RECONSTRUCTION PLANNING IN POST-CONFLICT ZONES
BOSNIA AND HERZEGOVINA
AND THE INTERNATIONAL COMMUNITY

TIGRAN HASIC
ROYAL INSTITUTE OF TECHNOLOGY
“The authors argue that this region presents a unique setting for applying the principles of sustainability. This has not been given much coverage during debate on the Balkans, or sustainability in other regions.”
(On Paper 1)
Prof. Roderick Lawrence, University of Geneva

“I very much appreciated your contribution about the reconstruction in former Yugoslavia”.
(On Paper 1)
Prof. Hugo Priemus, Delft University of Technology

“I recognize in the paper clearly the need for an integrative approach in dealing with reconstruction...great paper”.
(On Paper 2)
Prof. Nabeel Hamdi, Oxford Brookes University

“Your article is at its strongest when it explores the problems and possibilities facing returning refugees. I find the problem this poses very interesting. I think it will be a great thesis.”
(On Paper 3)
Prof. Emeritus John Rex, University of Warwick

“The ideas are very compelling and I can see, from a quick glance, that we are on the same wavelength”.
(On Paper 3)
Prof. Theodore Downing, University of Arizona

“You have an exciting topic and your findings should be of great theoretical and practical utility for many parts of the world in addition to your own special interest. You are working on very important topics! Congratulations”.
(On Paper 4)
Prof. Samuel Barnes, Georgetown University, Washington D.C.

“The article emphasizes the need for a complex, integrated approach to the problems of reconstruction and illustrates the SCOPE model which is a contribution in this difficult direction”.
(On Paper 5)
Prof. Paolo Somma, Venice International University

“Yours is an interesting application of the idea of social capital to a very important (and tragic) case”.
(On Paper 5)
Prof. Robert D. Putnam, Harvard University

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Reconstruction Planning in Post-Conflict Zones

Bosnia and Herzegovina and the International Community

Tigran Hasic

Doctoral Dissertation
Royal Institute of Technology
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To my parents
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Reconstruction Planning in Post-Conflict Zones
Bosnia and Herzegovina and the International Community
By Tigran Hasic
Royal Institute of Technology in Stockholm, Sweden

Abstract

The history of mankind has been plagued by an almost continuous chain of various armed conflicts - local, regional, national and global - that have caused horrendous damage to the social and physical fabric of cities. The tragedy of millions deprived by war still continues. This study sets out to understand the nature of reconstruction after war in the light of recent armed conflicts. It attempts to catalogue and discuss the tasks involved in the process of reconstruction planning by establishing a conceptual framework of the main issues in the reconstruction process. The case of Bosnia and Herzegovina is examined in detail and on the whole acts as the leit-motif of the whole dissertation and positions reconstruction in the broader context of sustainable development. The study is organized into two parts that constitute the doctoral aggregate dissertation – a combining of papers with an introductory monograph. In this case the introductory monograph is an extended one and there are six papers that follow. Both sections can be read on their own merits but also constitute one entity.

The rebuilding of war-devastated countries and communities can be seen as a series of non-integrated activities carried out (and often imposed) by international agencies and governments, serving political and other agendas. The result is that calamities of war are often accompanied by the calamities of reconstruction without any regard to sustainable development. The body of knowledge related to post-conflict reconstruction lacks a strong and cohesive theory. In order to better understand the process of reconstruction we present a qualitative inquiry based on the Grounded Theory Method developed originally by Barney Glaser and Anselm Strauss (1967). This approach utilizes a complex conceptualization with empirical evidence to produce theoretical structure. The results of process have evolved into the development of a conceptual model, called SCOPE (Sustainable Communities in Post-conflict Environments).

This study proposes both a structure within which to examine post-conflict reconstruction and provides an implementation method. We propose to use the SCOPE model as a set of strategy, policy and program recommendations to assist the international community and all relevant decision-makers to ensure that the destruction and carnage of war does not have to be followed by a disaster of post-conflict reconstruction. We also offer to provide a new foundation and paradigm on post-conflict reconstruction, which incorporates and integrates a number of approaches into a multidisciplinary and systems thinking manner in order to better understand the complexity and dependencies of issues at hand. We believe that such a systems approach could better be able to incorporate the complexities involved and would offer much better results than the approaches currently in use.

The final section of this study returns to the fact that although it is probably impossible to produce universal answers, we desperately need to find commonalities amongst different post-conflict reconstruction settings in order to better deal with the reconstruction planning in a more dynamic, proactive, and sustainable manner.

Keywords
Preface

Oliver Wendell Holmes once said that ‘A moment’s insight is sometimes worth a life’s experience.’ As a counterpoint to this thought one might say that a brief moment of human experience (conflicts are an ‘eternity’ for those afflicted) are sometimes equal to a life’s insights. Understanding the emotions in such tragic ‘moments’ can be a powerful motivating force for selecting an area of research. Performing this study has been an immensely inspiring, challenging and demanding experience. The sheer complexity of the issues involved in the reconciliation, healing and reconstruction in the difficult post-conflict setting of Bosnia and Herzegovina with its uncertain present and future have made this research different from normal non-conflict cases. Also, it would be misleading to suggest that I was able to completely detach myself from the context, considering my personal roots in the area of study. Fortunately I came into the subject and physical area with a fresh pair of eyes and a driving force of ‘urgency’ that recognized something must be done and that were just too many problems and difficulties associated with the international community’s post-conflict reconstruction intervention.

A partial explanation for the many shortcomings in our understanding of the dynamics in this complex arena may lie in the episodic character of the conflict itself. It comes and goes, suddenly shattering periods of apparent tranquility. The suddenness of the eruptions and unpreparadness of the international community to deal with the consequences expose the gaps in understanding it, which is directly reflected in the post-conflict reconstruction that follows. But that is just one explanation. Another can be found in the fact that each post-conflict zone is a specifcnum in itself and that finding response commonalities in reconstruction issues are very difficult. One size does not fit all. Finally, there is considerable difference between outside research (done within academia) and inside research (done within donor and reconstruction agencies) on post-conflict issues. Substantial advances have been made in this field of research over the last decade. However, a gap still exists, characterized by a shortage of research dealing with the overall strategy of post-conflict reconstruction. Addressing the void is where this study finds justification for embarking on such a research pathway.

The core methodological framework of this research is the grounded theory strategy of qualitative inquiry, although it was not used from the outset. The evolution of my research methodology was partly a blessing in disguise as the fundamentals for this approach are acumen, precision and experience, which must lie within the researcher himself. These qualities were attuned and sharpened over the course of this research. For me, grounded theory represents a living method of creativity and innovation, presenting a system for understanding one’s discoveries and framing them to produce meaningful knowledge.

This work takes a critical look at the intervention strategy of post-conflict reconstruction, one that has absorbed so much attention from academics, practitioners, decision makers and the public in general. It is intended to address a conspicuous literature gap by providing a work that is accessible to students, relevant to scholars, policy makers and ‘implementers’ and which appeals to a general as well as more specialized audience. Hopefully, the results of this work will contribute to future studies and policy issues setting creating a better understanding of these complex problems and offer insight to new generations striving to build a better post-conflict future.

I sincerely hope that, somewhere along the road, the following decades in this new millennium will see a world free from conflicts that continue to threaten and destroy generations of people.
I am grateful for the financial support that the Swedish International Development Cooperation Agency (Sida) has provided through a doctoral grant [Sida/SAREC Ref.: SWE-1998-318(2) 2000.03.01-2004.03.01]. Without their assistance, this study would have never happened. I greatly appreciate the generous backing offered by Sida in this effort. While some other organizations have focused solely on domestic Swedish issues or the European Union, Sida deserves recognition for maintaining their interest in supporting work on emergency issues in conflict-affected countries. I am also very grateful to the following foundations for their financial assistance (travel grants for conferences and field studies): Knut och Alice Wallenbergs Stiftelse, Carl Nyströmers stipendiefond, Fredrik Björn stiftelse and Johan Danielssons stiftelse.

As is the case with most research projects, this one would have probably died a slow and painful death were it not for the guidance, encouragement, and support of many of individuals. The study has been read in its entirety by a number of people and their comments led to significant improvements in both organization and substance. First and foremost, I must thank my supervisors, Professor Göran Cars and Professor Folke Snickars (co-supervisor), both from KTH – Royal Institute of Technology; to Professor Cars for steering and guiding me in the right direction and providing me the valuable freedom to penetrate this complex field and to explore my research capabilities within it. To Professor Snickars for always being there in the crucial moments and for having confidence in my conference presentations and publication submissions. Both of these gentlemen were continually available to answer questions and provide advice. I am also grateful to them for giving me the opportunity to lecture and coordinate a number of courses, thus building my academic career along the way. Professor Åke E. Andersson (Jönköping International Business School) was also an important person in that respect and I am very grateful to him for all the support and guidance he has given me during my academic work.

I am very thankful to my final PhD seminar opponent, Professor emeritus Abdul Khakee (Umeå University and KTH – Royal Institute of Technology) for his deep insight into the nature of the work, crucial comments and sage advice in the latter stages of this study. A very special word of thanks goes to Professor Dick Urban Vestbro (KTH – Royal Institute of Technology), my former supervisor. Without his enthusiasm and interest in the early stages, this study never would have gotten past the outline level. Although the focus of the study evolved from its beginnings, the valuable time spent at the Built Environment Analysis Unit and my work under Professor Vestbro felt at times like being a part of the famous “Chicago School of Sociology” of the 1920’s. Gratitude also goes to all those that have generously provided important comments and suggestions during my seminars throughout the years, especially during the mid-seminar and the final seminar.

I owe a debt of gratitude to Dr. M.R. Bhagavan (SEI - Stockholm Environment Institute) for encouraging me to apply for Sida’s doctoral fellowship. His friendship, support and confidence have meant a lot during these past years.

In the preparation of this study spanning four and a half years, many individuals have provided criticism and moments of intellectual support and inspiration. I would like to thank my friends and colleagues at the Urban Planning Unit (formerly the Division of Regional Planning) for their friendship and encouragement, especially during the doldrum periods. I would, however, like to single out a few persons: Åsa von Sydow, Angela Churie Kalhauge, Ana Mancheno Gren, Eric Rapaport and Lina Martinsson. The whole faculty and administration staff of the Urban Planning Unit (past and present) was an invaluable source of support.

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Over the course of the study I have interviewed many people in various places who would prefer not to be identified. They have enhanced immeasurably my understanding of the conflict and the process of reconstruction. Without reservation, I have respected their wish for anonymity. Their impact is reflected throughout this work and I remain grateful for their assistance and time. Aside from the fact that interviews represent only one source of evidence (data), there is no doubt that without the insights of the people interviewed this work would not have taken the shape it did.

Throughout these years I made contact with hundreds of individuals through seminars, conferences and field studies but, foremostly through networking. Internet and wireless communication proved to be a brilliant medium where I could more swiftly exchange viewpoints, thoughts and results with fellow researchers and people working on related issues. Over time I became a bit of a ‘Network Spiderman’ connecting, filtering and forwarding information (“at times” over doing it). To all of my network colleagues – a warm thank you.

I am solely responsible for all the errors and remaining deficiencies that might be encountered. That being said, I owe a great deal to Dr. Stephen Fournier (Brandeis University, The Heller School for Social Policy and Management) for his indispensable language editing assistance and friendship over the years. The stylistic and substantive good sense of Dr. Fournier has really improved this final edition.

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It should be pointed out that the some of the journal/book articles that have been reprinted here with permission have been slightly altered due to the editors’ lack of original computer files. I take this opportunity to thank my co-authors, Mr. W. Andrew Roberts (Decision Support
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Aside from my own photographs, I have included the work of some award winning photographers. I am grateful to all of them for allowing me to share these images here. I am especially grateful to Mr. Tom Stoddart of Creative Photographers New York, USA. Mr. Stoddart, who was wounded in the Siege of Sarajevo in 1992 captured images of a country brining the grip of a savage war, gracefully characterizing the human element of this tragedy. The inclusion of these photographic pieces has greatly contributed to the overall ‘sense’ of the study. As it has been said – ‘every picture tells a story and one picture tells a thousand words’.

I want to express my thanks to Mr. John Wetton. His beautiful acoustic guitar music filled the moments of silence and relaxation. Thank you for the truly unique and wonderful music.

Last, but certainly not least, I would like to thank my parents for their support and encouragement throughout the years. They have always been behind me, encouraging me to achieve higher levels of success. Without their support and belief in my abilities, I would not have gotten this far.

Stockholm, October 2004

TIGRAN HASIC
"Peace isn’t merely the absence of conflict, but the presence of justice."

