

## **Human Security Agenda for the Balkans Workshop Report, Helsinki, 17 May 2006**

In preparation for the Finnish presidency of the European Union, the Ministry for Foreign Affairs hosted the meeting of the Study Group on Europe's Security Capabilities to discuss the ways in which European Union policies and institutions can embrace human security concerns and some specific initiatives that Finland could promote during its presidency. A half day session of the workshop held on 17 May 2006 in Helsinki was devoted to the assessment of the current developments in the Western Balkans. By applying the human security approach the main aim was to identify the key security issues that the region faces at the current juncture, assess the effectiveness of European Union's Enlargement and Common Foreign and Security Policy and put forward proposals for a more coherent and effective approach to Western Balkans' transition to stable democracy. Two background briefs addressing the main questions were prepared for the meeting and form an integral part of this report. The report also includes remarks by invited discussants and a summary of discussion.

### **1 Summary of the discussion**

#### **Human Security Agenda in the Western Balkans: Towards a Development Paradigm**

International involvement in assisting Western Balkans' transition from conflict to peace, which has in the main rested on the crisis management approach, has been instrumental in ending the conflicts in the region. While successful in stabilizing the region, it has nevertheless failed to tackle the underlying conditions which stand in the way of its full economic and societal recovery that would underpin a lasting peace. Human security understood as freedom from want and freedom from fear, which is grounded in the respect for and the protection of human rights, offers an alternative approach to tackling the complex problems the region faces. Human security is about durable, long term rule of law and development and requires a coherence of security and development policy that has been lacking in European Union's policies towards the region.

Despite different status in relations of individual countries with the European Union, human security concerns in the region are similar. Unemployment across the region is high, poverty is widespread, and coupled with de-secularisation, human rights infringement and public's apathy. The main finding of the study conducted by three Ministries of the Finnish Government on human security from the perspective of the local population in Kosovo, using bottom-up approach suggests that physical security still remains the main concern among the local population. The police and military presence is seen as unable to respond to security needs on the ground – largely because police intervention depends on reported incidents, but these as a rule go unreported as there is a lack of trust in these institutions. The approach by UNMIK and other organizations in Kosovo has focused on developing institutions, at the expense of developing human

capital, which has in turn constrained the effectiveness of the institutions themselves. Local ownership of the externally initiated reforms and policies, and legitimacy of institutions charged with their implementation remains a problem. People feel that they have not been included in the reconstruction effort and in particular in talks on the final status of the province currently underway (this applies in particular to the representation of parties other than Albanians and Serbs e.g. Roma). Dependence on foreign assistance breeds further insecurity that extends to other aspects on an individual's wellbeing. Current disappointment with the pace of recovery is coupled with great expectations after the final status is determined; specifically, local population expects improvement in economic opportunities, which for most people translates to better prospects for jobs creation and better standard of living. There is a credible concern regarding the potential of the European Union as it is currently engaged in the region to contribute to this end. Failure to improve economic security, which is currently still somewhat in the shadow of concerns for physical security, could reignite tensions.

The international efforts in the region have been overwhelmingly concerned with top-down institutional building, based on a dialogue with the political elites. This has only served to reinforce the ethnic divide, given that the Balkan elites are a direct beneficiary of these exclusivist forms of politics and constitutionalism. Possibilities must be opened for fresh re-imagining of political leadership in the region, since current elites are enjoying only external legitimacy (from the West) rather than internal legitimacy from within each state based on what they have achieved in terms of public goods provisions. Public apathy is largely the outcome of the external legitimacy provided to the local elite; disenchantment with politics prevents the emergence of a plausible political alternative to ethnic-nationalist rule. Externally initiated local policy agenda has been overcrowded against limited local capacity, which in turn compounds legitimacy problem by undermining efficacy of public institutions. Thus, for example the governments of FYR Macedonia and Bosnia and Hercegovina in using available scarce resources have to decide between priorities of implementing poverty reduction strategy and contributing troops to the international military efforts in Iraq and Afghanistan.

Problems with civil society, often repressed by governments and weaknesses in educational system are pervasive across the region. The international engagement in the region, despite a range of civil society initiatives, has failed to energize the existing potential in this field and assist in developing civil society as a credible social actor in the Western Balkans. As a consequence of the dominant approach based on dialogue with and between the elites progress in negotiations within the Stabilisation and Association framework has had limited resonance with the population at large which remains ill informed of the substance of the process and its implications. Given the time consuming process of institution building and the lack of legitimacy they confront in the Western Balkans, strengthening civil society can play an important role in mitigating difficulties posed by weak institutions.

#### **Recommendations:**

- The EU should engage with the locals as partners, and vice-versa;

- It should adopt a comprehensive approach, which will be sensitive to nuanced meanings of human security for different categories of population, and differences among the countries' specific circumstances;
- It is necessary to introduce an element of civic education to help forge a new political culture, tackle apathy, and also to create realistic expectations about medium term development outcomes;
- In pursuing the human security based agenda the onus has to be on creating foundations for achieving long-term goals and sustainability.

During its presidency of the European Union, Finnish government should focus on:

- visa facilitation to wider range of beneficiaries;
- relieving the pressure on civil society;
- involving minorities, especially a sizable Roma population, in various initiatives that directly concern their wellbeing.

### **Enlargement and Common and Foreign Security Policy in the Western Balkans**

The European Union is in crisis as evident in internal debates on absorption and the challenges to a common foreign policy after the Constitution referenda. It has become more internally divisive and the sense of common purpose has weakened. Furthermore, a mere diversity of the European Union presents challenges for a single, unified project of enlarged Europe. In the debates within the European Union following the failure to adopt the Constitution there is a tendency to view further enlargement as a threat to the quality of life enjoyed by the peoples of the Union. This reflects a myopic view of security in global age which no longer can be identified with guarding the borders of the Union. Instead, preserving the EU zone of prosperity and democracy depends on its extension. Can the spread of democracy through advancing human security as a basis of stable peace serve as a unifying project for the EU?

European Union faces a major challenge in its engagement in the Western Balkans in the course of 2006/07. Bosnia and Hercegovina is yet to negotiate changes to the constitution that are necessary for the country to become a credible EU partner; the process of disassociation of Serbia and Montenegro following Montenegro's referenda will require monitoring as will the developments in FYR Macedonia following the pending general elections; an expanded presence in Kosovo will be needed following the end of status talks. Serbia as the largest country in the region remains unstable politically, and short of radicalization, the government is likely to muddle through rather than take decisive steps in the direction the European Union expects.

If EU conditionality is to work as a transformative force, it must retain a realistic prospect for accession. There are no costless solutions. In order for the European Union to retain its credibility politicians should be able to use enlargement talk and the elites both the local in the region and the EU must deliver on their promises.

Reaffirming the prospective membership for the Western Balkans countries is important for strengthening incentives for regional cooperation, which is currently perceived both

by front-runners and laggards in the accession process as potentially becoming a substitute for EU accession.

Following the closure of the Office of the High Representative, the EU Special representative in Bosnia and Hercegovina should avoid becoming an institution in charge of monitoring the conditionality compliance and become a proactive institution that would assist local authorities in implementing remaining difficult reforms. Its mandate will need to be defined in such a way that it combines the elements of the Stabilisation and Association approach with those of Common Foreign and Security Policy in order to avoid overlaps and clashes in associated instruments.

The guiding rationale for the EU presence in Kosovo during and after the status talk has to be Kosovo's rapprochement with the EU and not the shape or form of representation.

The transformation of the Stability Pact institutions which envisages their transfer to the region risks undermining the efficacy of the initiatives promoted by the Pact. This is partly because the local parties may see this move as an attempt by the EU to compensate for the uncertainties surrounding future enlargement.

