the political endorsement and subsequent direct involvement of the Organisation for Security and Co-operation in Europe (OSCE). Also, the sharing of responsibilities helps to keep the mandate of each institution focused and to avoid mission creep, widely seen as a crucial pre-requisite for successful intervention.

Moreover, the involvement of various institutions sometimes contributes to making international action more flexible in adapting to the changing requirements on the ground. Different membership is also a key element. For instance, the presence of an OSCE mission provides, inter alia, a channel to ensure participation of countries which would otherwise be excluded.

However the practice of international intervention in South East Europe, as in other conflict areas, provides ample evidence of the many difficulties associated with the involvement of several different institutional actors. One of the most widely recognised is the frequent overlapping of roles and responsibilities which results not only in waste of resources but often also in lack of consistency, which undermines the general effectiveness of the international action. It becomes difficult to follow a coherent policy of conditionality towards the targeted countries or regions when each external actor tends to impose its own conditions in exchange for its support or assistance. For

instance, it frequently happens that the conditions established by the international financial institutions (IFI) are not in tune – or even in contrast - with those of the actors that concentrate on the political goals of the intervention. The experience of the international missions in South East Europe also shows that the body empowered with the central authority finds considerable difficulty in exercising its power in the presence of a variety of institutional actors and programmes. The diversity of the bureaucratic practice and culture of the various organisations also complicates their functional interaction.

In the last few years some organisations have undertaken an effort to increase their degree of specialisation or to concentrate on their core functions. The OSCE, for instance, has renounced the ambition, which it had set out in the 1992 Helsinki document, to play a comprehensive role in crisis management and now tends to focus mostly on early warning/conflict prevention and democracy- and institution-building. The IFIs are also reviewing their competencies with the goal of reducing the scope of their activities. In the security field, a major development has been the absorption by 5 the EU of most of the functions of the Western European Union (WEU). However, in many areas, the sharing of roles and responsibilities between the institutional actors continues to be a matter of debate and a source of considerable friction.

One key problem which emerged, in particular, in Bosnia-Herzegovina and Kosovo lies in the inadequate mechanisms for co-ordination between the civilian and the military components of large and comprehensive post-conflict peace-support operations. The existence of two separate chains of command undermines the credibility of the top international administrators. Their inability to decide on the use of coercive means to ensure that their administrative acts be respected has considerably complicated the implementation of peace accords. However, the NATO countries' reluctance to accept subordinating the organization's military missions to the heads of the civilian ones is motivated by their understandable desire to keep full control on the employment of their troops, preventing surreptitious enlargements of the missions' original mandates. Also, the fact that the command of the civilian missions is assigned to the UN, whose membership and institutional culture are quite different from NATO's, adds to the difficulties of the interaction between the two pillars of international missions. A single chain of command is realistically conceivable only if a single organization were entrusted with the direction of both the military and the civilian aspects of a mission. In a not-too-distant future the EU could become capable of taking over this role provided that the efforts undertaken by its member states to reinforce their common foreign policy instruments and to build up common defense capabilities make further progress.

In addition, the structure of the civilian missions themselves tend to be highly fragmented so that it proves almost impossible to ensure effective direction and co-ordination. A telling example is the United Nations Interim Administration Mission in Kosovo (UNMIK) whose activities are divided in four different pillars, each with a different organisation at the top. Moreover, in such areas as civil administration or institution-building a variety of international agencies and actors are active, which often results in uncoordinated initiatives and wasteful duplication of programmes with similar or identical goals. The wider the scope of the international action and the higher the number of actors involved, the more obvious the need for a strong command structure capable of giving precise and continuous directives. Even in this regard, a more or less gradual Europanization of the civilian missions deployed in South East Europe may prove advantageous. Despite its persistent weaknesses, the EU is more cohesive than

such loose organisations as the UN and the OSCE and could hence ensure a stronger leadership. Furthermore, its competencies and capabilities cover almost all areas of civilian missions.