—Harrison Ford, Air Force One 1997
CHAPTER 1

Introduction

“Darkness cannot drive out darkness; only light can do that. Hate cannot drive out hate; only love can do that. Hate multiplies hate, violence multiplies violence, and toughness multiplies toughness in a descending spiral of destruction...The chain reaction of evil -- hate begetting hate, wars producing more wars -- must be broken, or we shall be plunged into the dark abyss of annihilation.”
—Dr. Martin Luther King Jr. (1929-1968)

1.1 Background Context and Research Issue

The end of the Cold War has not resulted in peace around the globe. On the contrary, the subsequent period has witnessed a series of new and bitter wars; civil, ethnic and religious. Although most have been of modest scale (compared to WWI and WWII) they were nonetheless quite destructive physically, socially, and economically. From 1946 to 2001 there were 225 armed conflicts (Gleditsch, et al, 2002) with the period from 1989 to 1999 the most intensive, producing some 110 armed conflicts in 73 locations (Wallenstein and Sollenberg, 2000). Whole countries have been engulfed in wars in which some cities were completely destroyed (Grozny), or suffered years of urban warfare (Beirut) and prolonged siege (Sarajevo), with entire populations rapidly displaced (Kosovo). Some have been ethnically cleansed and suffered genocide with housing and land deliberately made uninhabitable (Bosnia and Herzegovina), seen famine used as means of war (Mogadishu) or areas have been catapulted back to early middle ages (Afghanistan). What follows after this, is the urgent need and involvement of the international community in the reconstruction efforts. But this is merely the beginning of an incredibly complex operation. Post-war scenarios involve a whole spectrum of activities from meeting humanitarian needs, physical restoration and reconstruction, political restructuring, economic regenerating, dealing with reconciliation and trauma and establishing foundations for sustainable development (Barakat and MacGinty, 2002). Bosnia and Herzegovina has been chosen as a case study as it is the first major occurrence of post-conflict reconstruction in Europe since the end of WWII.

This study sets out to understand the nature and the complexity of post-war reconstruction in the light of recent armed conflicts. It attempts to catalogue and identify and enumerate the various tasks involved in the process of reconstruction from a multi-disciplinary and systems approach; a conceptual framework of main issues, connections and dilemmas in the reconstruction process. The case of Bosnia and Herzegovina is used as a leit-motif for the study and reconstruction is positioned in the broader context of sustainable development.
The specific problem that this study addresses is that:

The rebuilding of war-devastated countries and communities can be seen as a series of non-integrated activities carried out (and often imposed) by international agencies and governments, serving political and other agendas. The result is that calamities of war are often accompanied by the calamities of reconstruction without any regard to sustainable development.

1.2 Goal, Objective of the Study and Research Questions

The overall goal of this study is to contribute to a better understanding of the complexity of post-conflict reconstruction. The development of a conceptual framework that is multi-disciplinary in approach and considers reconstruction and recovery in holistic terms is considered an important and concrete contribution to this end. The objective of this work is to identify a set of viable and effective reconstruction recommendations grounded in new theory and represented in a conceptual model that could, in the future, provide a schema for international community reconstruction efforts. The core of this research is based on grounded theory, a social science strategy of qualitative inquiry with a wide range and various sources of data collection.

We want to address the following research questions:

- What new light can we shine on post-conflict reconstruction and planning viewing it differently with respect to the growing uncertainty, complexity of issues and the intensifying effects of globalization?
- Why were most of the reconstruction efforts in Bosnia and Herzegovina lagging behind or failing badly even though they took into account the key issues of social, political, economic and spatial changes?
- In which way could the reconstruction process be better done to remedy the immediate needs of people at the same time contributing to the long-term stabilization and sustainable development of afflicted areas?
- What lessons from the case of post-conflict reconstruction in Bosnia and Herzegovina and what wider implications and applications to recovery efforts can be drawn?

Research and data are presented here to support the initial assertion that post-conflict reconstruction process should be treated as a proactive and multi-disciplinary approach towards the dynamics of rebuilding social, political, economic and spatial systems in more holistic and systemic way.

1.3 Relevance of the Study Within the Context of Regional Planning

This study was carried out within the research discipline of regional planning. The post-conflict zones field of research and practice deal with the assessment of the roots and causes, consequences and characteristics of armed conflicts and the reconstruction problematique. Armed conflicts are clearly a major constraint to development and can have critical impacts on the physical, economic, and social capital of the countries involved. The regional planning discipline looks at social, economic and ecological factors, as well as political processes that form our society. These factors are intrinsically related in a complex way, even more so in a post-conflict situation. To fully understand the complexity of these issues and to intervene to bring about the change needed to rebuild livelihoods, prevent further conflict and ease transition out of conflict, we need structured planning. As armed conflicts have brought about the process of negative change, planning is coordinated activity that manages goal-driven change in the built and
natural environment. Planning for the management of this complexity requires for multidisciplinary approaches. Regional planning offers the possibility to stimulate creative and systemic approaches (interventions) for addressing and resolving the social, economic and physical problems of post-conflict communities, towns, cities, and regions both through strategic policy and operational action plans. The structuring of societal intervention on the basis of a multi-disciplinary understanding of communities, cities and regions is emphasized with the weight placed on societal interventions that emerge from social consensus rather than social conflict.

It is important to note that no single professional group or theoretical perspective is likely to be able to address the complexities of post-war reconstruction and recovery. Just as regional planning is a multi-disciplinary field, the issues of peacebuilding, management and planning of reconstruction after war, humanitarian intervention in complex emergencies and post-war recovery must be dealt within a multidisciplinary and systems approach. Lessons learned from this approach can help us to understand these complex issues better and thus offer sustainable development efforts specific to conflict-affected countries.

Regional planning is a scientific discipline that encompasses a multidisciplinary set of intellectual and practical tools. As this field seeks to apply systematic thinking to tackle the problems and challenges of the environment around us, a study on revival, regeneration and reconstruction of human habitats is well placed in this research environment. The globalization of economic activity notwithstanding, regions have become increasingly important to economic development and planning.

Although the core areas of regional planning are spatial issues and hard technical infrastructures, the issues of soft infrastructure provisions and environmental concerns where social cohesion, culture and human resources are important targets are increasingly becoming a part of this field (Snickars, et al, 2002). Regional planning also deals with comprehensive development policies and governance arrangements, integrating socio-economic, environmental and natural resource issues. Planning is about problem solving, about shaping the future; it is about improving the quality of life. All of these aspects lie at the core of post-conflict reconstruction.

Closely connected to this is the aspect of multidisciplinarity. The research draws and builds upon different social sciences and integrates ideas, theories and experience. The field of regional science incorporates regional planning and deals with exciting and challenging issues such as urban studies and problems, economic development, social injustice, conflict management, environmental pollution and infrastructure analysis. As Walter Isard, the father of regional science points out, each researcher will develop and synthesize his/her own definition of regional sciences applicable to the aim, context and scope of the work. In this case a composite definition of regional science has been used within which post-conflict reconstruction has its proper place: Regional science is the study and the synthesized (integrated) analysis of the political, economic, sociological, cultural and psychological factors (behaving units) affecting the physical environment and the development of a meaningful region or system of regions. It is also a study of space-time development of society and its people in all dimensions (Isard, 1975, p.1-10, 2003).

1.4 Strategies of Inquiry and Research Methodology

Scientific research is about creating new knowledge, whatever the discipline (Gillham, 2000). The research performed in this study belongs to the field of social sciences and is qualitative in nature. The body of knowledge around post-conflict reconstruction lends itself to qualitative inquiry that leans towards a dynamic perspective on theory as it lacks a prior cohesive theory, is under paradigm shifts (lack of generally accepted perspective of a particular discipline at a given time) and is subject to complex issues encountered within the field. What is needed is a
theoretical framework which includes the set of relationships that offer plausible explanation of the research problem. Grounded theory enables such a strategy of inquiry. It is important at the outset to distinguish strategies of inquiry from methods of collecting data. The selection of the strategy of qualitative inquiry in this study is justified by the nature of the research, its problem, objectives and research questions. The main strategy of inquiry used is the grounded theory methodology or approach developed by Glaser and Strauss (1967).

Grounded theory is a qualitative and an inductive research methodology, which allows for the emergence of theory in an investigation. Deduction is based here on carefully inducted ideas (Glaser, 1998). In contrast to theory obtained by logico-deductive methods, which rely on prior theoretical frameworks, grounded theory methodology produces theory grounded in data, which has been systematically obtained through social research (Glaser and Strauss, 1967, Glaser, 1978 and Strauss and Corbin, 1998). The result of theoretical building (saturation) in this study has evolved into the development of a conceptual model termed SCOPE (Sustainable Communities in Post-conflict Environments). The six papers that comprise this study also represent various case studies, an analysis of a person or group or a model of social phenomena (Gomm, Hammersley and Foster, 2000).

For many forms of qualitative research, the sources of data are similar; generally interviews and observations. Grounded theory differs slightly in that allows the use of a much wider range of data, providing that the information has relevance and fits to the study (Goulding, 2000). Therefore, various sources of collecting data were used in this study: scientific literature analysis, document analysis, media records, interviews, internet portals and direct observations (Table 6). In this way method triangulation was achieved, i.e. several methods are used to gather data about the same phenomenon. The term triangulation simply relates to the use of a combination of (multiple) methods in order to explore in-depth the phenomena in question (Patton, 1987). Triangulation enables us to compare and contrast the findings (crosscheck), and to corroborate understanding and interpretation. It helps enhance validity, (but not absolutely assure it), and reduce possible bias, which might arise by relying on just one single method (Berg, 1995).

1.5 Limitations and Delimitations of the Study

Delimitations imply limitations imposed deliberately on the research design. Limitations, on the other hand, refer to restrictions in the study beyond the researchers’ control (Rudestam and Newton, 2001). The research process uncovered a necessity to deal with the “big picture”. Delimitation was done in the sense that only one post-conflict zone is studied, namely the post-conflict reconstruction process in Bosnia and Herzegovina. Another delimitation is the lack of in-depth comparison between different war-torn countries (cross-country comparisons of Africa, Asia, Europe and The Americas). This was done intentionally as the task at hand would be difficult for a single researcher in terms of scope, time and quantity of data and other material that would need to be researched. So in that respect, generalization of the results was not intended beyond the planned scope of the study. Nonetheless, some parallels are drawn and some general lessons were learned which were compared to findings in other areas, raising a number of issues as well as discussions on transferability of findings to similar contexts.

We decided to maintain confidentiality in interviews done with the key representatives of the international community involved in reconstruction. While this might clash with the principle of inter-subjective control and reproducibility of findings, the gains that were made in the form of invaluable material and data have supported the decision. A valid question might be raised about the use of the grounded theory approach and the methods of collecting data: were they appropriate for this study? As the field of post-conflict reconstruction is still a developing one and that there is no clear and established theoretical foundation or strict conceptual and operational framework for analyzing these kinds of situations, the grounded theory method has proved to be a relevant and useful choice for this study as it provides the researcher with the
freedom of discovery, innovation, structure and possibility for originality. The quest for better understanding the processes, interconnectedness, the complexity with reconstruction in post-conflict zones, and the explicit boundaries of the research problem, have led me to opt for and use these methods. Another limitation that became apparent during the research process was associated with statistical data: much of this data has not been reliable and has moreover, differed among sources. An attempt was made to make the most reliable use of all sources. Even with its limitations and delimitations, the study provides a platform for future research in this complex field of study.

1.6 Organization of the Study: The ‘Red Thread’ of Six Papers

The study consists of an introductory monograph that is followed by six papers (seventh paper, which is a modified version of the sixth, is included in the appendix). Both sections can be read on their own but also constitute one entity. The introductory monograph contains a framework and summary of the findings of the papers included. The papers can be read in their own right but also as sequential and interconnected. The study ends with appendices that include Paper VII, which is a modified version of Paper VI, a European Commission document on Bosnia and Herzegovina (2000) and the IHT excerpts on the latest development on strategies surrounding the reconstruction planning in Iraq (2004).

The cover monograph consists of six chapters. Chapter One presents research aims, objectives, problem, questions and delimitations of the study. The six papers are also briefly presented. Chapter Two sets the stage for the research context and deals with methodological challenges and conceptual clarifications in this area as well with the case of international community intervention in Bosnia and Herzegovina. Chapter Three is used to analyze theoretical observations within planning in post-conflict environments. Emphasis is given to approaches in planning that deal with uncertain futures. This section links to the initial assertion given in the study and complements the subsequent emerging theory from the grounded theory method. Chapter Four deals with the research methodology, positioning the study within social sciences and reflecting upon the choice of methodology. The grounded theory method is presented along with the various sources of data. Chapter Five presents in depth the developed conceptual qualitative model, SCOPE. This chapter rounds up the theoretical and methodological discourse. The last Chapter Six contains concluding discussion and final remarks. The results are reflected back to the research aims, questions and initial assertions. Finally this chapter looks at the wider context, main contributions of the study and implications for further research.

The six papers on which this thesis is based are listed below, along with a brief description of the specific aims of each.

[Paper I - Published]

[Paper II - Published]
[Paper III - Published]

[Paper IV - Submitted]

[Paper V - Published]

[Paper VI - Published]

Aims:

Paper I: New Possibilities for Sustainable Human Settlements in a War-Torn Zone (co-authored with Andrew Roberts) examines the role that sustainable human settlements can play in the reconstruction of post-conflict zones focusing on the case of Bosnia and Herzegovina and Croatia. This paper argues that societies that are under the stress of instability resulting from conflict are potentially more receptive to initiatives that introduce sustainable development practices. It challenges common interpretations of sustainable development borrowed from traditional development agendas that focus narrowly on economic growth, industrialization and enforced rule of law. Instead it looks into decentralizing democracy, education, public awareness, training, coordinated planning and local development initiatives. The importance of focusing on social and psychological well-being of the afflicted population is stressed.

