

## **THE STABILITY PACT AND LESSONS FROM A DECADE OF REGIONAL INITIATIVES**

**September 1999**

### **Background**

In the 1990s, every historical turning point led to the creation of regional organisations in South Eastern Europe.

The end of the Cold War brought the Central European Initiative (CEI), an Italian-Austrian initiative with a secretariat in Trieste (1989) and the Black Sea Economic Cooperation (BSEC), a Turkish initiative with a secretariat in Istanbul. Following the Bosnian War, the European Council initiated the Royaumont Process (1995), soon sponsored mainly by Greece, while a US-led initiative led to the formation of the South East European Cooperative Initiative (SECI), based in Vienna (1996). In 1988, the first regional summit of Foreign Ministers of South Eastern Europe (SFMSEE) was held in Belgrade, to be followed by a summit in Tirana (1990). This tradition was revived after the Bosnian War in 1996.

The Kosovo crisis led to the establishment of the Stability Pact Coordinator's Office, in many ways only the latest, most spectacularly launched, and most ambitious regional initiative

### **Common features of regional initiatives**

All regional initiatives set themselves a long list of objectives, generally overlapping. These are broadly defined and include invariably "regional integration via improved economic cooperation", "support for private investment", "joint approaches to environmental problems", "support to small and medium sized enterprises", "cooperation in the fight against organised crime", etc

All regional initiatives saw their membership expand quickly. As a result, Albania is today a member of the BSEC, the CEI, SECI, Royaumont, and now the Stability Pact.

All regional initiatives except SECI essentially focus on holding meetings (CEI and BSEC involve mainly diplomats). As a result, there was a large number of fora for debates on regional issues even before 1999.

All regional initiatives have very small operational budgets, generally sufficient to maintain their own infrastructure. Although CEI claims to have a privileged link to the EBRD, and

Royaumont sees itself as supported by the European Union, in practice they have seen a very small number of projects accepted and implemented.

The modest number of implemented projects is, however, not apparent from the presentational material of these organisations which suggest wide-ranging activities. ESI has found, looking at projects actually carried out by CEI and Royaumont, that the overall output is modest. The flagship project of CEI is support for agricultural wholesale markets in Croatia. The flagship projects of Royaumont have been a number of inter-parliamentary and NGO meetings.

There is no strategic vision, no evaluation and impact assessment. The criteria by which projects are selected are unclear and nontransparent. Often initiatives are announced with no follow-up.

SECI is an exception to this in that it focuses on a smaller number of priorities, and has been successful in obtaining financing for these. The SECI flagship projects are a cross-border project ("Border Crossing Facilitation: Actions to Overcome Operational Difficulties") and the establishment of a center in Bucharest to facilitate the exchange of information for fighting cross-border crime. A specific problem of SECI has been the perception among European institutions of it as a US initiative. From the outset the "Points of Common EU – SECI Understanding" stressed what SECI should not do.

To sum up: while all regional initiatives have been considered by their participants successes - on the understanding that regular summits and meetings contribute to stability - outside critics have noted that in most cases practical achievements are minimal. What one observer said about the BSEC holds true for the others:

"For economic cooperation to advance into the area of political commitment, latent antagonism and conflicts will have to be overcome, rather than left to one side as at present. Cooperation is restricted by historical perceptions; lack of homogeneity, implementation mechanism, resources, international visibility; and a clear vision of priorities".

This is a wish list, not a strategy. But these are also the challenges for the organizers of the Stability Pact: a "clear vision or priorities", "implementation mechanisms", "resources", "visibility" and "homogeneity".

### **Strategic choices for the Stability Pact**

A mere intensification of the meeting schedule of regional diplomats will not fulfill the expectations raised by the Cologne and Sarajevo summits, nor will it address the deep-rooted structural problems of the region. Analysing previous regional initiatives, one sees two dangers for the Stability Pact Coordination Office:

- That it becomes merely an additional forum for the exchange of views between diplomats of the region, the EU and international organisations
- That it becomes another small implementing body, seeking a niche in an already crowded institutional landscape, with few projects actually being implemented.

Co-ordination without a clear agenda is unlikely to yield much. Co-ordinating ineffectual activities will be of little use, and co-ordination of successful activities must produce an added

benefit for those involved to be meaningful. Many large and small institutions are likely to jealously guard their autonomy if they see the Co-ordinator as duplicating their work, and they can do so effectively by retaining key information.

But there is a huge gap in ongoing activities: the strategic evaluation of ongoing programs, from the efforts in Bosnia, Albania and Kosovo to the impact of European Commission programs under PHARE. It is not certain, however, whether the way in which the Stability Pact Coordinator's Office is set up is suited to this .

There is also no "benchmarking" at present of successful institution building efforts. There is no institution which ensures the link between strategies and implementation, that where a sound medium-term strategy exists, resources are concentrated, not dissipated.