It is therefore advisable that the EU assume a growing leading role for the direction of the individual civilian missions and for the co-ordination of the military and civilian aspects. As the deepening and enlargement processes of the EU make further progress, it should acquire both a greater capability to lead complex international missions and a stronger leverage on neighbouring troubled areas, including, in particular those in South East Europe. It is also worth stressing that the *acquis communautaire* provides the most comprehensive and consistent set of principles and parameters for capacity- and institution-building efforts in post-conflict situations.

This is not to say that the EU should be assigned an exclusive overarching role for the conduct of crisis management operations on the European soil. First, the ultimate legitimisation of at least the most intrusive forms of international intervention – including, of course, those entailing enforcement action - will have to be provided, as happens today, by the UN Security Council. The involvement of OSCE, as the regional organisation with the largest membership and with a consolidated norm-setting responsibility, also provides, *inter ali*a, an additional valuable source of legitimisation for international action.

Second, and equally important, it is essential that the overall direction of crisis management efforts involve all major powers, notably the US and Russia. For this reason ad hoc decision-making bodies such as the international Contact Group - composed of Britain, France, Germany, Italy, Russia and the US – the Peace Implementation Council (PIC) - which oversees the implementation of the Dayton agreement in Bosnia-Herzegovina - and the G8 – whose contribution was momentous during the Kosovo conflict, will continue to play a crucial role. The activation of one or the other of those bodies depend on the specific geographical configuration of the conflict as well as on the circumstantial exigencies of the diplomatic game. Although especially during the most critical phases of international intervention in South East Europe the policies taken within those bodies were largely determined by the US, they have played a crucial role to keep or – as in the case of Kosovo – to re-establish a common stance among the major powers.

It should also be recognised that, even as regards the more specific areas of intervention, the practice of international involvement in South East Europe does not offer a single and comprehensive model for the distribution of responsibilities among the various institutions.

However, at least some relevant indications can be drawn from ten years of peace efforts in the region.

- After the failure of the UN peacekeeping missions in Croatia and Bosnia-Herzegovina, the central military tasks were assumed by NATO - with the notable exception of the operation in Albania in 1997. This was made possible by the US decision in mid-90s to put aside the idea that dealing with the Balkan embroilment was a matter of primarily – if not exclusively – European responsibility. With the use of air power and successive deployment of ground troops in Bosnia-Herzegovina, Washington undertook a major military commitment to the stability of the region which continues to be substantial despite the gradual reduction of US presence in Bosnia-Herzegovina and Kosovo. NATO has become increasingly active also in Macedonia following the Kosovo conflict and the outbreak of armed clashes between the Albanian rebels and the

government's forces. In the most recent post-conflict military missions which were established in the context of NATO – as in Kosovo and Macedonia – or as ad hoc coalition of willing – as in Albania – the Europeans took over central command responsibilities. This indicates a pronounced trend towards a Europeanization of the international military presence in South East Europe which is likely to develop even further in the future. However, owing to the persistent shortcomings of European military capabilities and the rather embryonic state of the EU's common security and defense policy (CSDP) such large-scale enforcement military operations as the one in Kosovo will continue to require a US involvement. This also applies to interventions that entail a substantial risk of escalation. On the other hand, the EU is likely to become increasingly ready and willing to direct smaller military endeavors especially if they take place in post-conflict situations.

- International actors have shown an almost complete lack of preparedness in performing **police functions** which, as it has become increasingly evident, are key to the success of post conflict reconstruction and rehabilitation processes.

In Bosnia-Herzegovina an unarmed police force - the UN International Police Task Force (IPTF) – was entrusted with the task to help establish a local police, preventing ethnic discrimination, and to oversee its activities. Serious problems emerged with the recruitment of an adequate number of professional personnel capable of performing such duties. Moreover, the IPTF began to play an effective role only after the establishment of closer co-operation links with the NATO military force (IFOR and then SFOR). In the absence of an armed police force, the High Representative had to rely entirely on the NATO force to impose his acts of government when they were opposed by the local parties.