Paper II: Rebuilding Regional Structures: Visions of Sustainable Urban Communities in Post-Conflict Zones centers on notions of community and sustainability in post-conflict reconstruction. It addresses the major challenge to regional planning raised by the fact that the war in Bosnia and Herzegovina caused an almost complete destruction of the social systems, infrastructure, environment and economy. Within this context new visions are needed and the paper proposes an initial conceptual model for sustainable urban communities in post-conflict zones. The suggested model differs from conventional thinking as it is based on a principle that it is not solely grounded in the idea that only economic and political factors matter in a successful policy initiative. The argument is that in a complex arena of post-conflict reconstruction, no one aspect by itself can result in the success of an initiative. The paper gives special attention to sustainable systems and recovery as well as spatial community patterns in this context.

Paper III: Ethnic Conflict and the Right to Return of Limbo Diasporas - Multifaceted Reflections on the Case of Bosnia and Herzegovina deals with the notion of rebuilding livelihoods and broken social habitats covering a spectrum of related issues. The focus is on the post-conflict zone of Bosnia and Herzegovina. This paper examines the phenomenon of refugees and resettled persons in the process of forced migrations, following in the aftermath of man-made disasters. It seeks to relate a number of issues of large-scale forced migrations of the contemporary period to a resurgence of cultural specificity and ethnicized nationalism as
counterpoints to globalization. The paper introduces the new concept of ‘limbo diasporas’ in the case of Bosnian refugees in Sweden. The paper concludes with some questions on social rehabilitation and ethnic healing.

**Paper IV: New Outlooks on Managing Post-War Disaster Regions: The Case of Bosnia and Herzegovina and Kosovo** (co-authored with Saurabh Bhandari) tackles progressive crisis situations. The paper also looks at justifiable governance arrangements and new economic agendas as the prerequisites and tools for combating social and ethnic exclusion in post-war areas. The focus of this paper is on the post-reconstruction period and beyond in Bosnia and Herzegovina and the stabilization process in Kosovo. The paper therefore draws attention to situations which require interdisciplinary approaches and the collaboration of different professional actors. The argument is that there is a need for progressive methods and new approaches. In order to structure the complex question of post-war reconstruction, a conceptual interdisciplinary model called Sustainable Communities in Post-Disaster Environments (SCOPE) has been developed for rebuilding cities and communities.

**Paper V: Sustainable Reconstruction of Post-War Cities: The Case of Sarajevo** focuses on the case study of Sarajevo, the capital city of Bosnia and Herzegovina. It centers round the prewar situation, destruction during the armed conflict and the reconstruction efforts that followed after the signing of peace accords. The dissolution of social capital in the city of Sarajevo is stressed as a crucial issue. Aside from utilizing the SCOPE model that was developed earlier, the paper also presents a framework model for strategic reconstruction. It takes a holistic stance that considers the complexity of socio-economic, cultural, political and operational issues involved in shaping the damaged built environment and the rebuilding of social capital. In conclusion, this paper looks at the possibility of attaining a sustainable city on the ashes of war destruction.

**Paper VI: The Reconstruction Business: Economic Agendas and Regional Strategy in Post-conflict Bosnia and Herzegovina** primary concern is with the economic reconstruction of Bosnia and Herzegovina in terms of foreign direct investment and the economic agendas put in place. It takes a closer look at the city of Sarajevo and the special case of the gray economy (the ‘Arizona Market’) and its current transformation into an economic oasis. It takes a stance that solely pursuing economic issues without a concurrent follow-up of social, political and other relevant issues cannot bring about a sustainable reconstruction. All segments of the reconstruction process should be regarded as dynamic and treated as interconnected. The paper stresses the need for urgent thinking for a future competitive society, one that will be able to free itself from the bonds of (economic) dependency. It rounds up with outlooks on competitive advantage of Bosnia and Herzegovina, innovation possibilities and strategies within the regional context.
CHAPTER 2

Complexity of Reconstruction in War-Torn Zones

“One does not have to spend long in Bosnia, or Gaza or the lakes district in Africa to know that without economic hope we will not have peace. Without equity we will not have global stability. Without a better sense of social justice our cities will not be safe and our societies will not be stable. Without inclusion, too many of us will be condemned to live separate, armed and frightened lives”.

—James D. Wolfensohn, President of The World Bank Group

2.1 Introduction: The True Cost of Conflict

War, armed conflict, violent conflict, humanitarian war, guerrilla war, ethnic violence, civilian strife or political violence are all terms without precise definition and very often used indiscriminately to support a specific point of view. One thing is certain: when over most of conflicts, if not all, cause a disruption or total collapse of civil society at a number of levels – social, political, economic, environmental, physical and technological. In many contemporary full-scale armed conflicts, the fighting is intermittent and involves a very wide range of levels of intensity. An armed conflict is deemed to have ended if there has been a formal ceasefire or peace agreement. The humanitarian disaster that often follows (especially after severe and long conflicts) results in people getting killed, ethnically cleansed, displaced and turned into refugees or migrants.

Since the 1970s, 42 countries have been involved in military conflicts and they represent some 44% of world population. Almost 12 million lives have been lost in armed conflicts in these countries (Figure 1). By 1944 the world saw 15 million refugees and 20 million displaced within the borders of their home country, as a result of WWII (Haughton, 1998). The number of countries hosting conflicts today is still considerable (Figure 2). The conflicts in the Balkans have seen the most rapid, forced movement of population (refugees, displaced, ousted/cleansed and migrants) since WWII. The genocide in the tiny Central African country of Rwanda was one of the most intensive killing campaigns in human history. The conflict in Caucasus, in particular Chechnya, has resulted in the worst destruction of physical infrastructure since the 1940s. The conflict in the Middle East (Palestine) is the most protracted of all and creates constant human suffering and destruction of all societal systems.

Looking at the summary characteristics of four typical conflicts that ended in 1990s (Table 1), one needs to appreciate the fact that the economic and social systems take the heaviest toll, besides the destruction of physical assets that tend to be ipso facto of the armed conflict. Statistics on major armed conflicts around the world show that the greatest number of these occurred at the beginning of the 1990s, when there were no fewer than 30. After 1993 their number fell to somewhere between 20 and 30 per year. Statistics show that the regions most threatened in

9
Europe are the Balkans and the Caucasus, in the Middle East the areas with Kurdish and Palestinian populations and, in Asia, part of Central Asia as well as the western and eastern parts of South Asia. The NATO statistics for 2001 show that there were 24 major armed conflicts around the world in 22 locations, which represents a slight decrease in comparison to 2000, when there were 25 such conflicts (North Atlantic Treaty Organization [www.nato.int] - NATO). Wars that have prevailed in recent decades in Africa, Central America, The Balkans and in parts of Asia have been characterized by civil conflict that targets civilians along with combatants. They have turned communities against each other, and undermined civil authority. One can point to more than a dozen wars that have lasted over a decade and ended in fragile peace, sometimes still punctuated by sporadic conflict (Weiss Fagen, 1994).

As these conflicts draw to a close the international donor and relief agencies (The World Bank, OECD, USAID, CIDA, Sida, etc.), often under the auspices of the United Nations, focused their attention on the reconstruction of war-torn societies. This is often the phase that comes after/or is in conjunction with the disaster aid and emergency relief. Haughton observes that international donor and relief agencies and governments have largely directed their work in four areas: political
reconstruction (moving to elections), support for security (retraining the police force), humanitarian relief (food) and reconstruction of physical infrastructure (water services, electricity and housing) (Haughton, 1998). The United Nations and almost all other agencies are of the belief that once the peace has been brought and restored to a war zone, the international community should make all efforts to ensure and solidify the peace and prevent the possibility of another outbreak. In other words the traditional philosophy and working procedure of the donor agencies that peacebuilding will ensure development is still a reality today. This goal is a *sine qua non* that must be met over and above needs for relief, rehabilitation and future development. This can be questioned from many aspects, however not least from the results of the reconstruction work on the ground. Authors like Lake (1990), Barakat (1993), Carbonnier (1998), Haughton (1998) and Pugh (2000b) have claimed, from various perspectives, that such a strategy has alternatives and it is not the one that leads to sustainable development and stability of the war-torn zones in the long run.

We will argue in this study that humanitarian relief and disaster aid as well as the reconstruction of physical infrastructure and securing the rule of law, mostly in terms of police and elections, important as they are, do not solely constitute the structured, integrated and holistic approach needed for post-war recovery. This has been largely overlooked by the international donor agencies and surprisingly enough (keeping in mind the large number of conflicts) remarkably little has been written or researched in this field. Nonetheless there are some important contributions in this field that should be noted. This area of study (post-conflict reconstruction) comes closest to the body of research that applies to the impact of natural disasters. Specialists in this field and some researchers are now beginning to treat man-made disasters (wars and other conflicts that produce large numbers of refugees) within the disaster field. The difficulty with this approach, however, is that most of the research done on post-conflict zones (dealing with a number of its multi-faceted aspects) has shown, that the two situations require completely different approaches. Research on post-conflict zones has also shown that often there are no identifiable communities to rebuild, the political authorities that were previous in place are not recognized or no longer exist, the legal systems are nonexistent and there is often a hostile attitude on the part of governments toward aid-givers: in many cases, the culture of aid dependency can develop to the most negative extremes. Few, if any of these factors prevail in natural disaster-torn societies.

The impact of man-made disasters and emergencies is especially drastic in countries where preparedness and response capacities are ineffective in dealing with such situations. Disaster relief requires both immediate emergency action and carefully planned reconstruction. The task following prolonged armed conflicts is not to reconstruct entities that have been destroyed; there is a need for creating alternatives to those structures, as prior systems and living patterns have been severely changed. An integrated view of post-conflict reconstruction calls for the complexity of issues to be dealt with. Most recent wars have had following common characteristics:

- The time frame has been extended in many cases with no clear end in sight;
- A large number of displaced, refugees and migrants who have not or cannot return to their original homes;
- The outbreak of war has been extremely hard to predict in some cases;
- Ruling government and governance administrations have collapsed partially or almost completely;
- The common ingredients in most of the conflicts were religious tensions, ethnic hatred, economic crisis, poverty and political hostilities;
- International mediation, conflict resolution, peacekeeping and development initiations have had negative impacts.
The challenge for scholars and international communities is to analyze the roots of these conflicts, to design appropriate preventive strategies and to look at the causes of the problems that often follow, poverty, unemployment, corruption and organized crime. Although national policies are important to this process, regional cooperation is an essential factor for long-term solutions in these afflicted regions. The complicated systems of governance in these often, transitional societies and the demand for social justice within the functioning rule of law, hinder citizen participation in decision-making, and a long-term vision of peace and tolerance in the region.

Figure 2. Countries Hosting Armed Conflicts in 2002.
(Source: Map courtesy of Project Ploughshares' Armed Conflicts Report, Ontario Canada 2003.)

Of crucial importance is the development discourse that is bound to come parallel with and immediately after the reconstruction activity; there and in the heart of a progressive crisis situation lies the potential for sustainable rebuilding of livelihoods. Many government and non-governmental development agencies now believe that the rebuilding of livelihoods is a way of thinking about the rebuilding objectives. The scope and priorities for development, of physical assets, financing, social networks, governance and human resources when examined slightly of the concept of livelihood, points directly to the ultimate aim of reducing poverty, as poverty becomes a major problem in most post-war situations. There is no blueprint and the basic building blocks are not new at all. What should be ‘new’ is the way in which the elements of good development practice, drawing on wide experience, can be put together with a core emphasis on the elimination of poverty and a focus on people. What is important is that the livelihoods approach be built on a set of core principles that emphasize people-centered, responsive and multi-level approaches to development. In that context one needs to focus on the constraints and complexity of such settings and the difficulties of rebuilding communities in traumatized settings. It is important to take such factors into account and it requires a broader perspective and an interdisciplinary effort from the research and decision-making community, to integrate fully fundamental issues of reconstruction.
2.2 Conceptual and Methodological Challenges

An integrated study of contemporary war-torn countries poses major conceptual and methodological problems. This is due both to a rather insufficient amount of research conducted (even though there is a growing body of literature) and a lack of a solid theoretical foundation, probably because it is a complex, multifaceted arena. Man-made disasters (armed conflicts) are complex, often including a combination of socio-cultural phenomena, war and political instability. Another challenge for research in this field is the difficulty of conducting solid empirical analysis (obtaining reliable data) and dealing with war-torn communities. Another difficulty is the lack of strong typology for the analysis of different aspects, which makes the cross-study comparison very difficult. Destruction after man-made disasters requires a rather different approach than natural disasters, although they share a number of same problems; thus, we will not deal with the problematique of natural disasters in this study.

The whole phenomenon of post-war reconstruction has to be looked at in a long-term perspective, the historical context of the issues and its character in a comprehensive way. The sheer number of complex factors that spans issues from the causes and roots of armed conflicts, prevention of conflict, resolution and maintenance of peace to restoration and regeneration, planning and regional development perspectives shows the difficulty of dealing with this area of study. That is major reason that research has been mostly compartmentalized and dealt separately with economic, social, psychological, physical, political and other issues. Each one of these ‘sub-areas’ have developed their own operational terms and scope of studies. Another problem for research is the difficulty of distinguishing socioeconomic and structural changes caused by the war and those caused by or attributed to other simultaneous factors in play. Unfortunately, there is a lack of deeper socio-historical studies and interdisciplinary approaches. We will take a brief look into some of those ‘bridging’ attempts.