Most of the work on security reform in the Western Balkans has taken place within the framework of NATO's Partnership for Peace Programme and as such has been focused on the reform of military, the main goal being the establishment of civilian control over the military. Against the region's particular concerns, there is a need to rethink the approach to security reform along two dimensions: internally, by greater involvement of civil society, and externally, by embracing regional dimension.

Europeanization as a goal guiding the region's efforts to overcome the legacy of violent conflicts should aim at providing and upholding human security and this requires innovations in EU policies.

### **Recommendations:**

- The internal EU crisis after the French and Dutch 'No' to the Constitution is important and may create new contradictions between CFSP and SAp approaches to the Western Balkans, further endangering the progress made – regional issues must be viewed within the broader debate about the EU's constitutional future;
- The EU perspective on the Western Balkans has lost credibility after the 'No' vote and must be reinforced;
- Trust-building work among EU member states is necessary: the Road Map (Kosovo) has not been met with universal support among member states;
- Kosovo must be seen as a testing ground for the credibility of the EU itself.

## **2 Policy briefs**

### **European Union's Human Security Agenda in the Western Balkans**

#### **Part I Human Security Perspective on the European Union's Policy in the Western Balkans**

*Denisa Kostovicova*

This paper elaborates the application of the human security agenda in the Western Balkans. It first presents five policy recommendations for the Finnish Presidency of the EU. These are based on the lessons drawn from the EU's existing policy in the region, and its shortcomings analysed from the perspective of human security.

#### **Policy recommendations:**

- propose and introduce the EU protectorate for Serbian enclaves in Kosovo as a means of the EU's greater involvement in the Kosovo final status negotiations and in view of EU's role in the post-settlement Kosovo
- develop and implement a strategic approach to the local civil society in the area of good governance to counteract state weakness
- assist and encourage local transitional justice programmes as a security strategy
- develop and introduce education exchange programmes with EU members of the local political elites coupled with the local educational campaigns for the electorate focusing on accountability of the political classes
- implement a long-term programme for the development of human capital by assisting education, particularly higher education and research & development capacity in the region

#### **Lessons 1: New states and borders – a hard or soft security issue?**

There are two important developments concerning Kosovo. At the beginning of April, the EU has announced the adoption of the Action Plan for Kosovo containing guidelines for the preparation of the EU's role in Kosovo, after the resolution of the final status and cessation of the UN's interim administration in Kosovo. While EU teams were expected to visit the area in April to work out the details based on the situation on the ground, at the moment the EU mission is envisaged to take over from UNMIK the tasks in the field of the rule of law, police and other areas. The 'other areas' part is still undefined, while

the Council of Minister is yet to decide on these tasks which will be a part of the status resolution process.

At the same time, the status negotiations on Kosovo conducted in Vienna since late February 2006 under the auspices of the UN have reached an 'impasse', after tackling only the first issue on the agenda: the decentralisation. Not unexpectedly, the two sides disagreed on the ethnic profile of the municipalities, with the Serbs insisting on the ethnic principle of territorial organisation and the Albanians opposing it. The Serbian approach, particularly as it concerns Mitrovica, the largest Serbian enclave in Kosovo, has been interpreted in the Albanian community as an attempt to establish a 'state within a state', or a platform for the secession of a part of Kosovo. For Serbs, the strategy is aimed at preserving the survival of the Serbian community in its historical territory amidst, what they consider failed, multiethnic policy since 1999 pursued by the UNMIK and the Albanian institutions.

The issues of borders and ethnicity are on the agenda elsewhere in the Balkans as well. The referendum on independence of Montenegro looming in May 2006 does not concern only the new borders of Serbia and Montenegro. The possible separation between Serbia and Montenegro would imply the division of Sanjak, the Bosniak majority area straddling the two. Therefore, the Sanjak Bosniaks have begun to demand the status of a Euroregion for Sanjak in case of dissolution of Serbia and Montenegro, or alternatively, the autonomy if the present union is preserved. On the eve of the Kosovo status negotiations, Albanians from Southern Serbia have adopted a platform demanding decentralisation, *i.e.* an autonomy for this Albanian majority-area. At the same time, a group of Hungarian parties in Vojvodina, in Serbia's north, has requested the same rights for Vojvodina Hungarians as Serbia is demanding for Kosovo Serbs on the principle of reciprocity. Even if the resolution of the Kosovo status fails to trigger another wave of requests for border revisions both in Bosnia and Herzegovina with extremist Serbs already calling for a compensation as a result of a loss of Kosovo, or in Macedonia with the Albanians' move towards greater territorialisation of their rights such as federation, the Balkans' security agenda will appear to be dominated by the issues of hard security as they pertain to states and borders underpinned by the imperative of safeguarding a national/ethnic community above all.

It is easy to remain trapped in the hard security paradigm especially if the issues of human security are disregarded. In the Balkans, soft security issues spill-over into the hard security agenda, making a border-drawing project appear an appropriate answer to the ills suffered by distinct ethnic communities. The example of Kosovo Serb enclaves, created in the aftermath of the pullout of the Serbian security forces from Kosovo and the revenge attacks by Kosovo Albanians in 1999, is illustrative. The unemployment rate in Serbian enclaves in Kosovo is nearly 90 per cent, thus significantly exceeding an extremely high unemployment rate of some 60 per cent in Kosovo. The average monthly salary is about 100 Euro, while the average monthly pension is just below 40 Euro. Most Kosovo Serbs depend on the state (meaning Serbian state) to secure their survival: either depending for jobs on the Serbian companies in the Kosovo, or receiving salaries directly from the Serbian budget as public sector employees.

The remaining state-owned companies in Kosovo, the key employer for local Serbs, have gradually ceased to have contact with their parent companies in Serbia, and tried to adjust to operations within Kosovo's boundaries – either with Serbia's assistance or without it. For some, such as, 'Drvo export', the wood processing plant, from Strpci, the Serbian enclave in south-east Kosovo, the management has sought help of the Serbian government to facilitate the sales of coffins, which is its most lucrative product, to other Serbian enclaves in Kosovo, i.e. through horizontal linkages among Kosovo Serbs. Others, such as, 'Lola-alati', the factory of metal products, has survived by producing swings, see-saws and other equipment for children's playgrounds for international NGOs, but have also accepted commissions from Albanian entrepreneurs in Kosovo. One of the workers said: 'If someone has the money to pay, we work and we don't ask who he is and where he is from'.

The economic perspective on the political demands put forth by Kosovo Serbs provides a completely different insight into their position. Firstly, many have adjusted to life in Kosovo that no longer is part of Serbia in actual fact though not on paper. However, their economic plight and the role of breadwinner that the Belgrade has adopted since 1999 by paying a salary and an additional supplement on that salary to all Kosovo Serbs working in the public sector, gives Belgrade political credibility and leverage over the Kosovo Serbs. Secondly, the Kosovo Serbs' economic strategies of adjustment to the 'new' post-1999 Kosovo, indicate that it is possible to forge multiethnic relations in Kosovo across the ethnic divide, while business links to a mutual benefit can lead to thawing of the tense atmosphere among the two communities. Where is EU's role in this? The problem is that there is no clearly defined role that the EU is playing in the process.

Despite the appointment of the EU envoy to the status negotiations, whose role has by no means been prominent, and the expectations of the EU's enhanced role in the post-status Kosovo, thus far the only plan had to do with preparation of a police mission according to a report drafted by Javier Solana, the EU foreign policy chief, and Olli Rehn, the EU Enlargement Commissioner. This has changed with the announcement of the EU's Action Plan of Kosovo for a post-status mission. However, it still fails to demonstrate how the EU remains involved in the status negotiation process. What is concerning is that the news of the mission in some Kosovo Albanian press has already been welcome with a warning against 'the second occupation of Kosovo', this time by EUMIK.