In Albania the task of assisting the restructuring and reform of the local police was taken over by the WEU through the establishment of the Multinational Advisory Police Element (MAPE). National assistance programs, notably the US and the Italian ones, have also played a prominent role in the effort to provide the Albanian government with more effective police forces. However, the lack of adequate co-ordination between the international mission (MAPE) and national programmes has considerably complicated the international action to reconstruct Albania's law and order capabilities and institutions whose collapse led to the state of anarchy that ravaged the country in the first half of 1997. Only recently has the Albanian government begun to show a growing ability to curb organised crime and provide basic security on most of the national territory.

In Kosovo the deployment of the UNMIK police force, which was tasked to contribute to the establishment of public safety and order, took place much slower than planned, which resulted, among other things, in a delayed disarmament of the Kosovo Liberation Army, one of the central goals of the international mission. It also became evident quite soon that a substantial part of the dispatched personnel was ill-prepared for the complex police tasks that they were assigned. The inability of the UN to perform executive police functions in a non-benign environment found further evidence. The division of responsibility with NATO's KFOR also lacked clarity although in practice it was eventually the latter that performed the bulk of the action to restore and maintain public order. The UN police force, in turn, has increasingly concentrated on recruiting and training the future local police, the Kosovo Police Service (KPS), which is expected to assume gradually the fundamental police tasks. The international mission in Kosovo has also encountered formidable difficulties in establishing a functioning judicial system in

the absence of an undisputed – and hence immediately applicable - legal framework. Other constraints, including the shortage of international prosecutors and judges, has undermined the efforts to ensure respect of basic law and order requirements.
In June 2000 the Feira European Council undertook a major initiative to remedy the shortcomings of international action to promote law and order by approving a plan to provide the EU with specific capabilities in this field. The EU member states committed themselves, in particular, to earmark 5,000 police staff for international missions by 2003. About 1,000 of them are to be deployable within 30 days. The Union is also developing a standing capacity to contribute to re-establishing and reforming judicial systems in conflict-torn areas including the setting up of a rapid response group of rule-of-law specialists. This effort, which is co-ordinated by the newly established Committee for Civilian Aspects of Crisis Management (CIVCOM), is likely to lead to a growing EU's role in the direction and management of the law and order aspects of the international intervention in the Balkans and elsewhere.

- The **institution building** processes promoted or directly managed by international institutions in conflict areas of South-East Europe have been generally slow and inadequate. This is attributable, to a large extent, to the extreme difficulty to arrive at – and then implement – enduring power-sharing arrangements among opposing ethnic or political groups. In some cases – Kosovo, Montenegro - what lacks is a clear blueprint for addressing the root political causes of the conflicts, in others – Bosnia-Herzegovina - the fundamental problem lies in the increasingly evident shortfalls of the peace plan agreed upon thanks to international pressure and involvement. Persistent instability and tensions in the political environment have frustrated institution building efforts or attempts to reform the existing state's structures. But two other closely related factors have hindered institution-building. First, several international institutions have been involved in post-conflict reconstruction but none of them has so far developed adequate techniques and capabilities to accomplish the complex and multi-faceted tasks that the establishment of new institutional structures in failed or conflict-torn states implies. In particular, the lack of adequately trained personnel is widely seen as a major obstacle to the implementation of comprehensive institution-building plans. In fact, the practice shows that, most institution building programmes have limited objectives – often centred on training and consultancy - and tend to be short-term. Second and not less important, the great variety of those programmes and the diversity of the institutional actors that manage them complicate their subordination to a consistent institution-building strategy. The aforementioned CIVCOM of the EU can make a substantial contribution to address those problems. One of its declared priorities is the establishment of a pool of experts in civil administration capable not only of providing technical assistance and training but also of performing, where needed, executive functions.
Under the direction of the EU's Council, CIVCOM could become a valuable instrument for ensuring that the various institution-building measures adopted in a given post-conflict situation correspond to a single political design based on the *acquis communautair*e.