### **Options:**

- €# Focus on institution building of a limited number of key institutions (judiciary, police, customs and tax authorities) across the area, to help them reach European standards of bureaucratic efficiency. This would be a major contribution to improve the investment climate. Make this competitive: co-operation will be with the willing, not with everyone to ensure a regional balance.
- €# Solicit developments plans from regional governments to reform these institutions (For example: Bulgaria: A reform plan of the tax administration to encourage investment – Albania: How to reform Albanian customs administration). Prior to this, learn from the short-comings of the Phare projects.
- €# Ensure that sufficient expertise from EU countries is available to assess these development plans, draw up realistic time-tables for implementation and then assist in implementation. Then concentrate resources (human and financial). This basic point is seldom considered and addressed (at this moment, the whole Anti Fraud Department of OHR in Bosnia has only one international staff, because it is so hard to find and pay for qualified personnel).
- €# Hold out concrete benefits in case of successful reform: in the case of a serious reform of police and customs administrations who can effectively co-operate in fighting organised crime, member state of the EU might consider offering easier entry procedures for citizens of these countries to the EU, etc ..
- €# A useful tool should be the regular progress reports by the Co-ordinator - as foreseen in the Pact – which, if they manage to avoid the wooden language common in publications of international institutions, should provide precise, concrete analysis of efforts that need to be undertaken by Western governments to support sound institution building strategies proposed by various regional governments.
- €# The Co-ordinator should not shy away from spirited discussions and setting the agenda. This would also require, however, a high degree of familiarity of his Office with the region and the individual efforts that are actually ongoing.

## ANNEX A

### **Royaumont Process until the summer of 1999**

#### **Purpose:**

The aims and purpose of the Royaumont process have constantly changed. It was initiated as an European Council initiative to complement the implementation of the Dayton Peace Agreement in 1995. At certain moments it was to be fully integrated with the OSCE.

#### **€# 1995: Implementation of Dayton Peace Agreements:**

‘The objective of the Royaumont Process is initially to guide the implementation of the Paris/Dayton Peace Plan, at the same time incorporating it into a wider perspective covering the whole region’

It is not known what was done to achieve this objective. It appears that this initial objective was soon forgotten.

#### **€# 1998/99 Democratisation and Civil Society**

‘The Royaumont initiative is an innovative-comprehensive approach in conflict alleviation in a twofold way. a) It is a vanguard of democratisation promoting citizen’s dialogue and hence civil European culture b) it promotes and extends new communications channels among different groups across national boundaries creating cooperation networks among Non-Governmental Organisations becoming thus a meaningful complement to the existing instruments and forerunners of preventive diplomacy and other conflict alleviation initiatives.’

‘The Royaumont Process has been working on the advancement of Civil Society and the democratisation of structures and institutions since its initiation in 1995.’

In fact, by the end of 1998 the Royaumont Process had done very little of any of these things. Certainly, there has been little structural or institution building work. There have been no "new communications channels" besides a small number of conferences.

#### **1998: Common Foreign and Security Policy:**

‘NGOs welcome the initiative of the European Parliament to include the Royaumont Process within the Common Foreign and Security Policy as a joint action and urges the Council of Ministers of the European Union to approve it as soon as possible’.

The Royaumont Process took a long time to develop even basic structures.

February 1995: A Commission report was passed to the European Council on prospects for the development of regional cooperation in former Yugoslavia.

- December 1995: The Royaumont Process for Stability and Good Neighborliness in Southeastern Europe was initiated by EU Ministers in Royaumont, France.
- February 1996: A platform for the development of the Royaumont process was approved by an EU Council meeting.
- 27 October 1997, Istanbul: The European Council adopted the terms of references describing the tasks of the Royaumont Process coordinator.
- 28.November 1997: Dr. Panagiotis Roumeliotis was appointed.

According to the "Descriptions of the tasks of the Royaumont Process Coordinator", he serves as contact-person or intermediary between EU institutions, International Financial Institutions, Royaumont Process member states and NGOs or regional organisations. He is also expected to provide information on existing NGOs and their current activities.

- 31.March-1.April 1998: First Meeting of the Royaumont Process in Athens.

At the first meeting headed by Roumeliotis and chaired by the UK for the EU presidency a provisional list of projects was submitted for consideration. Royaumont office was set up in Brussels in 1998 with logistic support of the Secretariat of the Council.

During the last two years, two Inter-Parliamentary Meetings have been held and hosted by the European Parliament. These meetings are listed as Royaumont projects financed by the European Parliament. One NGO meeting was held in July 1998 in Thessaloniki, proposed and financed by the Lambrakis Research Foundation. No NGO database has as yet been set up. Until now the only NGO mentioned on the Royaumont web-page is the Greek Lambrakis Research Foundation (status: end of August 1999).

The Greek Government has been a strong supporter of the Royaumont Process from its beginning. The Greek Government set up the Office in Athens, pushed for the appointment of Dr Roumeliotis, provides financial support and has financed 2 projects (Meeting of representatives of Journalists' Union, Seminar of Young South European Leaders).

According to Roumeliotis, "the total value of projects financed in framework of Royaumont Process is 2.8 million Euro" by May 1999 . There were 13 projects which were financed by 21 September 1998, all by European member states and organisations on an ad hoc basis. (two by Luxembourg, the UK, Greece, one by France, European Commission, Athens Journalist Association, The Netherlands, private Greek institutions, Austrian EU Presidency).

It is not clear what the contribution of the Royaumont Process consisted in.

Recommendation: NGO co-ordination is best left to the NGOs in the region (for example: most Bulgarian NGOs have a lot of links on their web-sites to Western partners and partners across the region; there is no need for an intermediary). What deserves to be supported directly should be projects and concrete outputs, chosen on a competitive basis from among the best South East European NGOs.

## **‘ABOUT ESI’**

ESI is a non-profit research and policy institute, established to assist international efforts to promote stability and prosperity in South Eastern Europe. It provides practical, independent and timely analysis of local developments and the impact of international strategy in fields such as institution-building, European integration and post-conflict reconstruction. ESI offers new thinking on the complex problems of a dynamic region. All reports are available at [www.esiweb.org](http://www.esiweb.org) !

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