Stiefel describes disaster as being the final result of breakdown of an equilibrium (economic, socio-political, ecological, etc.) existing within a specific social group (Stiefel, 1994). This creates complex or compound emergencies. So emergency relief (aid) involves immediate and short-term survival assistance to the victims of violent conflict (Carbonnier, 1998). Violent conflicts may vary in type, scale, scope and time. The relative importance of internal or civil conflicts/wars (often ethnic) from a global perspective has only been generally recognized since the end of the Cold War. These civil or internal or ethnic conflicts have been more common than international or inter-state conflicts. However, in the last 10-15 years there has been an impressive growth in the scope of scholarly research and literature on the causes of armed conflicts that are not between two or more established states. Current research on internal conflicts focuses particularly on ethnic, environmental, political and economic factors (Smith, 2000). In these internal/civil wars, two or more major groups could be fighting within a country (even other countries might be involved) where conventional methods of warfare or guerilla warfare could be used these are referred to as civil wars. With the inclusion of ethnic tensions, cleansing and aggressive religious intolerance then they are termed ethnic conflicts (Holsti, 1996, Lake and Rothchild, 1998).

The period of transition from war to peace encompasses the time between the cessation of hostilities and the establishment of political and socioeconomic ‘normality’. This is the time when some semblance of political order and stability has been established and most of the terms of the peace accords have been (or are being) implemented (Kumar, 1997). Peacebuilding and reconciliation focuses on long-term support to viable political, socioeconomic, and cultural institutions able to address the root causes of conflicts and establish the necessary conditions for peace and stability as well as building (normalizing) relationships between the antagonists (Lederach, 1997 and Carbonnier, 1998). We have to distinguish between emergency aid and post-war reconstruction. Disaster relief includes elements of both. Emergency aid is immediate, to save lives and prevent further material and human losses. When the immediate emergency is
contained, and the situation allows, carefully planned and sustainable reconstruction can begin (Mossberg, Wong Jere and Åstrand, 1994). The term international community usually refers to multilateral and bilateral agencies, IGO’s, NGO’s, relief and aid agencies, and private firms and other actors involved in reconstruction and development operations (Kumar, 1997, Carbonnier, 1998).

The World Bank and other international agencies involved in different post-conflict zones identify a conflict country as one that has recently experienced widespread violence, or where the main preoccupation of the state is armed warfare, where the state has failed, or where a significant part of the population is engaged in armed struggle with the state (Kreimer et al, 1998). In the beginning of the 1990s, donors and relief agencies often used the term continuum (connection of continuity) to describe the relationship between conflict, relief, reconstruction and development. Preponderance in the lack of connection of continuity in post-conflict settings however has placed this term in increasing disfavor. Therefore the term complex emergencies has entered the stage, especially after the Rwanda disaster and reconstruction takes a major place in that spectrum. Clarification among four terms, rehabilitation, regeneration, recovery and reconstruction, has been subject of much discussion. International donor agencies have certainly supported and emphasized the notion of reconstruction (rebuilding) in a war-torn zone as well as most of the researchers (Lake et al 1990, Haughton, 1998, Carbonnier, 1998, Kumar, 1997). On the other hand some authors have been leaning more to the process of regeneration (revival), rehabilitation (restoration), or even a combination of those (Barakat, et al, 1998 and Pugh, et al, 2000b). Recovery has been used partly in context of return, reconciliation and reintegration (Galtung, 1995, Staub, 2000, Cernea and McDowell, 2000, etc.). Pugh advocates the term regeneration in the context of a self-sustaining process. For him, rehabilitation tends to connote a relationship of power, whereby the victims of the conflict (or those guilty of it), have things done or imposed on them because they are incapable or deprived. Moreover, it calls for restoration of the status quo (Pugh, 2000a).

The role of the international community is crucial in a post-conflict setting and in some cases (in the short-run) rehabilitation is a necessary process, especially when the afflicted community is not capable of tackling it. Otherwise the fragile peace could deteriorate even further and in some cases revert back to violent conflict. Rehabilitation is crucial in the sense that it implies generative change. Carbonnier points out that rehabilitation deals with the restoration of entitlements of crisis-ridden people and households (Carbonnier, 1998). In other words reconstruction could encompass both rehabilitation and regeneration, although it can also include elements of peacebuilding, transition, solidification and development. This is the stance taken in this study. The term reconstruction normally used to imply only repair of physical and sometimes social infrastructure.

Some researchers see rehabilitation, regeneration, recovery and reconstruction as terms that can be used interchangeably (Barakat and Hoffman, 1995, Kumar, 1997). The concept of reconciliation is also very important in the discussion of post-conflict reconstruction. Galtung, Lederach and others refer to the conflict resolution, reconstruction and reconciliation as three components that need to be approached together (Galtung, 1995, Lederach, 1997, Galtung et al, 2002). Reconciliation refers to restoration of a minimal level of confidence and trust between former foes, the capacity to reconcile, co-exist and work together, interact and compete for resources and dispute settlement peacefully. Education, training and community interaction play a very important role here (Galtung, 1995, Lederach, 1997, Staub, 2000).

Ball and Halevy offer a schematic overview of the time frame and of the phases in the process of rebuilding war-torn societies (Ball and Halevy, 1996). The path from war through peacebuilding and reconstruction towards sustainable development is never clear or predictable as shown in this table, especially when it comes to the time frame. The importance and necessity of issues presented is nevertheless unquestionable (Table 2).
Table 2. Moving from war to sustainable development: The phases.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Sub-phase</th>
<th>Duration of phase (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peacemaking</td>
<td>Conflict Resolution</td>
<td>Δ</td>
</tr>
<tr>
<td></td>
<td>Peace Negotiations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cessation of Hostilities</td>
<td></td>
</tr>
<tr>
<td>Peacekeeping</td>
<td>Maintenance of Peace Accords</td>
<td>Δ</td>
</tr>
<tr>
<td>Peace building</td>
<td>Transition</td>
<td>1-2</td>
</tr>
<tr>
<td></td>
<td>Consolidation</td>
<td>1-2</td>
</tr>
<tr>
<td></td>
<td>• Rehabilitation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Peace Stabilization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Restoration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Re) construction and Recovery</td>
<td>5-10+</td>
</tr>
<tr>
<td>Sustainable development</td>
<td></td>
<td>Δ</td>
</tr>
</tbody>
</table>

(Source: Adapted from Haughton, 1998 from the original by Ball and Halevy, 1996 (Δ) Hard to predict.

2.3 Towards a Comprehensive and Multifaceted Approach

After the end of the Cold War, the number of complex emergencies in the world rose rapidly. The international community responded with new forms and ways of peacekeeping. This period also saw a rather large increase in humanitarian aid. In most of the official rhetoric, this mix of peacekeeping and humanitarian aid served a broader purpose than traditional, neutral, military intervention; rebuilding war-torn societies (Collier and Hoeffler, 1998). In many respects reconstruction became construction – physically, politically and economically (Lake, 1990). A host of parties interacted, international and national, NGOs, United Nations, the Bretton Woods Institutions, the International Red Cross system, bilateral development agencies, local communities, national governmental bodies, military organizations, and the media in a wide range of activities - demilitarization, relief, political reconstruction, reintegration and reconciliation, as well as economic rebuilding. All required urgent action to prevent the recurrence of conflict (Kumar, et al 1997 and Collier, 1999).

Among the key features of current armed conflicts is not only their large number and the fact that most are intra-state but also the fact that they are of widely divergent political, social and economic origins. Armed conflicts have involved inequalities, depletion of natural resources, economic stagnation, competition for scarce economic and environmental resources, population pressure, ethnicity and social exclusion to name but a few (Date-Bah and Walsh, 2001). People operating at the community or national levels within societies recently recovering from war, are pressed to deal with reconciliation, development, reintegration and security. The outside assistance vital to realizing these goals may not be forthcoming, be too much or too little, or may arrive too late (Weiss Fagen, 1994). In fact, interventions to foster peace and rebuilding may refuel and prolong conflict, as, for example in Somalia and now in Afghanistan and Iraq. Humanitarian actors and their protection forces sometimes become parties to the conflict. With Rwanda and Bosnia-Herzegovina, the notion that outsiders can interfere in a beneficial manner, be they military, UN, or NGOs, has come under attack. These crises highlight the need to change and perhaps abolish interventionist approaches (Dijkzeul, 2000 and Shawcross, 2001). Throughout the humanitarian crises of the 1990s the international community failed to establish on how and when to intervene, and under whose authority. Despite the new focus on terrorism, even in the reconstruction arena, these debates continue. The issue must be reframed as an argument not about the right to intervene but about the responsibility to protect that all sovereign states owe to their citizens (Evans and Sahnoun, 2002).
There is much current research devoted to complex emergencies. Complex humanitarian emergencies occur in many parts of the world. Widespread suffering characterizes these emergencies where government authority and civil society collapse or deteriorate severely. A complex emergency tends to be dynamic, characterized by rapid changes that are difficult to predict. Food insecurity and starvation occur, while economies crumble. Refugees, internally displaced people, and other groups of civilians often become pawns for warlords and religious or ethnic warlords (Weiss and Collins, 2000). Complex emergencies also have repercussions outside the immediate crisis area, for example, through regional instability, missed trade opportunities, proliferation of small arms, refugee flows, environmental degradation, and international interventions (Maynard, 2001). Complex humanitarian emergencies are expensive both in terms of human and economic costs. They typically evolve into full-blown emergencies over a period of years and often lead to emergency states which may continue for years. In addition to the tremendous negative psychological effects on themselves and their family units, the existence of refugees damages the economies of their countries of origin and places an enormous burden on international relief agencies, host countries, and the host environment. It is essential to understand and separately explore the multiple steps and related tasks required to move from war to consolidated peace. While we view the various components as a comprehensive and mutually dependent set of activities, most research analyses still tend to be specialized, i.e. examining the experiences of a single country and focusing on a single issue (Weiss Fagen, 1994). Most of the literature is concerned with analyzing one or two dimensions without making the necessary links.

Table 3 presents a review of major works about the multi-faceted rebuilding process. Although an abundance of useful material is available, we can also conclude that scholars as well as practitioners have paid far too little attention to the full interactional aspects of reconstruction. Nonetheless, the greatest strength of these selected studies lies in the fact that they emphasize more than one dimension of post-conflict reconstruction.

A distinction can be made between theoretical and empirical works. Empirical work is, in most cases, derived from direct and participant observation; using various methods of collecting data in the field. Few of the works are based on rigorous comparative fieldwork and findings may be vastly different when performed on a small and limited sample, compared to a larger scale and wider scope. Theoretical research often deals with the conceptualization of the relationship between conflict, aid and development agendas; how post-conflict societal economies should be integrated into the global networks, how planning can address the complex problem of emergencies in a timely and pragmatic manner. Different works stress that regeneration requires a holistic approach, in terms of human security, the rule of law and social-civil dimensions. They also look at the external actors engaged in rehabilitation and peacebuilding in the transition from war to peace. The authors examine the possibilities of strategic coherent and long-term approaches for reconstruction vs. short-term, tangible reconstruction measures. The important thing is that works in this field of research need to have a combination of both empirical and theoretical approaches with a breadth of analysis in a holistic, wide-ranging view.

The question of why peace has been brokered in certain armed conflicts while peace has been elusive in other armed conflicts is also an important issue that has bearing on the rehabilitation work. When it comes to issues of ethnicity, religion, nationalism and reconciliation much more attention needs to be given to local and historical factors that have a direct bearing on the course of both the conflict and reconstruction. In other words, what is applicable in a civil war in Southern Africa may not be applicable to an armed conflict in the Balkans; or there might be some important issues that both share. In any respect a more sophisticated conceptual understanding of these issues is paramount in future research. This is missing in most of the research works analyzed.
<table>
<thead>
<tr>
<th>Focus on Issues of Research and Types of Conflicts</th>
<th>Economic and Legal</th>
<th>Physical and Spatial</th>
<th>Psychological and Social</th>
<th>Political and Institutional</th>
<th>Environment, Health and Gender</th>
<th>Integrated Holistic Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adedeji (1999)</td>
<td>partly</td>
<td>no</td>
<td>partly</td>
<td>yes</td>
<td>partly</td>
<td>uncertain</td>
</tr>
<tr>
<td>Andersson et al (1998)</td>
<td>partly</td>
<td>partly</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Ardón (1999)</td>
<td>no</td>
<td>no</td>
<td>partly</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Barakat et al (1995)</td>
<td>yes</td>
<td>yes</td>
<td>partly</td>
<td>yes</td>
<td>partly</td>
<td>yes</td>
</tr>
<tr>
<td>Berdal et al (2000)</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>partly</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Carbonnier (1998)</td>
<td>yes</td>
<td>no</td>
<td>partly</td>
<td>yes</td>
<td>partly</td>
<td>yes</td>
</tr>
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*Years in brackets correspond to key-works published by author(s). Full information is given in the Reference section.
**Various Strategy and Policy Documents from 1980 to 2003. (*) Not in the way as the outside research approaches it.
*** WSP - War-Torn Societies Project, Geneva-Switzerland.
**** PRDU - Post-War Reconstruction and Development Unit, University of York-England.
The review of selected sources, offers a basis for an integrated approach to post-conflict reconstruction. Processes must be looked from a holistic and systemic viewpoint where each part of the system under reconstruction is viewed both by itself and how it fits with other social systems in society. This type of approach favors an inter- and transdisciplinary study and is also the focus of the main debate in current research. Several authors have pointed at the need for coherence and integration of political, social, economic, physical and other post-conflict aspects, but do not seem to go ‘the whole nine yards’. Some issues have been largely overlooked in the current debate and that is where the main weaknesses lie. It is clear that the international aid and donor community, spearheaded by the United Nations, will still have the full responsibility for the facilitation of a complex reconstruction.