- **Economic reconstruction** will continue to require close co-operation between the EU and the international financial institutions, notably the World Bank (WB) and the International Monetary Fund (IMF). As in the case of the Stability Pact for South-East Europe (see below), it is essential that the overall strategy for economic reconstruction

be jointly developed by the EU and the WB. Ironing out the different institutional views on the use of financial resources and on the political conditionality for the provision of economic aid is a complex task, but one that should be accomplished at the early stages of a post-conflict reconstruction mission to avoid sending confused messages to the targeted countries concerning the link between international economic support and the transformation and reform of their domestic structures. It is particularly important that the macro-economic stabilisation programmes be perceived by the targeted countries as a step towards meeting basic requirements for the integration in the EU structures. This political imperative also calls for a prominent role of the EU in the co-ordination and management of post-conflict economic reconstruction and reform.

- The central responsibility for the promotion of human dimension in South-East Europe, including democratisation processes, has been increasingly assigned to the OSCE which can rely on a number of specialised instruments in the field such as the Office for Democratic Institutions and Human Rights (ODHIR) and the High Commissioner on National Minorities (HCNM). The OSCE has established itself, through the work co-ordinated by the ODHIR, as the central actor of international supervision of the elections that took place in South-East Europe in the last few years. In several instances, however, the OSCE accepted to engage in the organisations of general and local elections even in the absence of some basic conditions for a fair electoral competition. In fact, political considerations, notably the need to have elected local leaders with whom to develop dialogue and co-operation. In this sense, the OSCE has played, at least in some cases, more a role of a technical instrument than that of a truly norm-setting body. The HCNM has been able to promote a substantial improvement in legislation concerning the rights of ethnic minorities and to regularly follow its implementation. On the basis of a wide interpretation of the mandate conferred to it at the Helsinki II summit, the HCNM has also been involved in useful confidential mediation activities. The mandates of the OSCE missions of long duration have increasingly incorporated comprehensive human dimension tasks. In some situations this has given risen to overlapping of responsibilities with the UN missions which, due to inter-institutional rivalries, has proved counterproductive. A further specialisation of the OSCE in human rights promotion, which also includes an important early warning function, seems advisable, while its specific contribution to other aspects of post-conflict reconstruction and rehabilitation will necessarily remain limited. However, the UN role in human rights promotion will continue to be important in specific sectors. In particular, the action of the UN High Commissioner of Refugees (UNHCR) has been a crucial part of the conflict prevention and crisis management activities in South-East Europe as elsewhere.

4. The Stability Pact for South-East Europe

The Stability Pact for South-East Europe is the major regional co-operation initiative undertaken in the aftermath of the Kosovo war under the leadership of the EU. Launched at the EU summit of 10 June 1999, the Pact includes as many as 28 states – the EU members, South-East European countries and their neighbours and the G8 members – and all main international organisations involved in crisis management and post-conflict reconstruction in the area. The Pact's overall co-operation strategy is defined by a Regional Table which meets twice a year. Three working tables modelled

on the three dimensions of the OSCE – human rights and democratisation; economic reconstruction and development; security – are responsible for the implementation of the individual sectorial policies. A Special Co-ordinator Office, appointed by the EU Council, was assigned the task of providing the political co-ordination of the Pact's various activities.

The central political objective of the Pact is to establish a co-operative environment in the area conducive to regional integration as well as to the integration of the targeted countries into European and international structures. The prospect of a gradual advancement towards a EU membership is the main political incentive that the countries of the region are offered to both deepen their mutual coo-operation links and develop the individual national programmes of domestic reform. Institution building and economic stabilisation and reform are regarded as part and parcel of the road towards eventual membership into the EU. To this end, the EU launched a new form of contractual relationship with the region's countries – the stabilisation and association agreements – which places the emphasis on the linkage between political stabilisation – both internal and with regard to the relations with neighbouring countries – and domestic reform. More than two years after the launching of the Pact there is a widespread disillusionment about its usefulness given its poor concrete results. However, before examining the major factors which have prevented the Pact from having a greater impact on the region's political and economic realities, it is worth underling that its contribution to the stabilisation and deepening of regional co-operation process that has taken place after the Kosovo war is not negligible.