While the exact outlines of the EU's Kosovo mission are yet to be worked out; the EU should not miss an opportunity to bring about change in the Western Balkans in areas where it can do so by diffusing hard security issues and by furthering a human security agenda. To the extent that the public order and rule of law are to be its main foci, it seems that the EU has gradually shown to be taking on board the principles of the human security. However, in Kosovo's case, this trends needs to be even more pronounced.

The introduction of the EU protectorate over the Kosovo Serb enclaves would be a step in this direction. It, or a pledge that it would be a part and parcel of a post-status

settlement, would achieve several goals that could not only enhance stability in Kosovo, but also facilitate the final status negotiations. Mainly, it would:

- 1) reduce Belgrade's role and leverage to its realistic measure by taking over the political and economic guardianship over Kosovo Serbs from Belgrade, the EU protectorate
- 2) reassure Serbs of their well-being and security after the possible independence of Kosovo and, hence, encourage their more cooperative stance in the final status negotiations
- 3) without a reliance on Belgrade, the Kosovo Serbs would be encouraged to explore ways to adjust to 'new Kosovo', and, related to this,
- 4) as an impartial party EU begin to encourage and forge multi-ethnic cooperation.

In sum, the EU's *modus operandi* in the Western Balkans has had a rather ambiguous, if not a selective approach to the issues of boundaries and security in the Balkans. This is despite the fact that with its massive economic and political leverage exercised through the Stabilisation and Association process (SAP), the EU is best positioned in relation to all other international actors involved in the Western Balkans, including UN, NATO and OSCE, to shift the agenda in the region to view and react to challenges that appear to be of traditional, 'hard' sort concerning borders and ethnicity whereas they are actually of a non-traditional and 'soft' nature. It is there where the solutions need to be forged. However, this approach requires marrying a political and an economic approach, because their separation is not just artificial but also counterproductive.

While Professor Marie-Janine Calic comments on the contradictions in the parallel pursuit of the Enlargement and CSFP strategies along with their instruments, as in the case of the negotiation of the union of Serbia and Montenegro, this paper takes issue with the EU's inconsistent approach, in so far as it favours either a high political or only economic approach, whereas actually marrying the two would be most appropriate for enhancing human security.

Another illustrative example of this is EU's involvement in Southern Serbia. It has just launched, in partnership with the UNDP, its second Municipal Improvement and Revival Programme (MIR 2) aimed at improving social, economic and administrative environment in South Serbian municipalities. However, leaving over the resolution of the conflict in 2000 to NATO, the EU remained without a direct involvement in the local political process. Poignantly, it is precisely this, i.e. a slow pace of inclusion of Albanians into the state structures, including the police and judiciary, that has fuelled their dissatisfaction and a demand for autonomy. The EU's economic assistance has been by all means been beneficial to the area, but the problem is that it has not benefited the rapprochement between the Serbs and the Albanians precisely because it was depoliticised.

Importantly, the sooner the EU takes on board the grievances ever more vocally expressed by Muslims in Sanjak, Albanians in Southern Serbia, and Hungarians in Vojvodina, it will be able to avoid ethnic enclavisation in these areas on the Kosovo model, and help preserve their multiethnic character. Further ethnic demarcation is bound to lead to ethnification of all disputed issues, and possible calls for proliferation of EU protectorates.

## **Lesson 2: A Strategic Approach to Developing Civil Society**

The scholarship on the Balkans has defined the weak state as the major security threat in the Balkans, and, indeed, a spoiler of the Europeanisation process. At a lecture given recently at the London School of Economics and Political Science, Enlargement Commissioner Olli Rehn specified that along the cooperation with the International Criminal Tribunal for the former Yugoslavia, the two remaining interrelated challenges in the Western Balkans remain institutional/administrative capacity and the rule of law. With a range of its programmes designed specially for the Western Balkans within the SAp, the EU instruments have, by and large, been focused specifically on the state-building meaning institutions. Consequently, the criticism directed at the EU policy in the Balkans has been two-fold: its policy has been focused on institutional capacity and it did not sufficiently heed local feedback.

Since 2004, the EU has been working to rectify this shortcoming. The European Council decided that civil society should be involved in an intensive political and cultural dialogue. In the Western Balkans, it started with Croatia, with the goal to extend civil society dialogue to the whole of Western Balkans. As a part of the series, the first meeting was held in Serbia in February 2006. Both the topics discussed and the attendees at the meeting offer an insight into the state of civil society and a pointer in which direction this initiative should develop. Firstly, the topics discussed mainly had to do with the plight of civil society, the unregulated position of the NGOs, challenges in obtaining funding, its marginalised position in local societies, as well as means of facilitating the exchange of information regarding the European integration process. Secondly, the list of attendees at the meeting indicates that these were NGOs whose work falls into a broad category of human rights.

This meeting clearly indicates a need for support of two interrelated processes concerning the civil society in the Balkans. Given the disproportionate leverage that the EU has over the civil society and its development in the Western Balkans due to the funding opportunities it offers, the EU should stimulate the strategic development of civil society so that it builds a capacity at a non-state level to check and strengthen the good governance in key areas for stabilisation of the region, specifically economics, security and judiciary. While human rights NGOs, many of whom date back to the early 1990s, have had some influence on issues in the area of judiciary, the non-state expertise in the area of economics and security represents a genuine capacity gap. To illustrate, in Serbia, there is only one NGO, Centre for Civil-Military Relations, Belgrade, that can provide a relevant commentary on the process and state of the security sector reform that is critical for democratisation of the country. Similarly, another NGO, the Free Market Centre is the

lonely voice that provides criticism and commentary to make sense of the complex web of issues related to Serbia's economic reforms. As a result, the civil society is weakest in key areas of governance that can directly contribute to the human security in the Western Balkans. Similarly, in Bosnia and Herzegovina, the civil society was excluded from negotiations of the constitutional amendments, removing the process from the grass-roots, that are critical for giving it legitimacy.

In sum, insofar as the EU sets as its goal to encourage civil society development in each country in the Balkans, it should design the dialogue with the civil society so as to help it develop a capacity to counteract the state weakness, specifically, as it concerns the law making and law respecting. The EU is heavily involved in attempting to build up institutional capacity through twinning mechanisms and the Technical Assistance and Information Exchange Instrument. However, it has lacked an equally focused and elaborate approach to the development of civil society to prop-up the state-building project. Just as twinning has worked for enhancing a state capacity, the same mechanism should be applied in developing civil society capacity in the specific areas of governance.

### **Lesson 3: Transitional Justice as a Part of Security Sector Reform**

Closely related to the above is a targeted support for transitional justice activities by the civil society both at a national and a regional level. Our recommendations to the Austrian Presidency of the European Union, published in *Austrian Presidency of the EU: Regional Approaches to the Balkans*, Kostovicova, Denisa and Vesna Bojicic-Dzelilovic (eds) (Centre for the Study of Global Governance and Centre for European Integration Strategies in cooperation with the Renner Institute, Vienna, 2006) had two components: one concerned the support for regional transitional justice initiatives in order to be able to deal with a transnational nature of war crimes committed during the wars of Yugoslavia's disintegration, and the other called for earmarking the funding opportunities for civil society activities specifically in the area of transitional justice.