A post-conflict society needs time to rebuild itself, especially on a human and spiritual level. It cannot do it entirely on its own without international solidarity and assistance (Pugh, 2000b). The international community currently faces numerous security challenges. Besides the significant number of armed conflicts and of management of international conflicts, attention also needs to be paid to what has been referred as post-conflict reconstruction. As Pugh states, the latter requires an answer to the question: after armed conflict - what? Obviously, a peace accord among warring parties is the major precondition for any peace settlement (Pugh, 2000a). Thereafter, a process should occur which aims at lasting peace and sustainable development in a post-conflict society. The rehabilitation process should be seen as one that entails restoration, structural reform and institution building. Therefore, rehabilitation, recovery, reconstruction and rebuilding (“The 4 R’s”) have all been used here in an interchangeable way, referring to the efforts of rebuilding political, social, economic, spatial, environmental, technological and intellectual structures of post-conflict societies (Kumar, 1997). However, there are several levels at which problems may emerge during this complex process.

The idea of an integrated approach to post-conflict reconstruction and the need for all recovery issues being given importance and priority can be seen by a careful analysis of failed post-war reconstruction efforts. What is observable is that a number of the works attempt to take a holistic, integrated and broader view of post-conflict reconstruction. Several authors have pointed to the need for coherence and integration of political, social, economic, physical and other post-conflict aspects (Lake, 1990, Barakat, 1993, Carbonnier, 1998, Haughton, 1998, Ardòn, 1999 and Pugh, 2000b). Ultimately, what seems to be required is a new paradigm for foreign involvement in complex emergencies. The international community needs an operational strategy based on a long-term perspective that will direct its collective will toward the most appropriate action and holistic collaboration leading to a self-sustaining peace (Maynard, 2001). Carbonnier states that the challenges of post-conflict rebuilding call for a multidisciplinary research that goes well beyond the mere contributions from experts in different disciplines (Carbonnier, 1998). According to Streiten, such an approach requires profound structural multidisciplinarity, i.e. integrating the concepts, models and paradigms of one discipline into the analysis of another (Streiten, 1995). Barakat et al point out the crucial importance of the nature of armed conflicts and the complexity of post-conflict reconstruction. It seems that this link probably presents one of the biggest challenges for intensifying research in post-conflict reconstruction studies (Barakat, Kalame and Charlesworth, 1998).
2.4 International Community and Reconstruction in Bosnia and Herzegovina

The United Nations and other actors have achieved a number of positive results over the course of years in mediating conflicts, negotiating agreements and bringing peace to the conflict zones. In the post-Cold War world, the United Nations (UN) and other international organizations (bilateral and multilateral) have taken on larger responsibilities beyond the traditional functions of consensus building among warring parties and monitoring cease-fires or border agreements. It is now usually the case that when international mediation results in an agreement between the warring parties (like the cases of Bosnia and Herzegovina and Kosovo), the international community assumes an operating role in helping to consolidate peace and lay the groundwork for an overall recovery (Weiss Fagen, 1994). The debate about intervention for human protection purposes stopping the genocide, ethnic cleansing, etc. is still very much alive (Whitman, 2000).

The debate on international community intervention in conflict zones was certainly a lively one throughout the 1990s. Controversy may have been muted in the case of interventions in Liberia in 1990, northern Iraq in 1991, Haiti in 1994, Sierra Leone in 1997, and (not strictly coercively) East Timor in 1999. But in Somalia in 1993, Rwanda in 1994, and Bosnia and Herzegovina in 1995 the UN action taken was widely perceived as too little too late, misconceived, under resourced and poorly executed (Evans and Sahnoun, 2000). The UN Mission in current conflicts in Afghanistan and Iraq is somewhat different due to the intervention of the United States. The role of the international community in a post-conflict environment begins to work in the phases of transition from combat to governance. Although the afflicted country has the full responsibility for remaking its society it is often the case that the political and economic costs of the conflict are so severe that mechanisms for operation and coping no longer exist.

Coordination of humanitarian relief and reconstruction of the war-torn zones become a question of firmly reestablishing security and then assuming the main responsibility for preparing and supervising democratic elections as the key element in achieving rule of law, political cohesion and stability. This soon results in the creation of new society and government.

During the four-year protracted war and conflict, Bosnia and Herzegovina (Figure 3) has suffered an almost complete destruction of its social systems, physical infrastructure, environment and economic systems (Kreimer et al, 2000). As of April 1992, when Bosnia and Herzegovina declared its independence from Yugoslavia, the country has been torn apart by continued bitter inter ethnic warfare that has caused production to plummet, unemployment and inflation to soar and human misery to multiply (migration, displacement and affliction of people). The Bosnian conflict remained the paradigmatic war on civilians, with the principal point being the acquisition of territory by expelling members of the ‘wrong’ ethnic group. Its territory was divided into ethnic enclaves, with hundreds of thousands of people losing their homes and becoming international refugees or internally displaced. In general the urban fabric suffered heavy damage with some areas being completely devastated. In the aftermath of ethnic violence (even 8 years after signing the Dayton peace accords), the country and its people still face the difficult challenge of post-war reconstruction, reconciliation and finding the right path towards sustainable development. Bosnia and Herzegovina presented the world with a new kind of humanitarian disaster and no existing body was capable or prepared to organize a comprehensive emergency relief-aid program alone.

Many organizations contributed to humanitarian aid effort under the leadership of the United Nations High Commission for Refugees (UNHCR). The World Bank and the European Union have been in the forefront of these efforts (Figure 4). The World Bank’s role was a key one, focusing on reconstruction of physical assets, network infrastructure, community and social services, economic activity, institution building and policy reform, social protection and transition reforms. The European Union involvement was concretized in the main objectives of EC assistance: to help consolidate peace and foster inter-entity cooperation, to help ethnic
reconciliation and the return of refugees and displaced persons to their homes of origin, to establish functioning institutions and viable democracy, to lay the foundations for sustainable economic recovery and growth and to bring Bosnia and Herzegovina closer to EU standards and principles (For a detailed EU plan of action please see Appendix 2).

Disaster relief and humanitarian aid in Bosnia and Herzegovina went through different stages during which needs changed from the immediate provision of food, medicine and shelter, to housing and socio-psychological support programs (Mossberg, Wong-Jere and Åstrand, 1995). In late 1995 when prospects for peace became more apparent, the needs were moving toward long-term programs for gradual reconstruction and rehabilitation. Slowly the painful truth about the atrocities committed during the conflict began to emerge. Bosnia and Herzegovina is still struggling to rebuild shattered towns and communities against a backdrop of extreme nationalism and ethnic divide. In some areas people are choosing to live together again in multi-ethnic communities, but in others problems and divisions are as strong as during the conflict. The war may be over but the long road to justice, tolerance and reconciliation has only just begun. The Hague Tribunal is playing a central role towards unearthing the truth and bringing justice to those who played instrumental roles in the widespread torture, rape, slaughter and executions of civilians during the conflict. The reconstruction in Bosnia and Herzegovina led by the International Community has focused primarily on the physical, political and economic aspects while the social ones, although on the agenda, were overshadowed by the other three. Economically, the reconstruction phase, financed under a $5.1 billion World Bank/European Commission program, has been largely completed with varied results (Figure 4).

United States assistance is part of a broad-based, priority reconstruction program that is spearheaded by the World Bank and the European Union, and involves close to 50 donors who have committed a total of $5.4 billion since 1996 for reconstruction. The United States has pledged approximately $1.4 billion. As of 1998, the World Bank had pledged $590 million. In the three years since the Dayton Accords were signed (1995), over $1.4 billion in foreign aid has moved into Bosnia and Herzegovina, about $800 million of it coming from SEED (Support for Eastern European Democracies) funds. This support has been key to the growth and
revitalization of the economy and infrastructure in the country. The European Commission (EC) remains the largest donor. Almost €2.5 billion of EC funds have been committed to Bosnia and Herzegovina since 1991. From 1991 to 2000 humanitarian assistance provided by ECHO (the European Commission Humanitarian Aid Office), totaled €1.032 billion. In the period of 1996 to 2000 Bosnia and Herzegovina received assistance under the OBNOVA and Phare programs amounting to €890.7 million. In addition, the EU member states contributed over €1.8 billion in assistance between 1996 and the end of 2001. Since 2001 assistance of more than €240 million has been committed under the CARDS (community assistance for reconstruction, development and stabilization) Program, supporting Bosnia and Herzegovina participation in the stabilization and association process. Bosnia Herzegovina is still a recipient of donations from the international community and receives more disaster relief than any other area in this part of the world (Figure 4).

Figure 4. Example of international development, recipient aid to Bosnia and Herzegovina 1999-2001. (Source: OECD and The World Bank, 2003.)

![Bilateral ODA by Sector (2001-02)](image)

Figure 5. World Bank lending to Bosnia and Herzegovina: Total commitments by sector since 1991 (in nearest US$ million). (Source: World Bank, 2003.)
The emphasis now is on revitalizing the economy through market reforms that will create jobs and stabilize the economy. Bosnia and Herzegovina joined the World Bank and the International Development Association (IDA) in 1996, with membership retroactive to 1993. In the immediate post-war years, during the first Country Assistance Strategy (CAS) period between 1996-1999, a wave of emergency projects helped jump-start the reconstruction effort. These projects were part of the Bank’s overall strategy of funding a wide range of sectors including law and public administration, transport, power, de-mining, housing, health, education, public works, agriculture, and micro-credit (Figure 5). The Office of the High Representative (OHR) is the chief civilian peace implementation agency in Bosnia and Herzegovina. The 1995 Dayton Peace Agreement designated the OHR to oversee the implementation of the civilian aspects of the peace agreement on behalf of the international community. It is also tasked with coordinating the activities of the civilian organizations and agencies operating in the Bosnia and Herzegovina. The OHR has focused on the establishment of the rule of law, which is the starting point, an essential requirement, for progress in all the other areas of reform. This has been designed in line with priorities of the Reconstruction and Return Task Force (RRTF) under the auspices of the OHR.

The intervention of the international community from the beginning has focused on an array of fields: reconstruction of all infrastructure systems, return of refugees and displaced persons, democratization and establishment of the rule of law, social cohesion and development, institution and capacity building, economic regeneration, creating a market economy and a vibrant private sector, poverty alleviation through local development measures, humanitarian assistance, etc. What has been lacking is a strategic framework that would allow for a more integrated and targeted set of responses, where major issues of reconstruction would be dealt with in parallel. It is interesting to note the huge difference in sectoral lending (Figure 5), for example between agriculture and law and public administration. In the case of Bosnia and Herzegovina, European Commission and The World Bank have formulated visions of a country moving toward economic recovery and of a country coming out of from recovery towards sustainable growth. A lot of rhetoric was given in strategy and policy documents produced over the span of seven years (1996-2003), but very little to show for in viable long-term results. What we have seen is a crisis in the theory of emergency practice and a crisis of values (Slim, 1997).

It is clear that in order for the country to take the sustainable path, the economy needs to be weaned off its addiction to aid and international handouts. But the major question remains, is Bosnia and Herzegovina strong enough to prosper if the overseas money dries up and if the peacekeeping troops pull out? One of the biggest problems involves the destroyed social capital of which the refugees and displaced people play an important part. Moreover, the country is experiencing a continuous ‘brain drain’. An obvious problem lies in the approach for reconstruction and development, the lack of a real and sound strategic and visionary approach. The World Bank has been one of the key actors together with European Commission, OSCE (Organization for Security and Cooperation in Europe), EBRD (European Bank for Reconstruction and Development), Sida (Swedish International Development Agency), USAID (The United States Agency for International Development) and others. The whole reconstruction process and thinking has been done on two levels: operational and strategic. Even though strategic planning and strategic frameworks have been part of the rehabilitation language, no existing structured models or visionary frameworks have been employed or developed. What exists were the operational policies based on standard post-conflict reconstruction frameworks, briefs of each respective actor and development kits of international donor assistance and peace-building instruments. The World Bank has its established operational policies on lending for emergencies. Due to the recent conflicts that have been more complex than those experienced in natural disaster settings, new procedural guidelines for post-conflict reconstruction activities have
been set. However, these policies derive largely from the need to respond to urgent financing needs for post-natural disaster reconstruction (Kreimer, et al, 1998).