With its promise of a comprehensive international support for those countries that would embrace a consistent policy of regional co-operation and domestic reform, the Pact certainly contributed to the international isolation and eventual fall of the nationalistic governments in Croatia and Yugoslavia. The collapse of Milosevic's regime was indeed one of the immediate political goals of the decision to provide the countries of the region with a new set of political and economic incentives. In particular, the admission of the FRY in the Pact in late 2000 marked the successful completion of an effort to make possible the re-opening of the channels of co-operation with Belgrade. Arguably, the inability of the Pact's structures to prevent the eruption of a new conflict in Macedonia was a major blow to its credibility as a stability provider. However, as a post-conflict long-term endeavour, the Pact is mostly aimed at establishing the structural conditions for the pacification of the area. It lacks specific conflict prevention and crisis management instruments of its own. Short-term diplomatic and security measures fall outside its sphere of responsibilities.

The Pact has also proved useful to add a truly multilateral dimension to the multi-bilateral process of association and stabilisation. The EU's bilateral dialogue and negotiations with the individual targeted countries are clearly insufficient to provide the needed political support for collective co-operation efforts undertaken at the regional level. In particular, the Pact has successfully established itself as the umbrella framework for infrastructural projects in the institutional and economic fields. As unique forums of dialogue between international institutions and the targeted countries, the Pact's working tables, especially the economic one, has been instrumental in stimulating local leadership to go beyond the strictly national logic and to embrace regional perspectives on a number of key issues. They have also served the purpose of establishing region-wide procedures for dialogue and negotiations as well as common standards for the implementation of domestic reform plans.

Some structural deficiencies of the Stability Pact have to do with the limits of the international actors' commitments. Although it has been rhetorically compared to the Marshall Plan, it is based on much more limited financial resources. The donor countries and institutions are much more reluctant to engage in comprehensive and demanding assistance programmes since they perceive the need for a prior stabilisation of the security environment which remains highly volatile.

As a result, from the very beginning the Pact has suffered from a fundamental contradiction between its ambitious goals and the relatively small resources at its disposal. As a matter of fact, it has mostly acted as a mere instrument of co-ordination of ongoing international programmes. In some cases the initiatives undertaken by the Pact structures have added little to the already existing co-ordination mechanisms. In this respect, there has been wasteful duplication of administrative structures.

A second major shortcoming of the Pact lies in the often disorderly multiplication of the co-operation initiatives that have been placed under its aegis. The lack of adequate focus of the programmes launched in the various sectors have prevented an efficient use of the limited diplomatic and economic resources. The systematic effort to add a regional dimension to the co-operation plans based on the involvement of international actors has been one of the distinctive and most commendable features of the Pact. Yet, it has become increasingly evident that the reform and transformation processes should first and foremost take into account the specific needs and constraints existing at the national level. This applies, in particular, to such fields as economic liberalisation and the fight against corruption and organised crime where the Pact's standard-setting activity risks to prove futile if not accompanied with effective country-specific measures. As the root causes of a number of structural deficiencies that hinder the development of countries of the region have a distinguishable national – rather than regional – origin, the Pact's broad regional programmes tend to have a limited impact.

The Pact's institutional machinery has also revealed a number of shortcomings. One is undoubtedly the distribution of tasks among an excessive number of sub-tables and taskforces which reflects the wide spectrum of issues that the Pact has tried to deal with. This has complicated the co-ordination efforts both in the phase of the elaboration of the programmes and in that of their implementation. The Special Co-ordinator's Office, which is composed of a small staff – mostly officials seconded by governments or international organisations – is not directly involved in the management of the programmes. In fact, given its scarce resources, it has only played a loose co-ordinating role. It lacks the capability to follow and assess the implementation and final results of the individual co-operation initiatives. The most important projects, notably the economic ones, have not benefited from a specific contribution from the Special Co-ordinator's Office. Moreover, the choice to concentrate the co-ordination responsibilities on the Special Co-ordinator's Office which receives political guidance from the EU's Council of Ministers has been ill-received by the European Commission which has seen it as a way of undermining its own prerogatives. In fact, many of the Pact's initiatives rely on the executive powers of the Commission and are indeed a continuation of programmes that were already managed by it. In general the institutional rivalry between the EU's Council and the European Commission concerning the external relations competencies has had a remarkably negative impact on the development of the Pact.