Meanwhile, the death of former Serbian leader, Slobodan Milosevic, in his detention unit in the Hague, and, thus far, futile attempts by the EU to bring about the hand-over of the war crimes suspects, most notably Ratko Mladic and Radovan Karadzic, to the Hague, has highlighted an importance of transitional justice for the sake of furthering the reform of the security sector in the Western Balkans. The denial of crimes is directly related to tolerance of personnel involved in the war-time criminal project in the security services. In particular, Milosevic's death in the court's custody has dented any credibility that the ICTY may have had with the Serbs, and, in general, exposed the limitation of applying purely the mechanism of retributive justice such as international and local trials. For the process of inter-ethnic and intra-national reconciliation requires a societal dimension, that can be furthered by civil society.

Furthermore, the overall pace of democratisation and, hence, stabilisation, of the region is being obstructed by the networks dating from the war, spanning the political class, the security sector, the economy and the judiciary. This is largely the result of the failure of the countries of the Western Balkans to apply *lustration*, the transitional justice

mechanism of disqualification which would exclude members of the former regime or those involved in the crimes from holding a public office. Bosnia and Herzegovina came closest to introducing this process, where the subsequent High Representatives excluded the compromised officials from a public job because of their obstruction of the 1995 Dayton Peace Accords. The new High Representative in Bosnia and Herzegovina, Christian Schwarz-Shilling began his mandate by rehabilitating the local officials dismissed by his predecessors, with the exception of those suspected of supporting war fugitives. The policy that could have been adopted as a model and a means of stabilisation throughout the region has thus been discredited.

Without this process the relevant question for the transition and democratisation in the Western Balkans remains: who is a security sector? It is certainly not consigned to state institutions only. The networks, spread across different sectors, that spoil the transition efforts have one common denominator: they were forged in the war, and share the complicity either in war crimes and collaboration in them, or illicit enrichment. The unwillingness to come to terms with one's war crimes throughout the Balkans creates the environment where these networks can operate unhindered.

As the state authorities have not proved to be a willing partner in the effort to confront the past crimes, the civil society that has been at the forefront of these efforts across the region emerges as a natural partner. Therefore, the EU's support of transitional justice at a societal level, rather than a narrow application of conditionality in a form of cooperation with the ICTY, would not just pave way for the regional reconciliation. Rather, it is crucial for strengthening the state insofar as it aids the creation of non-partisan, accountable and transparent institutions, currently suffering from domination of partial, entrenched interests and networks dating from the complicity in the nationalist projects pursued by the war-time regimes. In sum, the transitional justice should be viewed in terms of its security implications as well.

The connection between transitional justice and security is only a part of a wider nexus between justice and security within the human security paradigm, in general, and further stabilisation of the Western Balkans, in particular. On the one hand, security sector reform in the Balkans has thrown up a multi-sectoral challenge, being closely tied, or, rather most often than not undermined, by a lack of reform in the judiciary. On the other hand, the transnational nature of the conflict and of the post-conflict links maintained by the informal networks in the Balkans requires an equally cross-border nature of the security strategy in the Balkans. The human security approach, precisely because of its emphasis away from hard security, provides a window of opportunity for creating a collective security system for the Balkans.

#### **Lesson 4: Tackling Political Apathy and Desecularisation of the Balkan Political Space**

The politics in the Western Balkans are characterised by two important features stemming from an entrenched sense of insecurity conceptualised in the human security

terms, i.e. at the cross-section of their welfare, freedom from fear and safeguarding of their human rights. These are a growing sense of apathy and disenchantment with the political elites and desecularisation of the political space.

The Western Balkans elites' inability to deliver public goods as well as demonstrate a genuine interest in the rule of law, rather than in the rule of particularistic interests, has resulted in the situation where the trust in the political elites and the institutions of democracy is waning.

Equally, shaky is their trust in the elites to bring them to the European Union. In a recent opinion poll conducted in Bosnia and Herzegovina in 2005, nearly 40% percent of those polled responded 'none' when asked: Which political party do you perceive as being most actively working on bringing B&H closer to Europe? Similarly, 64% said that they were not informed about the country's European integration process.

In Serbia, as the legitimacy of the elected as opposed to unelected institutions is eroding, the opinion polls have recorded that 7 and 10 per cent of respondents trust the Serbian parliament and government respectively as opposed to 55 per cent who trust the Serbian Orthodox Church. In sum, it is the unelected institutions that appear more trustworthy.

This trend is also reflected in a growing political profile of religious institutions. Increasingly, in the Balkans, they are taking on political and social functions, further threatening to undermine the credibility of the state institutions but also the democratic process. Hence, the political statements by the Serbian Orthodox Patriarch Pavle, and other religious dignitaries, championing particular, most often than not nationalist, policies, especially in relation to Kosovo, is just one example. Likewise, in Bosnia and Herzegovina, the leader of the Muslim community, Reis-ul-ulema Mustafa Cerić, has been involved in daily politics by offering outright support to given political parties on the political scene.

The increased influence, or, at least consideration, of the religious opinion on the daily politics has been accompanied by a desecularisation of the societies across the Balkans as both the young and old turn to religion and religious authorities, partly to compensate for the vacuum created by a lack of the existence of legitimate political authorities but also of the inadequate public goods provisions. For example, the leader of the Islamic Community in Sandjak, Mufti Muamer Zukorlić, is also a dean of the recently opened University in Novi Pazar, that teaches courses including IT and design and fashion.

As far as the Muslim communities in the Balkans are concerned, the process of desecularisation has not been entirely home-grown. From Bosnia and Herzegovina, through to Sanjak, to Kosovo, the reconstruction of the destroyed and the construction of new mosques has been taking place with the funding from the Middle East. Both in Bosnia and Herzegovina and in Kosovo, the locals have complained that these were reconstructed in a Saudi undecorated style, in contrast to the decorated style traditional in the Balkans. However, the local Balkan Muslims whether in Bosnia and Herzegovina, Macedonia, Kosovo or Sanjak, are also concerned that along with the charities and their

funding, there arrived a more radical and prescriptive interpretation of Islam as opposed to more tolerant Islam of Balkan Muslims. The recent arrest in Bosnia of three men suspected of purchasing explosives and weapons for suicide attacks against European targets, has raised concerns about vulnerability of young Muslims in the Balkans who may become be recruited for terrorist activities due to mass unemployment, easy access to weapons and porous borders along the corridor between Afghanistan-Turkey-Albania-Kosovo.

The issue at stake is a return of trust in the political institutions and the democratic system. This process can be encouraged and assisted by the EU by pursuing a two-fold strategy. On the one hand, as a part of the Europeanisation of the Western Balkans, the EU would need to initiate programmes of education of the local political elites preferably by exposing them to the ‘Western’ standards of public accountability during the exchange visits to the EU. On the other hand, the process would need to be complemented by broad public education campaigns targeting the local electorate and coaching it to expect and demand results and responsibility of their elected representatives towards themselves. Alternatively, the sinking into apathy and opting out of the democratic process, paralleled by populist calls for ‘a firm hand to sort out the mess,’ evidenced by dropping turnout in the elections, will only appear to give a green light to the political elites to continue to undermine the democracy-in-the-making and continue to weaken the weak states, while making other non-democratic alternatives of ordering the society and the state more appealing.

## **5. Build Human Capital by Supporting the Education in the Western Balkans**

One myth that all societies in the Western Balkans share dating back from the communist period is that of a belief in the superior education in the region. This myth is founded on the erroneous belief in the high quality of the education system, overinflated numbers of students enrolled in higher education in relation to those completing their degrees successfully, and the duration of studies often doubling the number of years than actually envisaged for a course of the degree. However, the figures tell a different story: the Balkans societies lack human capital that is critical to support the complex reform processes within the countries and facilitate the integration of the countries into the global economy.