As the papers in the current study show, the results of the reconstruction work do not coincide with the targets set, results expected and the level of assistance (financial and human) provided. There was a lack of systemic vision and sectoral linkage. Economic aspects of reconstruction are omnipresent, and that has been, in many respects, the focus of the internationally led effort. The official economic figures seem to confirm a sense of business stagnation, unemployment and reluctance for foreign investment. Growth is slowing, unemployment is 40% and Bosnia remains the poorest country in Europe. Those are the official figures but The World Bank considers that most activity takes place in the informal or “gray” economy sector. The legacy of socialism still rules the attitudes to business growth and monetary flows. Before the war, people expected the government to run business. During and after the war, they expected the international community to provide their basic needs and rebuild the economy. The idea was that the government has to provide for everything. The international NGOs have done most of the housing (physical) reconstruction for almost eight years now and so far spent more than 600 million US dollars on housing construction and reconstruction. Skotte remarks that these are structural, or cumulative, consequences of ambivalent reconstruction policies set up by foreign governments, executed by international NGOs, with local institutions as passive bystanders who are not that dissatisfied with others doing the work (Skotte, 2003). One million former refugees and displaced persons have returned home in Bosnia and Herzegovina. In all, 1,000,473 people out of a total of more than two million people forcibly displaced during the war had returned to their home areas by the end of July 2004 according to the latest monthly figures compiled by UNHCR. Of these, 440,147 were refugees who had fled Bosnia and Herzegovina, and 560,326 were forcibly displaced inside the country. Although this might seem like a significant milestone in the long process of rebuilding a nation a large number of refugees from Bosnia and Herzegovina remain in the region, including around 100,000 living in Serbia and Montenegro and in Croatia. There are believed to be around 50,000 others living in other parts of Europe or elsewhere who have not yet found a durable solution. And a further 313,000 are still displaced within Bosnia and Herzegovina itself. The remaining half a million refugees who fled the war are thought to have found a solution, including through citizenship, elsewhere in the world. The so-called minority returns remain the biggest problem. Since 1996, 446,795 people - or just under half the total number of returnees - have returned to municipalities where they are currently in a minority (United Nations Commissioner for Refugees in Bosnia and Herzegovina [www.unhcr.ba] UNHCR).

Beyond the overriding lessons of sectoral linkage and integrated approaches other lessons emerge from the Bosnia and Herzegovina case. Even with the inauguration of a new ‘democratic’ government in a post-war zone like Bosnia and Herzegovina the international community often takes on the long-term role of protector of peace. On one hand this is understandable in a situation where order and security need to be upheld (as in Bosnia and Herzegovina’s unstable and still volatile governance situation) or where the sudden collapse of government and other institutional and legal structures leaves a vacuum that invites lawlessness, crime and insecurity (like the current case in Iraq). In the obvious absence of civil government, there is an ominous potential for strife and bloodshed to return in a nation riven with ethnic divisions and hatred. But the validity of that action becomes doubtful in the long run, especially when it does not correspond with the actual feelings and demands of the community, whether right or wrong.

So the lessons from the apparent failure in Bosnia and Herzegovina are that rules must flow from the way states actually behave, not how they ought to behave (Glennon, 2003). Although handing over power to the local governments is an overriding goal of nation building it should only be transferred as quickly as there is sufficient democratic maturity and only if those institutions can exercise that power properly in a sound, just and transparent way. Those
institutions must be democratic, involving all the main actors, and ruling on sound and stable political ground. On the other hand a prolonged dictate and protectorate, as in the case of The Office of the High Representative in Bosnia and Herzegovina (OHR) can only have a damaging effect in the long run. OHR has many tasks, but among them is the power to impose sanctions on those local actors it deems to be obstructing the implementation of the 1995 Dayton Peace Agreement. The exercise of OHR’s powers has had a generally positive effect on the political situation in the country, especially bypassing deadlocked state institutions. However, its virtually unlimited powers and unintelligible decision-making process have undermined its credibility. OHR remains still the chief civilian agency in Bosnia and has sweeping powers to impose legislation and remove local officials at will. Instead of strengthening trust in young institutions, this risks undermining them completely, creating animosity and distrust, and replacing the arbitrariness of previous regimes with that of the international community (Knaus and Cox, 2001). What is even more important to bear in mind is that political reconstruction does not simply mean producing liberty by holding free elections in a democratic process. Elections are not automatically synonymous with constitutional liberalism and cannot just be forced on every post-conflict society, disregarding circumstances and historical experience (Zakaria, 2003).

The crucial task in rehabilitating war-torn states is not just holding (premature) elections, but also enabling and assisting in a sound and rapid reconstruction of all societal infrastructures of as a long-term investment. Linked to that process should be generously aimed aid to reconstruct community life and ensure that civil society can flourish; but aid only on sound political grounds. The creation of a democratic system becomes paramount, but the establishment of justified, effective and stable governance matters just as much. Social rehabilitation, reconciliation, healing, diaspora, and other issues should complement these pillars of reconstruction, especially if they are tightly linked with economic reform. Both in Bosnia and Herzegovina and Kosovo this has not occurred and visibly amplifies the absence of the real political will to sustain a peace process.

The overriding lesson from the current study of the post-conflict assistance and ongoing reconstruction efforts in Bosnia and Herzegovina is that issues of economic, political, social and physical reconstruction are tightly linked. One cannot happen without the other nor can they happen one after the other and still produce viable results. Cox draws attention to a need for a strategic approach in Bosnia and Herzegovina in the way of having a multi-faceted long-term approach in dealing with ethnic reconciliation, economic rebuilding, property rights, political restoration and democratization: all at the same time, not as a number of separate efforts (Cox, 1998).

The real questions for achieving peace and security, as well as a post-reconstruction process that will adhere to the needs of the people are clear-cut: What are the objectives? What means have been chosen to meet those objectives? Are those means working at all? And if not, why not? Are better alternatives available? If so, what tradeoffs are required? Are we willing to make those tradeoffs? The involvement of the international community in Bosnia and Herzegovina has not been one of the success stories. The UN was expected to undertake enormous, varied and often conflicting responsibilities, without adequate authority, personnel, financing and other resources necessary to carry out its tasks. It operated in a context of intense ethnic hostility, terrible violence, lack of good governance, impaired and absent rule of law, power in the hands of a select group, and terrible violations of human rights. It also faced a situation where major countries such as the United States, Russia, France and Britain often had differing policies, interests and hidden political agendas as well as limited abilities to reach sufficient agreement to give clear direction or strong support to UN operations. Those countries also often held the UN responsible, particularly before the public, for failures attributable to their own policies or over which the UN had little control. Analysts, researchers and critics from inside as well as outside of the UN organization criticize aspects of UN operations and recommend reform and reorganization. Where they agree is that the UN and its specialized agencies as presently constituted, mandated and funded are not adequately prepared to resolve the multiple complex
emergencies laid at their door. The three most often repeated themes are: first, the inadequate coordination within the UN and between the UN and other executing and funding agencies; second, the inability to establish processes that link emergency relief to more sustained development built on local capacities and initiatives; and third, the difficulty of designing and implementing comprehensive programs that combine peacemaking with measures that strengthen economic reconstruction, good governance, social rehabilitation and human rights (Weiss Fagen, 1994). In the process of reconstruction, the United Nations and other international agencies were confronted with numerous difficulties, contradictions and limitations on what they could achieve (Slim, et al, 1994).

It takes much more than aid and money to set the foundation for an economic and political process to rebuild and restructure economies and societies after a war disaster as in Bosnia and Herzegovina. In this case there was no political momentum and implementation of financial programs and the injections of money seemed over dominant. The international grants, donor aid and loans were used for budget deficits, food and goods imports, etc. of this short-term policy. Other lessons and conclusions can be drawn from the emerging research in the field. The real issues in achieving a sustainable reconstruction effort must be met with a clear-cut vision of focusing pragmatically on each of the short, medium and long run needs and preferences of all groups in the conflict in a sound way that corresponds to the feelings and demands of the community. This can be strongly relevant for future reconstruction efforts namely those of Afghanistan and Iraq.

**2.5 The Marshall Plan and Beyond: Lessons to be Learned**

A highly relevant and interesting point of reference and reflection vis-à-vis the problematic of post-conflict reconstruction in the Balkans (Bosnia and Herzegovina) is *The Marshall Plan*. This European recovery program was implemented after the end of WWII. The plan has certainly been the most well-known and successful peacetime foreign development policy implemented by the United States but also one of the most successful post-conflict reconstruction programs of all times (Hogan, 1987). Now, some 55 years later, the whole effort seems even more interesting in light of the US lead effort to rebuild the two newest post-conflict zones – Afghanistan and Iraq. George C. Marshall in outlining the so-called Marshall Plan (1947-1952) to rebuild a war-ravaged Europe, on June 5, 1947, warned that there could be “no political stability and no assured peace” without economic security. Europe, like Afghanistan and Iraq today, was torn by war, poverty, disease, and hunger, and risked “disturbances arising as a result of the desperation of the people,” and thus deserved American attention and funds to recover and rejoin the world community. The Marshall Plan did not entirely help the European reconstruction, but it gave people hope for a better future and acted as a crucial factor in the engine of post WWII recovery. Probably the most striking feature was how the United States demanded from all Marshall Plan countries a firm commitment against communism (Dulles, 1993). Americans were quite adamant about this and did not tolerate deviations on this principle. But once this choice was made, the United States did not force the various countries to give up some of their institutional arrangements, which were very far from the American ideal. This was clearly the case with economic policy. Local priorities were respected (Hogan, 1987 and May, 1999). Neustadt and May observed that Marshall had developed the habit of seeing time as a stream: that is, of applying a consciousness of past problems, ideas, and solutions to the present rather than seeing every current problem in isolation and thus as new and unique (Neustadt and May, 1986). This is also one of the reasons why the plan succeeded on a number of fronts. It is also very interesting in the current perspective when we hear calls for new Marshall Plans to be activated in various post-conflict settings.
The Marshall Plan was a complex undertaking that cannot be easily described. One has to take into account the time and historical and political setting under which the plan was developed. One thing is certain and all researchers agree that it was the most complex post-conflict reconstruction undertaking done after the WWII. Such an effort has never been repeated or replicated (Figure 6). A number of lessons can be learned from this overwhelming task, both positive and negative, that could provide a better understanding of the complexities of present day reconstruction in all post-war settings.

George C. Marshall's interest to rebuild the then devastated Europe, led to the $16.2 billion Economic Recovery Program (ERP), known as the Marshall Plan (Hogan, 1987). Much of the research has been focused on the economic aspects of post-war reconstruction. Although it presents a milestone in the field of economic rebuilding, it is not entirely relevant for the overall reconstruction efforts today. Political, historical and socio-economic contexts are quite different today than in the age of George C. Marshall (de Zeeuw, 2001). According to Lake, lessons that apply today center around local planning and initiative where reconstruction efforts are supported by outsiders rather than shaped by them. Pragmatism was another important factor; plans in the reconstruction program were changed when there was no progress made. The most important lesson, though, is the impetus that reconstruction gave to regional planning and regional integration (Lake, 1990). In addition to that, the Marshall Plan strongly encouraged recipient governments to deregulate the postwar economy and make greater reliance on market mechanisms (Carbonnier, 1998).

The literature and research done on contemporary conflicts today reveals one crucial factor: the differences in agenda between donors and recipients are often larger today than they were between United States and Europe after the WWII – this being often supplemented by huge and unsurpassable differences in cultural ties and values. In the context of regional perspective a lot of researchers claim that a long lasting solution to the economical and political problems of individual societies is unlikely if emphasis is not given to a wider regional context and cooperation (Lake, et al 1990 and May, 1999). This is also one aspect where the Marshall Plan might have high relevance in the European context in the reconstruction of the Balkans. As far as the lessons that do not apply, foremost are the historical differences – different societies, times, values and reasons for conflict. What separated the WWII reconstruction (particularly the one in former Yugoslavia after 1945) is the fact that the community was united in its will for revival and rehabilitation of the country, as well in the reconciliation and healing. Now a terrible legacy of bitterness has been inherited from a cruel civil war different from the situation faced by the Marshall Plan situation. For that part of the world it is also important to mention that the civil war in the Balkans has destroyed physical infrastructure, political and entrepreneurial traditions, cultural ties, regional economic and intellectual global links more than was the case with post WWII Europe. The contrast is even larger when the enormous quantity of weapons, crime, violence, corruption and overall political instability and insecurity is taken into account. It seems
that much more attention needs to be given to these factors in post-conflict reconstruction research.

Nonetheless, comparisons with the Marshall Plan and the reconstruction of Balkans, especially Bosnia and Herzegovina, seem inevitable amidst a continuing number of problems and obstacles that the region faces, and frequent calls for a replication of the reconstruction plan in the Balkan context. Talking about a New Marshall Plan and the so-called stability pact for the Balkans after the end of the Kosovo War, one should bear in mind the fundamental lessons that can be learnt from the Marshall Plan, what it meant for Europe, especially Germany, what it offered and what the plan did not do (May, 1999). There are five fundamental issues of the Marshall Plan that May (1999) draws out and we will use them to reflect upon the situation in the Balkans. The reconstruction effort in former Yugoslavia was centred on Bosnia and Herzegovina where the worst destruction occurred, as it was the case with Germany, which was the key country in the Marshall Plan. Unfortunately mistakes made in the Balkans continue to have dire consequences for a promising future and a solid pathway towards sustainable development (Table 4).

Table 4. Five lessons of the Marshall Plan* in post WWII Europe vis-à-vis Bosnia and Herzegovina.