Inter-institutional co-operation has soon appeared of key importance for the success of the initiatives undertaken under the Pact. In particular, the European Commission and

the World Bank were entrusted with the joint responsibility for the co-ordination of economic assistance to the region. The two organisations managed to define a common regional strategy for economic reconstruction and development which has proved useful to identify the functional links between short-term and long-term projects. Thanks also to the creation of specific mechanisms of co-ordination – a High Level Steering Group (HLSG) and a Working Level Steering Group (WLSG) – they were able to establish a working relationship which has proved substantially more effective than in other cases, mostly in Bosnia-Herzegovina, where it had reached a low point.

The most important initiatives in the economic sector were included in the Quick Start Package (QSP) approved at the Regional Funding Conference of March 2000 (more than half of the financial commitments of the QSP concern the infrastructure sector). As of July 2001 about 80% of the QSP projects had already started. However, most of them do not benefit from new funds but are based on financial resources already available. From this point of view, the QSP's actual value added is questionable. It must be added that, given the relatively small size of regional markets 11 there has been a reluctance to invest in new costly infrastructures. The current trend is in fact to give priority to the maintenance of the existing infrastructures, which, as shown by the experience of the reconstruction programmes in Bosnia-Herzegovina, cannot be taken for granted. Moreover, political obstacles linked with the persistent contrasts between the countries concerned have so far prevented the launching of a large infrastructure regional project with widely acknowledged political significance.

An important result was achieved with the approval of the Investment Compact, a set of basic parameters to facilitate the flow of investment in the region. Yet, its concrete application has been so far quite limited and different from country to country. In this field the central responsibility lies with the OECD which has however been reluctant to develop close links with the Stability Pact's institutional structures.

The Pact's economic co-operation strategy also includes a key trade component based on two pillars. The first is the process towards full trade integration of the region's countries with the EU, a goal which is being pursued within the context of the stabilisation and association programmes. The second pillar is a gradual but general liberalisation of all intra-regional trade. In June 2001 the countries concerned signed a Memorandum of Understanding for Trade Liberalisation and Facilitation which calls for the establishment of a network of free trade agreements between them by 2002 and the liberalisation of at least 90% of their mutual trade.

There remain however a deep-rooted resistance to the idea of the creation of a full-fledged free-trade area mainly deriving from the fear to reproduce Yugoslav-type links which have seen as an obstacle to integration with West Europe.

The Pact's failure to mobilise substantial additional resources has caused much disillusionment in the South-East European countries which had high expectations about its contribution to their stabilisation and development. The widespread consensus in the area concerning the objective of full integration into the European structures through the adoption of the *acquis communautaire* provides a key condition for local ownership and responsibility of the transformation processes which the Pact tries to promote and support. However, the economic and administrative capacity of the South-East European countries to absorb the inputs coming from the Pact's various initiatives has been quite limited. In particular, they have had difficulty in contributing to large-scale infrastructure projects and are not in a position to mobilise private capital of a significant size. The incorporation of the agreed parameters for internal transformations

in the national legislation has also been lengthy and partial despite the fact that all countries concerned have created specific ad-hoc administrative structures, which generally involve high-level government officials, to ensure the implementation of the Pact's programmes.
The Bucharest meeting of the Stability Pact (25-26 October 2001) started a comprehensive review of its goals and instruments. A wide consensus has consolidated about the need to streamline the Pact's activities, concentrating them on a more limited set of programmes of key strategic value. To this end it is essential to identify the areas where the Pact can provide a real value added, i.e. those that require intervention on a regional scale. These include transport infrastructures, environment protection, energy and such cross-border issues as organised crime and smuggling. By contrast, reform programmes that are aimed at transforming the economic and institutional setting of the individual countries can be promoted more effectively through bilateral co-operation mechanisms that take into account national pecularities. A key condition to make the Pact more effective is also the restructuring of its institutional machinery. There is, in particular, the evident need to reinforce the co-ordination capacity of the Special Co-ordinator Office and at the same time to ensure a more functional relationship between it and the European Commission.