This is due to a number of reasons. Experts have identified two types of migration with adverse effect on the human capital: ‘external’ brain drain, whereby experts from the region have sought better professional opportunities abroad; and ‘brain waste’ or ‘internal’ brain drain, whereby specialists have left their professional jobs to join better paid ones in the private sector or in the informal economy not requiring their professional expertise.

A combination of human and material devastation caused by the conflict, and the depletion of the economic base to support the educational structures including a targeted development of research and development capacity in the region, produces gloomy statistics where these are available. For example, in Bosnia and Herzegovina, 79% of

research engineers, 81% of holders of Masters Degree in Science, and 75% of holders of PhDs in science have left the country. Overall, throughout the region, the number of researchers has declined over the past decade. The figures for the segments of education system (primary, secondary and tertiary) are variable across the countries, as well as across the public and the rapidly emerging private sector in education. Another element to be viewed with caution is the structure of the graduates by subject especially in the tertiary education. In Serbia, over 50% of graduates are in social sciences as opposed to other fields: natural sciences and mathematics, engineering, medicine or agriculture-forestry.

The overall figures in comparison to developed countries in the West in tertiary sector indicate that the gap between the Western Balkans and the EU is growing. According to UNESCO, in Albania, 16% of the GER<sup>1</sup> were involved in tertiary education in 2002/3; in Serbia the figure was 36 % in 2000/2001, in Macedonia 27% in 2002/2003, but in Slovenia it was 68% in 2002/3; in Finland 88% in 2002/3, in France 56% in 2002/3, or 64% in the United Kingdom in 2002/3. Notably, the Western Balkan figures do not reflect the number of actual graduates due to high drop-out rates.

The realm of education as an area in need of reform along EU lines has been neglected until recently. However, the SEE Education Reform Initiative launched in 2003 under the auspices of the Stability Pact Task Force Education and Youth is an indicator of a growing awareness that education reform is part of the comprehensive transformation of South East European countries in view of their policy of European integration. The start of the Bologna Process in 1999, with its aim to create a European unified educational space deriving from the European integration process, and the support, reiterated at the recent Thessaloniki Summit, to the goal of eventual integration of the Western Balkans into the European Union, signal the importance of education reform in the region both from the vantage point of the EU as well as from that of individual SEE countries. However, even this process in the region has stumbled on obstacles primarily because of a lack of expertise, information and preparedness, i.e. the capacity, to implement it. For example, in many cases university lecturers have had no support and no direct knowledge of how to restructure the courses, not to mention how to adapt teaching from ex-cathedra style to interactive seminar like engagement with the students, as requested by the Bologna process.

Further, the Commission has sought to support education and research through several programmes: Tempus (higher education), Erasmus Mundus (scholarships for students), Youth, 6th Research Framework programme (FP6) and Joint Research Centre (JRC) activities, as well as through the work of the European Training Foundation (ETF). The Thessaloniki summit stressed the importance of integrating the Western Balkans in the European Research Area.

While a bilateral nature of most of these programmes is doubtlessly beneficial, there remains much more scope and, indeed, demand for the development of local capacity.

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<sup>1</sup> GER is the number of pupils enrolled in a given level of education regardless of age expressed as a percentage of the population in the theoretical age group from that level of education.

For example, many institutions in the Western Balkans have not been able to take advantage of Framework Programmes, as due to their underfunding they have been unable to undertake prior steps to join the programmes.

Therefore, while keeping the focus on assistance to the education in the Western Balkans, the EU should streamline its assistance to the region in two directions: building of local capacity in the region itself to complement its efforts based on scholars' visits abroad, and the building of regional educational as well as R&D centres. Unlike the regional cooperation networks in the Balkans some of which are centred on cooperation in the area of education and science and technology, the regional centres as academic spaces would at the one and the same time contribute towards developing the human capital in the region, but also serve as sites to further cross-ethnic contacts (a good example of this being the OSCE-sponsored South East European University in Tetovo, Macedonia).

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## **Part II Economic Security in the Western Balkans**

*Vesna Bojicic- Dzelilovic*

In taking over the Western Balkans as the key external player, the European Union will have to address the region's complex economic reality, which is the result of progressive deindustrialization, technological obsolescence, inadequate infrastructure and skills. Rebuilding the region's productive capacity is the key to achieving sustained growth as a foundation of economic security. This will require complex reforms and policies that address both economic and social dimensions stemming out of the process of deep structural transformation that Western Balkans is yet to complete.

### **Policy recommendations:**

- develop and implement pre- accession employment and social policy agenda
- support development of research and technology capacity in the region
- step up activities in the area of infrastructure development, including more prominently initiatives aimed at the improvement of information and communication technology infrastructure

## **Lesson 1: Improvements in economic security require policies that support productivity, employment creation, enterprise and human resource development**

Despite its recent turnaround in macroeconomic performance that has set the Western Balkans as one of the fastest growing regions in Europe, human development performance has been for the most part lackluster. Measured by the human development index, the Western Balkans belongs to the medium human development category of countries, with human poverty index HPI-2, which incorporates social exclusion, even less favourable than the overall index suggests. This is a reflection of profound economic insecurity resulting out of a lack of formal employment, poor social safety provisions, inadequate access to health and education and specific vulnerabilities of those categories most affected by the conflicts in the region i.e. refugees, displaced people, minorities and poor.

Reconstruction and transition as the framework for economic policy making in the region in the last ten years or so have been overwhelmingly concerned with macroeconomic stability by pursuing strict fiscal and monetary policy. This particular policy mix has been successful in kick-starting economic recovery, which however for the most part has been based on consumption and public investment, both of which in the main resting on large inflows of international funds. At the same time, support for employment creation has been weak and inconsistent, reflecting the underlying belief that sound macroeconomics would eventually lead to growth and job creation. While growth and price stability have been by and large achieved, high and in some cases eg Bosnia- Hercegovina growing unemployment has been one of the most concerning fall out of this approach. For the most part job creation has tended to be located in the informal sphere, which has flourished since the onset of transition to market economy. Large informal sector has been a potent source of economic insecurity of individuals and communities. In case of informal labor, possibility to earn income unattainable in the official sector contributes to improvement in economic security of an individual in a short run. At the same time, foregoing other rights from work e.g. health and pension insurance, unemployment and safety protection not provided for this category of labor, works against its economic security, particularly in longer term. The existence of non-registered labor reduces public revenues and therefore impacts on the provision of public services especially social protection the provision, delivery and financing of which is the cornerstone of economic dimension of human security.

Social protection is vital to stimulate economic recovery and boost job creation. Millions of workers in the Western Balkans including those in formal employment are without adequate social protection, lacking pensions, disability and sickness cover. Although official unemployment figure in the countries of the region which range from 13% to 45% do not reflect the true situation given large informal sector, formal job creation especially in the private sector has been inadequate. Public sector remains the main employer in much of the region, which given its low productivity, does not contribute greatly to economic growth. In sum, jobless growth and informalisation are two main characteristic of the Balkan economies at present, which directly undermine economic security of individuals. Poor prospects of sustainable livelihoods and inadequate social

provisions have been the main barrier to the return of refugees and displaced people in the region. Sustained, private- sector led growth that would provide for an increase in living standards and reduction in poverty as key to improved economic security remains elusive. It requires a set of policies that support productivity, employment creation, enterprise and human resource development, which have so far been secondary to achieving short term growth recovery based on macroeconomic stability and strong inflows of international assistance.