<table>
<thead>
<tr>
<th>Attitude</th>
<th>The Recipients Nations Values</th>
<th>Integrative Aspects</th>
<th>Strategic Factors</th>
<th>Capital Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Marshall Plan – European</td>
<td>Critical political</td>
<td>Far reaching</td>
<td>Consolidation and multilateral</td>
<td>Proactive and sustainable aid</td>
</tr>
<tr>
<td>Post Recovery WWII Program 1947-1952</td>
<td>momentum was created. High</td>
<td>restructuring</td>
<td>vision of integration in the global economy.</td>
<td>program.</td>
</tr>
<tr>
<td></td>
<td>optimism and</td>
<td>process in</td>
<td></td>
<td>Regeneration of social capital.</td>
</tr>
<tr>
<td></td>
<td>confidence were</td>
<td>keeping with</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>created.</td>
<td>social values.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Community</td>
<td>No real and viable</td>
<td>Severe political</td>
<td>Prolonged disintegration and culture of dependency.</td>
<td>Protracted and unclear vision.</td>
</tr>
<tr>
<td>Reconstruction in Bosnia and</td>
<td>political momentum.</td>
<td>and social problems cannot be solved with money (donor aid) only.</td>
<td></td>
<td>Weakened social capital.</td>
</tr>
<tr>
<td>Herzegovina 1995-ongoing</td>
<td>Pessimism and</td>
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* Fundamental issue/lessons from the Marshall Plan were adapted from the work done by Bernhard May, 1999.

The most important thing to be learned from the Marshall Plan deals with perceptions, expectations and visions. These are more important than any actual financial and economic programs. The psychological importance of the Marshall Plan can hardly be overestimated. It immediately offered a vision for Germany to be integrated into the community of Western Democracies. This integration breaded trust, stability and prosperity. Constant reassurances that Bosnia and Herzegovina shall eventually become a member of the European Union seem to provide some promise for the future but the Western countries are at the same time increasingly complaining about the uncontrolled monetary injections in the form of aid, grants and loans.

What came out of the Marshall Plan was considerable tolerance for the needs of the local political elites and citizens, even when their values were distant from those of most Americans. Economic integrations were encouraged between former foes even if it meant discrimination against American goods. Finally participants in the Marshall Plan were forced to agree among themselves on the crucial aspects of the whole operation before asking for American help. This helped enormously in erasing ancient rivalries and constituted the basis of what was to become the European Union. This clearly has not been the case in Bosnia and Herzegovina There is still a lot of mistrust between former adversaries towards economic and regional integration within the country as well as with the neighboring ones. Legitimacy (agreement on all levels), stability (political and institutional) and destination (European Union) have been the key words for the future of post-war Bosnia and Herzegovina but all three still seem very remote. Marshall Plan gave the European countries a chance to forge political, economic and social stability. The reconstruction in the Balkans did not. The fundamental difference between the Marshall Plan and the Balkans reconstruction programs is that the latter lacked a holistic, visionary and systematic
approach to the complex issues of post-conflict reconstruction planning. Marshall Plan on the other hand had a broad perspective and clear sense of purpose, coupled with an extraordinary ability to go straight to the heart of the problem, and to act on it effectively. Launched with the Bretton Woods Agreement of 1945, the Marshall Plan could declare its success by the end of the 1950s. The reconstruction effort in Bosnia and Herzegovina is still an ongoing process that has failed to properly take into account the history, present situation, as well as the aspirations, wishes and needs of all its citizens.
CHAPTER 3

Planning Amidst Complexity and Conflict

“Lucky is he who has been able to understand the causes of things”
—of Lucretius, Virgil 70-19 BC: Georgics

3.1 Prologue: Reflections on the Assertion

We have asserted that post-conflict reconstruction process should be seen as a proactive, multi-disciplinary approach towards the dynamics of rebuilding spatial, political, social, economic, and other systems in a more holistic and systemic way. The methodological analysis presented later challenges certain preconceived theories with theoretical sensitivity that is brought about from the grounded theory process. The belief here is that such a stance is becoming increasingly necessary as we enter a field that is engulfed in such issues of complexity, risk and uncertainty. Although the issues of complexity and systems approaches and its implications for planning are only beginning to be grasped, they nonetheless might be highly relevant.

The post-conflict reconstruction in Bosnia and Herzegovina presented a process of high-level complexity. The magnitude of tasks required both swift but also prolonged efforts. Rehabilitation in this context becomes a whole array of activities, actions and processes whose sole purpose is in the initiation of relief and reconstruction in the early stages and in the initiation of wheels of development in the later phases. In most cases these two phases do not become fully integrated and tend to create a gap between each other as time progresses. The reconstruction efforts in post-conflict zones have become, in many cases, a process of decades and a very slow initiator of a more sustainable development due to various reasons, not least being the approach to reconstruction planning. One thing seems clear: when disasters strike they often invite a compassionate response from the world community, the international relief, donor, aid and reconstruction community responds accordingly. Responses can have positive as well as negative results. Reasons for partly successful, unsuccessful or completely failed reconstruction efforts are many and complex. They can be of political, economic or social nature.

We will use the discussion here on complexity, interconnectedness and systems views to reflect a possible way of looking at the reconstruction effort as an integrated strategy through new planning outlooks bringing together different approaches, methods, models and theories into one integrated effort. Another aspect is the time factor. Early involvement of the donor communities in the reconstruction efforts is always crucial in these situations. This is closely linked to a need for smoother transitions between the relief and the reconstruction phases of post-conflict recovery. The lack of a sustained and systematic reconstruction strategy, as well as a strong theoretical foundation (an organized system of accepted knowledge that would apply in a
variety of circumstances to explain a specific set of phenomena) becomes obvious in many post-war cases. The problem that needs to be addressed is that very often, the task of revitalizing and rebuilding post-conflict communities is envisioned as a series of non-integrated and short-term recovery projects carried out by donor agencies together or without the central government(s). In the long run this results in few signs of sustainable development and often has a failed reconstruction effort outcome.

The principle components in a conceptualization of a reconstruction program deal with the nature of the conflict, the conflict effects, and the actors involved (internal and external) in the reconstruction programs or projects (Barakat and Hoffman, 1995). All these issues are usually viewed separately (or in the best case as two or three together), but often far from an integrated fashion. Usually the actors in the reconstruction process are closely tied to the process, program or project, but rarely are these understood in an integrated and holistic manner through the conflicts effects and the nature of the conflict (Carbonnier, 1998). The problem lies in the fundamental approach to reconstruction strategy and in the way that complexity and dynamics are often viewed. What needs to be added are the complexity of issues and the dynamics of change. The conflicts recently concluded in Central America, the Middle East, Cambodia, Mozambique, and Ethiopia/Eritrea, in contrast, all lasted well over a decade (Lake, 1990). The task following prolonged war no longer consists solely of reconstructing entities that have been destroyed. It requires creating alternatives to the structures, systems and living patterns that have more or less permanently disappeared.

3.2 Systems Approach

Viewing the reconstruction effort programs in Bosnia and Herzegovina reveals a parallel process of many actions and actors working at different levels at varying speeds, often doing similar things. Empirical evidence reveals stagnating economies, political instability and deadlock, insecurity and dysfunctional governance. The sheer fact that more than 50% of the refugees have not returned is enough to proclaim the process as a non-sustained and non-systemic one. Establishment of a dynamic reconstruction strategy and systems thinking can be viewed as a step forward.

Systems thinking can work in a variety of situations (Haines, 2000). What is crucial here is that in comparison with traditional and commonly used analysis, one, which focuses on separate individual segments, systems thinking looks at how the matter being studied interacts with other parts of the system. This takes larger and larger numbers of interactions into account instead of reducing the problem into smaller and smaller parts (Chekland, 1999, Senge 1994, and Haines 2000). Systems thinking has proved itself as an extremely effective way of analyzing and solving difficult types of issues such as complex problems that involve many actors, recurrent problems or those that have been made worse by past attempts to fix them and issues where an action affects the environment surrounding the issue. All of these problems are in one way or another associated with the complex task of post-war reconstruction. In such progressive crisis situations with difficult dynamics, proactive and integrated systems thinking approach seems to be beneficial.

Systems thinking complements our natural tendency to break things down into manageable parts (also known as reductionist thinking) (Midgley, 2000). Systems thinking explores expansionistic thinking, an approach that first considers the context of a problem before breaking it down into its component parts. In this discipline, people learn to better understand interdependency and change, and thereby to deal more effectively with the forces that shape the consequences of actions (Senge, 1994). The word system probably has more varied meanings than any other word in use today. One of the most applicable definitions is one where a system is envisioned as an entity which maintains its existence through the mutual interaction of its parts (von Bertalanffy, 1976). The key emphasis here is one of mutual interaction between the parts, over
time, which maintains the system. This definition of a system implies something beyond cause and effect. The relevant question has to do with where one chooses to draw the boundaries.

At the heart of systems thinking rests the principle of interconnectedness of issues and problems. There are some useful points here that can be reflected vis-à-vis the reconstruction planning in post-conflict zones. One of the most important aspects is that we live in a fairly complex society and real life-world system where all of its subsystems overlap and influence each other. It is generally not possible to deal effectively with only one of these subsystems in isolation. A certain collection of segments or parts is a system only if any of those parts can affect the functioning of the whole, where it is important to note that there is no inherent end to the system (Checkland, 1999). Systems thinking allows us to appreciate the need to uncover the underlying root causes driving a certain situation, instead of reaching for premature solutions. The key is to first consider the event and then see if it is a part of an underlying pattern. Profound changes take place in ways which we are not able to predict. Although numerous tools, maps, models and theories may be important, none of them can always grasp or capture the full complexity of the subject they address. Finally, through systems thinking, an answer reached means actually a way of asking a new question. All of this connects to the notion of holism, which, as currently understood, is the idea that the properties of a system cannot be determined or explained by the sum of its components alone. It is often regarded as opposite to reductionism, where the nature of complex things can always be reduced to simpler or more fundamental things. The holism principle comes into the picture where a system as a whole works differently than the parts of the system; the parts alone cannot do what the system is able to do. Therefore, it is necessary for a system to have functional parts that communicate efficiently (Jackson, 2003).

When we speak of strategy for reconstruction planning in post-conflict zones we usually think of governments, international, national and local organizations, corporations, agencies, units, operators, etc. Systems thinking has been lacking in that strategy, as it is reflected in the example of Bosnia and Herzegovina. Those actors have not adopted a new way of thinking reassessing themselves in the light of new complexities, organizational procedures and approaches to the whole works of intervention concerned with the reconstruction. How to approach strategy, planning and management of reconstruction may vary from one organization to another, from one case to the other - there is no uniformly best form or approach to these. No afflicted society after war is the same nor are approaches in rehabilitation. Within an overall dynamic and strategic framework, problems could be dealt with in a better fashion. What is notable here is that this process involves creating and molding the future, along with making sense of the past; constructing rather than predicting and responding to some predetermined future reality. A key ingredient is the development of capabilities for long-term flexibility, dynamics and sustainability rather than making and sticking to long-term plans and conventional thinking (Eden and Ackermann, 1998, and Mintzberg, Ahlstrand and Lampel, 1998). Developing plans for post-conflict reconstruction should be like the development of a highly complex system comprised of political, economic, financial, institutional, human and administrative systems and subsystems (Sbaiti, 1994). That is why systems thinking and dynamics play a crucial role — these cannot be just one segment or just one action in a reconstruction strategy. New strategic thinking, or as in Mintzberg’s words ‘seeing within planning’ (Mintzberg, 1996) needs to be visionary, but firmly grounded and one that results in a synthesis of emerging issues, problems, patterns and opportunities (Figure 7 and 8).
The following key ideas are shared by all schools of systems thinkers: 1) Complex systems involve interconnected parts 2) The organization of complex systems can be understood in terms of a series of levels, where elements of one level may be dependent on the superior and inferior levels 3) The properties of systems are emergent that is they cannot be predicted from the properties of individual elements in themselves 4) Systems are characterized by feedback, recursion, boundaries, nested subsystems, and responsiveness to the environment in which the system is located (Midgley, 2000). It is a discipline for seeing the wholes, recognizing patterns and interrelationships, rather than static snapshots and it involves learning how to structure those interrelationships in more effective and efficient ways (Senge, 1994). Systems theory is a heavily researched methodology and rigorous macro-scientific and trans-disciplinary framework with its roots in the universal laws of living systems and human nature on earth (Churchman, 1968, Von Bertalanffy, 1976, Senge, 1994, Laszlo, 1996, Checkland, 1999, Gharajedaghi, 1999, Stacey, Griffin and Shaw 1999 and Haines, 2000). Systems thinking is a body of knowledge and tools that serves to make more clear the full patterns of the problems, issues, and situations that confront us (Senge, 1994). In summary we can say that systems theory is the science of wholeness where a problem is approached in such a way that one looks at the larger system as a whole before dissecting the parts. Systems theory is in a way the predecessor to complexity theory.