4. Concluding remarks

More than ten years of international peace and stabilisation efforts in South-East Europe have failed to produce enduring solutions of most of the conflicts that have ravaged the region, hindering the reform processes in the individual countries and their integration in the international and European co-operation structures. However, thanks to the international involvement some notable results have been achieved.
First, in crucial areas the NATO-led military missions have prevented a resumption of large-scale hostilities and provided the key security conditions for the development of extensive programmes of post-conflict reconstruction and rehabilitation. Second, although the latter have produced results well below the general expectations, they have made an important contribution to the spread of democratic practices and to the establishment of at least an embryo of local capacity for self-administration in conflict-torn areas. Third, the international action have been instrumental in promoting the progressive strengthening of regional co-operation, stimulating the local leaderships to adopt a regional approach in addressing fundamental economic and political issues.
Fourth, especially through the stabilisation and association process, the road has been opened to the integration of the area into the EU by means of a gradual adaptation of their institutions and legislation to the *acquis communautair*e.
However, all those processes appear incomplete , fragile and, to some extent, subject to reversal. In three most problematic areas – Bosnia-Herzegovina, Kosovo and Macedonia – an eventual end of the international presence, notably the withdrawal of the military missions, will probably result in renewed armed hostilities. In fact, the external actors have failed so far to give stable solutions to the conflicts still open in the area. At the same time, they are reluctant to accept or promote a revision of the peace agreements in force out of fear of opening a Pandora box of mutually exclusive revanchist claims. While in the longer run different political and territorial configurations may become subject of international negotiation, in the coming years the

external actors are more likely to concentrate on reconstruction and rehabilitation efforts on the basis of the existing arrangements, however precarious they may appear. This will continue a continuous and articulate international presence in the region.

A multiplicity of international organisations will therefore continue to take part in the complex process of stabilisation and transformation of the region. There is however the evident need to reinforce the mechanisms of co-ordination among the various aspects of the international missions as well as among the various international actors involved. This requires on the one hand the further specialisation of the roles and responsibilities of the individual international organisations, on the other the streamlining of the chains of command and mechanisms of co-ordination. The EU is developing the capacity to play an increasingly overarching role in the context of the various international missions on the ground. It is equipping itself of a range of new instruments to conduct both military and civilian operations. Moreover, by offering the prospect of the integration of the countries concerned in its structures, it is well-placed to provide the overall direction of the international action. Indeed, a distinguishable Europeanisation of the international missions in South-East Europe is already underway and it will certainly receive a boost from the US apparent willingness to reduce its level of engagement in the area to be able to cope effectively with the newly emerging threats outside Europe. Regional co-operation will also continue to play a crucial role for the stabilisation of South-East Europe. An important testing ground of the EU's capacity to acquire a credible leadership role will be the revision of the mechanisms and procedures of the EU-led Stability Pact for South-East Europe which has so far produced poor results. The Pact has been instrumental in supporting regional co-operation links at various levels and in encouraging local leaderships to pay constant attention to the regional implications of their foreign policy initiatives and to benefits that may derive from closer co-operation with their neighbours. However its concrete impact on the economic and institutional realities of the targeted countries has been fairly limited. The basic concepts and strategic goals of the Stability Pact remain valid, notably the emphasis on the link between regional co-operation and integration in the EU institutional framework, but its eventual success will depend on the capacity to concentrate the available resources on selected strategic projects of real regional significance. The need is also felt for a review of the Pact's institutional mechanisms which can ensure greater interistitutional co-ordination and minimises the overlapping of functions and competencies.