The accession policies pursued through Stabilisation and Association Process (SAP) have been weak on employment and social policy objectives. Poverty reduction which is essential for improving economic security, has effectively been secondary to concerns about macroeconomic performance, thus obliterating the fact that economic growth in itself does not necessarily contribute to poverty reduction, and economic security in general. In its January 2006 communication “Western Balkans on the Road to the European Union: consolidating stability and raising prosperity” the European Commission makes a point of the need to redirect its policies more towards equitable and sustained economic development and on extending the benefits of economic growth to vulnerable groups and communities by combating unemployment, social exclusion and discrimination by promoting a social dialogue. In fact, this is the agenda that requires a targeted action within the framework of the SAP. It was only in early 2006 that the European Commission took on building pre- accession agenda on employment, on the back of the labour and employment policies market reviews on the Western Balkans completed under the Stability Pact’s “Bucharest Initiative”. Employment and social cohesion are within the Stability Pact’s purview. However the Initiative on Social Cohesion which includes employment, social dialogue, health, social protection and housing areas is yet to become sustainable and there is an uncertainty as to how this will be achieved in view of the Pact’s impending transformation. The new Instrument for Pre-accession Assistance (IPA) in its present form envisages support to labour and social policies only through the institution building component, which is insufficient given their heightened importance in Western Balkans’ context. Social protection can not be provided solely by governments; the Pact’s mode of operation of engaging with local authorities, which are all too often insufficiently committed to pursuing development objectives, needs to be complemented by more active engagement of civil society and private sector.

Human security issues vary from country to country demanding unique approaches to securing livelihoods depending on the particular economic base and opportunities. The Western Balkans has experienced profound deindustrialization reflected in the loss of industrial capacity, technological obsolescence, inadequate skills pool, brain drain etc, further complicated by the impact of conflicts in the region. The main emphasis of transition type policies, which also inform SAP, has been on trade policy and trade liberalization in particular, despite the fact that the Western Balkans is in need of development policies that would assist structural transformation of these economies. It is the lack of structural transformation (and modernization) which is the main reason why the supply response to market oriented reform has been inadequate in the Balkans, thus undermining the prospects of achieving sustainable growth beyond reconstruction phase.

Employment and productivity are associated with the diversified economy, and the Western Balkans needs appropriate policies towards that end. The core of these policies is a support towards small, micro and medium size enterprises as the main source of dynamic growth and employment. Insufficient support for enterprise and business creation through a specific set of policies, instead of relying on privatization as the key mechanism for enterprise restructuring and policies aimed at the improvement of business environment, has stunted private sector development in Western Balkans; private sector share in GDP ranges from 45% in Serbia and Montenegro to 75% in Albania compared to an average of just under 80% for the group including the Czech Republic, Hungary, Poland, Slovakia and Slovenia. The lack of adequate finance for small, micro and medium size enterprises despite a multiple of donor assisted schemes has been one of the major contributing factors. The European Fund for South East Europe, set up by the European Bank for Reconstruction and Development, could be a mechanism for dynamic expansion and growth of a competitive microfinance sector, giving greater opportunity to the poor. The Fund, which is a private- public investment fund, will operate as a financial intermediary in providing finance for micro, small and medium size enterprises as well as housing and rural poor. It should be viewed as another tool in promoting a growth of the grass root sector in the countries of the region, reaching out to the poorest. It could also play an important role in consolidating the work of many development NGOs and transforming them into proper microfinance institutions that attend to the needs of the poor.

## **Lesson 2. Technological innovation is the key to entrepreneurship and growth**

Beyond the reconstruction phase the main challenge to the region is to address its lack of technological capability and human skills which is a crucial constraint to improved competitiveness. Lack of dynamic efficiency that is the result of inadequate innovation capability was one of the key factors behind the economic decline of these economies that provided a context for the conflicts of the 1990s. This has been overlooked in the policies focused on trade and foreign direct investment that have dominated approach to economic development in the region championed by the international donors. Addressing the problem of inadequate science and technological capability requires first of all a conceptual shift towards understanding development as knowledge; creating the link between knowledge generation and business development is a complex task that these countries face in order to create the foundations of modern and dynamic economic growth and in which both regional cooperation and international engagement are essential. The role of education is of paramount importance as it provides human and social infrastructure upon which the development of private sector depends. In particular, development of higher education and the transformation of the role of universities is the key. In many situations in the Western Balkans universities are primarily viewed in the context of identity and nation building rather than the institutions that need to be in the service of community development. The Research and Technology Development Action Plan, which is a part of the Thessaloniki process, is an important step forward in refocusing development efforts, and corresponds to European Union's own priority of

developing more competitive and knowledge based economy as set out by the Lisbon agenda. European Union's support to building the centers of excellence in the region would provide direct input into strengthening the research capacity in the Western Balkans which in its present state can not play the role typically assigned to it in a dynamic market economy. It would also contribute to other initiatives aimed at integrating the Western Balkans into European research area. Refocusing of the Stability Pact's Working Table I to building human capital, which will incorporate specific elements of education and research, could be pivotal for securing important economies of scale in research.

### **Lesson 3. Development and modernization of infrastructure is a critical foundation for economic transformation in the Western Balkans**

Although infrastructure has been one of the priorities of reconstruction programmes in the Western Balkans, the scale of destruction, devastation and disrepair as a result of conflicts of the 1990s and economic transition is such that this remains one of the key areas in which concerted international engagement will be needed for years ahead. Local efforts are clearly inadequate given the level of infrastructure underdevelopment. Infrastructure in its traditional sense is a key factor in facilitating economic growth; it is also key to human development including education and health delivery but equally as a source of employment. The European Union together with the World Bank leads the activities in the area of infrastructure development in the Western Balkans, but more intensive cooperation with other bilateral and institutional donors is needed. The implementation of the South East European core regional transport network agreement signed in 2004 is one of the priorities as far as the physical infrastructure is concerned. Far less attention so far has been devoted to the development of information and communication infrastructure, which is of vital importance for social cohesion. Lack of access to information and communication technology inhibits participation in social activities thereby leading to social exclusion. The Western Balkans has been largely left out of the European strides towards the development of information society. In the Western Balkans the number of internet users and hosts as one of the main indicators is three to fifteen times below the European average. The extent and the degree of digital divide i.e. the information gap as a measure of information inequality is striking in the Western Balkans; this is true both among the countries in the region as well as among the social groups and communities within countries. Development of information and communication technology should not be seen as an issue of providing technological infrastructure but rather as an aspect of a broader more inclusive societal development, which is of particular importance for Western Balkans' long term stability.

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## Enlargement and CFSP in the Western Balkans

*Marie-Janine Calic*

From the early 1990s onwards, the European Union has assumed ever greater responsibility in shaping post-Yugoslav security. This engagement also had a catalyzing effect on the formation of its common foreign and security policy. Currently, the European Union uses three approaches to enhance security and democratic consolidation in South East Europe: (1) The Stabilisation and Association Process (SAP) as the Union's potential strategy for South Eastern enlargement, (2) the Stability Pact as a framework for multilateral regional co-operation and as a complement to the bilateral approach of the SAP, and (3) CFSP/ESDP instruments for conflict prevention, crisis management and post-conflict rehabilitation, which were applied in Southern Serbia's Preshevo valley, Macedonia, Bosnia and Herzegovina, and the Federal Republic of Yugoslavia (now: Serbia and Montenegro).

From the very beginning there were indications that EU foreign policy bodies lacked synergy and that "full coherency between the EU political agenda and EU civilian-based activity on the ground" was missing.<sup>2</sup> It should be noted however that the Union, through a painful learning process, succeeded to link the above mentioned approaches closer and make substantial progress towards the integration of its policies:

- Between 2001 and 2003, the EU was able to broker agreements in Macedonia and Serbia and Montenegro to manage inter-ethnic relations and overcome internal splits. Javier Solana's intervention relied on the on the membership perspective granted at the Feira Council meeting in 2000 to all Western Balkan states. According to internal assessments by the Policy Unit of the Council SG/HR mediation was successful only because it was able to offer future contractual relations with the Union.
- The EU-Western Balkans Summit in Thessalonica (21 June 2003) recognized all Western Balkan countries as "potential candidates" of the Union and enriched the SAP with instruments used in the enlargement process such as European Partnerships. Political conditionality in support of CFSP goals has been firmly embedded in the SAP reviewing process, in particular in Bosnia and Herzegovina, and Macedonia.<sup>3</sup>
- The launch of security missions in 2003 marked the beginning of a new phase in the development of the Union's crisis response capability, laying the grounds for an integrated civil-military peace building approach. In January 2003, the EU Police Mission in Bosnia and Herzegovina was started, followed by Operation Concordia in Macedonia in April 2003 – the first ever EU military mission. In

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<sup>2</sup> Rory Keane: The Solana Process in Serbia and Montenegro: Coherence in EU Foreign Policy, in: *International Peacekeeping* 11 (Autumn 2004) 3, pp. 491-507.

<sup>3</sup> Dimitar Bechev: Between Enlargement and CFSP: the EU and the Western Balkans. Paper prepared for the LSE European Foreign Policy conference, 2-3 June 2004, London School of Economics (<http://www.lse.ac.uk/Depts/intrel/EFPC/Papers/Bechev.doc>).

December 2004, the EU Force in Bosnia and Hercegovina (ALTHEA) was launched as a chapter VII mission.

Altogether, this lent support to overly enthusiastic assessments in Brussels: “The EU has contributed to formidable progress in the Balkans and now provides both leadership and direction, with the vision of membership remaining the guiding star in the still perilous times ahead”.<sup>4</sup> Today, against a background of deep constitutional crisis within the Union, there appears far less ground for optimism: The “European perspective” has been watered down, regional co-operation is, again, being perceived as a substitute for accession in the region, and crucial mediation efforts and decision making processes as regards status issues remain outside the Union. As a result, policies towards the region seem again to be drifting apart, risking to seriously endanger achieved progress with regard to coherency between goals, policies and instruments of the EU.

### **Strategies and policies towards SEE in light of the recent EU crisis**

The internal crisis of the EU has seriously affected strategies and policies towards its immediate neighbours, thereby reducing its potential effectiveness.

First, the failure of the Constitutional Treaty put a question mark on prospects for streamlining policies and instruments within CFSP and ESDP. Greater coherence should have been achieved by, i.e., institutional innovations, expanding military capabilities, and increased flexibility in decision making. It remains to be seen whether or not key reform can be nevertheless implemented outside the institutional framework of the Constitution.<sup>5</sup>

Second, the failed referenda on the EU constitution in France and in the Netherlands have been interpreted as a result of the crisis of confidence that EU citizens experience in front of enlargement, even though this issue did not feature on the agenda of constitution critics at all. Nevertheless, this vote has triggered discussion on whether or not future enlargements (Turkey, Western Balkans) would be digestible by the European Union.<sup>6</sup>

Since then, there have been half-hearted attempts to dispel doubts about the European Union’s future policy towards the region.<sup>7</sup> The decision to start negotiations with Turkey and with Croatia, in October 2005, seemed to signal willingness to follow through with integration for other countries in the region. In November 2005, the Commission presented a Strategy Paper with a Road Map for the future accession process of the Western Balkans.<sup>8</sup>

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<sup>4</sup> Alexandros Yannis: EU Foreign Policy in the Balkans: A Credibility Test, in: CFSP Forum 3 (March 2005) 2, p. 3 (<http://www.fornet.info/documents/CFSP%20Forum%20vol%203%20no%202.pdf>).

<sup>5</sup> Franco Algieri, Thomas Bauer, Klaus Brummer: Options for the Further Development of CFSP and ESDP without a European Constitution, Gütersloh, October 2005.

<sup>6</sup> Europe on the Threshold of Southeastern Enlargement. Strategy Paper presented to the Conference “Southeast Europe on the Way into the European Union” held by the Bertelsmann Stiftung, Zagreb, June 3-4, 2005, pp. 7-9.

<sup>7</sup> Marie-Janine Calic: The Western Balkans on the Road Towards European Integration, Friedrich Ebert Stiftung, Bonn December 2005.

<sup>8</sup> Commission of the European Communities, Communication from the Commission - 2005 Enlargement Strategy Paper, Brussels: COM (2005), 561, 9 November 2005.

And yet, it was clear that European leaders “have lost their courage to implement the commitment they made in 2003 to bring the region into the EU.”<sup>9</sup> New stumbling blocks for the Western Balkan countries were erected after the Council, on 12 December 2005, set out for a debate on the enlargement strategy, which should, first and foremost, take into account the EU’s absorption capacity. Besides that, politicians all over Europe maintain that also financial restrictions and the public’s acceptance of future members would have to be considered more carefully. The European Parliament Committee on Foreign Affairs on 3 February 2006 even suggested to regard a “broader spectrum of operational possibilities”, including a “multilateral framework as an intermediate step towards full membership”.<sup>10</sup> Finally, the EU Foreign Ministers meeting in Salzburg on 11 March 2006 stayed ambiguous over the prospects for enlargement in the Western Balkans, with the Commission’s Road Map strictly being contested by some member states.<sup>11</sup>

This apparent ambiguity over the membership perspective has put both the Western Balkans and the EU in a precarious position:

On the one hand, the EU seems to lack political willingness, institutional capability, and credibility to take advantage of the membership perspective in further shaping the security agenda in the Western Balkans in the CFSP framework. Countries in the region, on the other hand, now face a new dimension of conditionality that - in contrast to the fulfilment of the Copenhagen and other political requirements - cannot be influenced by themselves. Seen from a regional point of view, it appears clear that moving on with the reform process, meeting standards and improve co-operation would not automatically be rewarded by improved relations with the EU. This has particularly scared Croatia and Macedonia as recognized candidates for membership of the EU. But it has also discredited reform-minded politicians in “potential candidate” countries who now face serious criticism by opposition forces and their electorates.

In addition, financial restrictions also feed the ongoing loss of confidence and credibility. Not only has donor expenditure (both grants and loans) in the Western Balkans decreased considerably (between 2002 and 2005 by one third: from 149 Euro to 106 Euro per capita).<sup>12</sup> Further, it remains unclear to which extent the Western Balkans will be allowed to make use of different lines of assistance under the Instrument of Pre-Accession (IPA) as a unified instrument for pre-accession assistance between 2007-2013 that will replace CARDS.<sup>13</sup>

Against this background, there are currently two schools of thinking: A first group believes that the accession of the Western Balkan countries needs to follow strict conditionality, including absorption capacity of the Union itself. The second group favours a “Copenhagen minus”-approach in order to allow outstanding constitutional and

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<sup>9</sup> International Commission on the Balkans, Rome Declaration, 9 May 2006.

<sup>10</sup> European Parliament. Committee on Foreign Affairs: Report on the Commission's 2005 enlargement strategy paper (2005/2206(INI) (<http://www.europarl.europa.eu>).

<sup>11</sup> Salzburg EU/Western Balkans Joint Press Statement, Salzburg 11.03.2006.

<sup>12</sup> EU-WB Joint Office for South East Europe (June 2005), Development Researchers’ Network, Study on the Linkages Between the Economic Development of The Countries of the Western Balkans, and Progress in Institutional Reform Process, Final Report, Rome/Brussels July 2005, p. 20.

<sup>13</sup> On IPA criticism see: European Stability Initiative, Breaking our of the Balkans Ghetto, Berlin 2005.

status issues to be solved in the framework of EU approximation. But there is currently little hope for the region that the Copenhagen conditionality could be watered down in the near future.

In light of these developments, the future role of the Stability Pact for South East Europe, one of the first CFSP instruments applied in the Western Balkans, has raised suspicion. The Pact was created in 1999 in an attempt to apply a preventive approach, aimed at targeting root causes of conflict by the promotion of good neighbourly relations, democratic consolidation and economic reconstruction. In an attempt to formulate an exit strategy for the European Union as a leading partner of the Pact, the Special Co-ordinator considers moving the Pact's activities to the region by streamlining structures modelled on the Council of the Baltic Sea States. SEE countries shall thus be asked to assume greater political and financial responsibility. Although it has been stressed that the renewed structure would continue to support both regional co-operation AND European accession, there is no elaboration on how these two processes, that were originally meant to mutually reinforce each other, would still play together. Hence, there is reluctance in the region to invest in greater "ownership", and concern is growing that regional co-operation might be exploited as a substitute for EU accession.

### **Challenges for CFSP in the Western Balkans in 2006**

In 2006, the Western Balkans are moving towards a final settlement of outstanding constitutional and status issues the outcome of which will probably be the creation of two new micro-states (Montenegro and Kosovo) and a destabilized Serbia.

#### *Montenegro's Referendum*

On 21 May 2006, the Montenegrin government will hold a referendum on the independence of its republic, which may put an end to the loose State Union of Serbia and Montenegro, that Javier Solana brokered in spring 2002, in an attempt to ease political tensions and to prevent further political fragmentation in the Balkans. The main argument at the time was that eventual EU accession would be quicker if the two republics managed to harmonize their policies and act as one. It turned out, however, that the CFSP goal of maintaining stability has heavily collided with the SAP approach of furthering EU integration: Belgrade and Podgorica were in fundamental disagreement about the future of the State Union. Constitutional confusion, institutional competition, and political uncertainty have delayed progress in many reform areas that are crucial for EU approximation, for instance as regards creating a common economic space and JHA legislation. Institution-building efforts as supported by CARDS have progressed slowly and inefficiently.<sup>14</sup> It should be noted that even the allocation of assistance contained an in-built element of inconsistency: 96% of CARDS funds have been channeled directly to the republics, only 4% have been given to the Union level.

Because the attempt to "marry the political agenda and civilian instruments of EU foreign policy in Serbia and Montenegro" apparently failed<sup>15</sup>, Brussels, in mid-2004, decided to introduce a two-track approach that allowed for separate negotiations with the two states.

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<sup>14</sup> Evaluation of the Assistance to Balkan Countries under Regulation 2666/2000 (CARDS), Brussels 2004.

<sup>15</sup> Keane: Solana process, p. 501.

Also, Montenegro rightly argued that it was taken hostage by Serbia's non-compliance with ICTY conditionality.

According to the Belgrade Agreement of 2002, either party was allowed to hold a referendum on independence in 2006. Podgorica was determined to secede from the Union against the declared will of Belgrade and an estimated half of Montenegro's population. Against this background, the EU stipulated a 50% voters' turnout and a qualified majority of 55% for the upcoming referendum - bringing up the question of legitimacy of the EU intervention, which critics see as driven by Brussels' own political agenda. At any rate, the timing of the referendum is unfortunate in many respects.

### *Kosovo Status Talks*

The issue of Montenegro's independence may affect talks about the future status of Kosovo that started earlier this year, fuelling the argument of the Albanians that Serbia and Montenegro totally failed as a state.

As far as the Kosovo status talks are concerned, the EU finds itself placed in awkward position: While the EU is not the primary negotiator of the next status agreement, it will most probably be given the role of the primary implementer. Being an issue of global importance the Kosovo process is handled in the framework of the UN, with a leading role of the Contact Group, and NOT within European accession process. Although the Union would hold important elements of leverage for compromise because both Belgrade and Prishtina have a declared interest in speeding up EU approximation, positive EU conditionality will definitely not be used as incentive for compromise. At the same time it is clear, that the EU will take over a key role in supervising and implementing a future agreement, as suggested by UN special envoy Kai Eide in his comprehensive review of October 2005. It will thus be confronted with a number of challenging tasks, for instance the oversight of human security and minority rights.

### *Instability in Serbia*

In Serbia, a sense of humiliation and victimization that feeds nationalistic feelings is growing: First, the probable independence of Montenegro and Kosovo coincide with other sensitive issues that Serbia faces this year: pressures to extradite the fugitive former Bosnian General Ratko Mladic, and the ICTY case that the Bosnian government has initiated against Belgrade, charging it with genocide committed in the course of the Bosnian war.

Second, the European Commission, on 3 May 2006, announced to freeze on Belgrade's SAA negotiations after Belgrade reneged on its promises to arrest Ratko Mladic. Brussels argued that Serbia was not fit for talks on association with the EU since its "security services and military intelligence have not been fully under the civilian democratic control of the Serbian government". But even if Belgrade complied with ICTY conditionality, it could not expect to be rewarded for compromise over Kosovo, although this would be highly important for the government to legitimize tough decisions in front of its own electorate.

Both the dissolution of the State Union and independence of Kosovo may cause the collapse of the minority government in Serbia. Analysts agree that early elections would definitely play into the hands of the nationalist opposition. There is a strong sense of frustration with Europe both in the political elite and in the public, and Serbian citizens feel that they do not benefit from compliance with EU requirements. While some observers believe that a Serbia governed by the nationalist Radical Party could be contained, this paper argues this would, on the contrary, push Serbia again in isolation from the European mainstream. This would represent a serious set-back for both democratic forces in Serbia and for the EU.

## **Conclusion**

Ambiguity over future enlargement arises in a critical moment when the European Union faces serious challenges in the Balkans, resulting in renewed contradictions between intergovernmental (CFSP) and community (SAP) approaches. Since conditionality is more and more seen as an obstacle, not incentive, to developing relations with the EU, policies towards the region seem again to be drifting apart, thereby risking to seriously endanger achieved progress with regard to coherency between goals, policies and instruments of the EU.

Against this background this paper recommends the following:

- The debate on further SEE enlargement should be connected more closely with the fundamental and more general debate on a future vision of Europe (including options to overcome the impasse as regards the Constitutional Treaty).
- The “EU perspective” to the Western Balkans has to regain credibility. Therefore, the political commitment to keep up the perspective of full membership of the EU (“Thessaloniki acquis”) needs to be reaffirmed. Any form of “membership lite” should be explicitly excluded.
- Building trust within member states should be given more attention - it is a shared task of the EU and Western Balkan states. Countries of the region need to show their determination to continue with the implementation of reforms and comply with EU conditionality more clearly. At the same time, The EU should make it clear that such efforts will be rewarded the same way as in previous accession round.
- In Kosovo, the EU may soon need to streamline its civilian and security related activities and link them with a strategic vision for the region. The upcoming agreement on the next status of Kosovo will most probably place greater responsibility on the EU as regards implementation. This requires a clear definition of aims and tools, as well as co-ordination and co-operation with international civil management implementing agents.

The European Union has taken the Balkans as a test ground for new CFSP and ESDP tools. Therefore, failure of its unprecedented efforts in the region would not only create

new instability there, but also seriously undermine the credibility of the Union as a foreign political actor. Against this background, and for its own sake, Europe cannot afford a set-back of its policies in the Balkans.

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