### 3.3 Complexity, Interconnectedness and Uncertainty

The complexity of armed conflicts and especially post-conflict reconstruction that follows, interwoven at the same time with uncertainty, rising risk and interconnectedness of issues, have resulted in the fact that simple reductionist explanations and established and habitual *modus operandi* are no longer adequate. This implies that a new paradigm, appropriate for this new order, is called for. Chaos and complexity theory as well as systems view could assist us in understanding better the difficulties associated with reconstruction planning as well as shed some light on these and related issues.
Complexity theory is an emerging body of theory that can provide heuristic and conceptual models useful in understanding and describing complex, at times highly uncertain phenomena that can lie at the core of human social realms; it is becoming more and more interesting to the social sciences (Nicolis and Prigogine, 1998). Chaos and complexity theory can have profound conceptual and even fundamental epistemological implications for the field we are examining. These implications that can be seen through innovative insights into the structure and dynamics that underlie these systems and influence the way planning intervenes in this area. Complexity generally refers to a multitude of entities combining in intricate ways. We can look at the whole post-conflict reconstruction planning system in such a way. Complexity theory as an outgrowth of the general systems theory and chaos theory is the study of complex adaptive systems. These systems respond to their environment, adapt, change, learn and evolve. As a diversity of causes and effects interact, highly complex new properties appear. What seems to be central and bears importance here is the concept emergence (a lot coming from very little). Immense possibilities are generated from few elements that are governed by simple rules (Stacey, Griffin and Shaw 2001). In other words, from simplicity comes complexity and with complexity we can deal with simplicity. There are two more important properties of complex adaptive systems relevant in our context. Firstly, small changes now can lead to large changes later – the so-called ‘butterfly effect’ (the propensity of a system to be sensitive to initial conditions). Secondly, when a major change arises, it will happen quickly; fluctuations occur until a pattern emerges, and then the whole system suddenly converges. Complexity cannot be eliminated, but it can be managed. Issues are linked and they have impact on each other creating even more complexity (Warfield, 2002). Interlinked issues that are treated separately (decoupled) create difficulty in understanding complexity. What we derive by studying chaos and complexity theory within a planning approach is that it is important to look at the big picture, rather than the details, focusing on the future and the range of possibilities rather then the past ones where change is accepted as an intrinsic element. In the case of the international community’s participation in the reconstruction of Bosnia and Herzegovina, we are looking at the interconnected and increasingly complex multitude of tasks and actions – operations in which the planning paradigm must change due to constant change of the context in which the planning process occurs. So diversity of issues, interconnectedness, dynamics of change, risk and complexity need to be taken into account. It is crucial to look in the post-conflict environment, especially for the patterns and relationships, not just causes, because it is very difficult to identify causes in a highly complex and interrelated system. So interconnectedness and relationships are important: at times priority must be given to the whole picture, instead of just details. That brings us back to holistic outlooks, which are so important if we want to identify changes, emerging conditions and opportunities in the system. It is as valuable to look at the bigger picture (especially in social sciences) as it is to look at the individual behavior. There is a need to look in both directions, both top down and bottom up. Complexity implies that the whole picture is more than the sum of its individual parts. The whole picture will also be feeding back to the individual and sub wholes, creating a dynamic feedback mechanism. This means that one of the most important areas of a complex social system to study is the points of interaction, the feedback that occurs between structures and individuals (Haynes, 2003). To constitute a complex system, the elements have to interact, and this interaction must be dynamic. A complex system changes with time (Cilliers, 1998). Kees van der Heijden makes the following comment:

The systems are too complex for just one type of analysis to make a serious contribution. We need methods that allow us to cut through a large number of disciplines, and link them together by means of causality. Maybe they won't give you the whole reality, but they do provide entirely new perspectives that do not start from a narrow disciplinary point of view…With increasing uncertainty there is less room for planning, strategic or otherwise. With increasing uncertainty we need to live in systems that are increasingly adaptive and can adjust to whatever we find when we get there. Indeed, today planning is more a process than a way to design a blueprint…The process is the important thing. It has to take account of the planning that is done in the subsystems of the overall system it looks at [Excerpt from the correspondence with Professor Kees van der Heijden, 2002].
Another important aspect that bears importance on our discussion is that of multidimensionality. Multidimensionality is probably one of the most potent principles of systems thinking. It is the ability to see complementary relations in opposing tendencies and to create feasible wholes with unfeasible parts (Gharajedaghi, 1999). This principle maintains that the opposing tendencies not only can coexist and interact but also at the same time form a complementary relationship. As Churchman notes, here one can see how the tendencies previously considered as dichotomies can interact and be integrated into something quite new. The addition of new dimensions makes it possible to discover new frames of reference in which opposing sets of tendencies can be interpreted in a new ensemble with a new logic of its own (Churchman, 1968). Ideas from chaos and complexity theories offer valuable tools for thinking, visioning, planning and communicating the intricate social world that we are part of. It is dealing with and understanding problems of complex structure, behavior and those that are difficult to evaluate. Yet while chaos and complexity theories have gained some attention in the natural sciences, they have been more or less relatively ignored in the humanities and social sciences (Burns and LeMoyne, 2003). The important lesson for planning here is to concentrate on the patterns and emerging phenomena, not just the parts. Complexity theory thus could provide a sound theoretical basis for a new planning paradigm that will meet needs of a post-conflict reconstruction process today. Fundamental shifts in the way we view change are underway, reflected within a new planning paradigm that accepts the new context of the global environment – one of change, uncertainty and risk, as well as adopting the science of complexity and chaos. Chaos and complexity theories offer a number of insights for many fields that try to better understand the social world. Yet, as with any theory, it is important to address the question of scope. These ideas are best considered, not in isolation, but in combination with a variety of social theories and disciplines (Burns and LeMoyne, 2003).

3.4 Visioning the Complexities of Planning Futures

The ideas presented here have been focused towards the following question: What can planning do better to meet the uncertainties and challenges of the future? The uncertainties and risks involved in the complex interactions among systems make it difficult to understand how we can cope. It is very difficult to reach any definitive answers. Instead, we can search for possibilities, in particular for new ways of looking at and interpreting the complex world around us. The danger that awaits planning in ‘non-response behavior’ to the challenges of the present times and future just ahead of us, can be very real and destructive on the long run. In societies that are under post-conflict stress this will be accentuated even more. The problems of ethnic tensions, mistrust, political defragmentation, economic stagnation and broken habitation will furthermore enhance the existing fragility and the real possibility of creating a better, more sustainable environment. Wolfram has suggested that if we want to capture the core features of a complex system it can be sufficient to use such models or representations that have an extremely simple basic structure. He continues further by saying that given these models, the only way that we can discover and understand what they do will usually be just to try them out (Wolfram, 2002). From this we can extrapolate a very simple message: that we need to look at these complex aspects with clear vision of their mutual interactions. Very often complex situations and issues are the result of simple criteria. The key issues in the post-conflict reconstruction work are foundations and possible reasons for risk, uncertainty and vulnerability and could to be analyzed in a systems way of thinking. As Sanders points out we need to especially look at the whole systems, not just their parts; understand that a relationship between order and disorder exists, and self-organizing change occurs as a result of their interactions. Furthermore a small event in one sector can cause tremendous turbulence in another. Maps, models and visual images make it easier to see connections, relationships, and patterns of interaction. Scanning across various disciplines, fields, industries and activities is the key to seeing emerging conditions, paradigm shifts, and
opportunities for innovation and problem solving. Non-linear thinking is critical to recognizing clues about changes in the environment and, finally, perspective is extremely important when viewing chaotic events (Sanders, 1998). Interconnectedness and complexity are not just jargon but concepts paramount to the field of planning, especially in the times of uncertainty and risk. From Friedmann’s social learning paradigm we can extrapolate an important statement that without vision there is no radical practice, without radical practice there is no theory, without theory there is no strategy and finally without strategy there is no action. All of this overlaps, intertwines and penetrates (Friedmann, 1987).

If we incorporate the ideas of complexity theory into our current post-conflict reconstruction planning discussion, the theory could suggest to us that planning might respond best to fundamental change if it is not perfectly aligned with its environment but poised on the ‘edge of chaos’. Complexity theory challenges our current views on strategy and shifts our thinking away from steady state concepts. Complexity emphasizes process and dynamics and it highlights the need for experimentation in strategy, but critically it also underlines the importance of revolutionary changes in logic and behavior (Nicolis and Prigogine, 1989, Coveney and Highfield, 1996 and Byrne, 1998). Nothing precipitates change like a crisis. The question is whether it is possible to adopt a crisis-perspective without a crisis, or at least a mindset that is constantly attuned to change (van der Heijden, 1996). Many innovators and change agents insist that it is possible. Effective strategies and new ways of foresight planning thinking should consider planning and regional development in a much more integrated and systems manner. Planning needs to identify, respond and influence the changes in the environment. What is required is a shift of perception from seeing change as disequilibrium to seeing it as a constant (London, 1996). Systems thinking may be a right step in that direction.

The intention of this chapter is to create a prequel to the development of grounded theory through which we might be able to look into crucial aspects of post-conflict reconstruction planning. The complexity of relationships between different factors in the system is the reason for having planning (planners critical consciousness) as an activity and for relying on it in future studies as well (Levy, 2002). Planners are highly irrelevant in managing crises and they should be prepared for changed professional roles and for ethical dilemmas. Although the future might seem ominous and our levels of preparedness might seem completely inadequate to the rising forces of risk and uncertainty, there is still much reason for hope. In future, practicing planning will need to deal with complexity, uncertainty and chaos in a much more adequate manner than the planning of the past and present has done. Given the sheer complexity of post-conflict reconstruction efforts, developing a clear strategic plan of action at the outset is critical to success. Developing a common set of objectives is of paramount importance. The plan should also lay out the strategy for achieving the objectives. Perhaps even more important than the plan itself is the strategy development and planning process at a systems dynamic level, creating planning which will be a synthesis of skills, innovation and knowledge and one which will understand better the dynamics of human change. It does not have to be a precognitive planning but it has to be a strategic, proactive and visionary one. While strategy obviously informs planning, in practice, planning also helps refine strategy by framing and assessing alternative approaches, identifying tradeoffs, and highlighting policy disconnects for decision makers. We also need stronger, and clear-cut planning theories and procedures for dealing with the uncertainties of the future. Planning is obviously a crucial tool and policy instrument for present and future visions of the society.

Dealing with complexity, uncertainty, and future scenarios and forecasts is a part of our society and there are no signs that it is becoming simpler and less complex (Alexander, 1992). As we can see today, engulfed in the process of globalization, our everyday world is going through a revolution in the way it receives, handles, and communicates information and makes decisions. As Mintzberg remarks, from all of this it seems that new models for planners are needed in order to reflect and meet these changes and challenges (Mintzberg, 1994). Yet, maybe the most
important conclusion would be that our real-world problems do not fit into the domain of one discipline. The task of integration is a crucial one for the future (Coveney and Highfield, 1996). Prigogine notes that we cannot predict the future, but we can be prepared for it. If (integrated) planning can be better prepared for the challenges of the future, while recovering from weaknesses of the past, maybe we could have a better understanding of the complexities of the present (Prigogine, 2003).
CHAPTER 4

Grounded Theory Strategy of Qualitative Inquiry

"The library is like many voices talking to you. All you have to do is listen"  
—Barney Glaser and Anselm Strauss, 1967

4.1. General: The Rationale Behind Using Grounded Theory

Two sociologists, Barney Glaser and Anselm Strauss, have played a significant role in shaping outlooks on methods and methodology used in this study. These two have formulated and developed in great detail grounded theory, a strategy of qualitative inquiry in social science research. Grounded theory is a systematic and simultaneous generation of theory from data, an inductive methodology and a process that is systematically managed (Glaser and Strauss, 1967). It has the capability to produce theories from data, theories that are empirically grounded in the data from which they arise (Glaser, 1998). Grounded theory has been used as a strategy of qualitative inquiry, comprising the skills, assumptions and practices used by the researcher when moving from a paradigm and research design to the collection of materials and generation of theory (Denzin and Lincoln, 1998). This approach has guided the qualitative research process in this study (Table 5). Basically Glaser suggests two main criteria for judging how well the emerging theory performs; that it must fit the place studied (suitable) and that it works, i.e. helping the people in a particular situation to make sense of their experience and at the same time manage that situation better (Glaser, 1998). The important thing to remember is that it is not the question of naïve inductivism, but rather sensitive deduction based on carefully developed ideas. This conceptual induction fosters even more deduction. For Glaser and Strauss, grounded theory is said to emerge inductively from its data source in accordance with the method of constant comparison (an amalgam of systematic coding, data analysis and theoretical sampling procedures). These procedures enable the researcher to make interpretative sense of much of the diverse patterning in the data by developing theoretical ideas at a higher level of abstraction than the initial data descriptions (Glaser and Strauss, 1967). This is a very systematic approach, which has a view that all things are integrated, that actions are integrated with other actions, that nothing is mono-variable, that everything is in motion and that patterns are systematically occurring over and over again (Glaser, 1998).

Glaser and Strauss contrasted grounded theory with logic-deductive theory to argue that the prevailing emphasis on theory testing neglected the process of theory generation (Glaser and Strauss, 1967). Another shortfall of social science research in the period when this approach emerged was its theory-practice connections. These had grown more tentative as dominant positivist theories became more removed from the social phenomena that they were supposed to explain. Grounded theory, a reaction against this positivist trend, was part of the humanist
attempt to tie social science data more closely to the beliefs and concerns of participants so that
social science practitioners would find in theory a more congenial guide to the problems of
practice (Haig, 1995). Glaser and Strauss explicitly note that the researcher does not approach
reality as a *tabula rasa*, but instead that he or she must have a perspective to see relevant data and
extract significant categories from it (Glaser and Strauss, 1967). Johansson remarks that there is
no hypothesis that directs the data collection in grounded theory method (unlike the deductive
approach). Rather the methodology focuses on generating theory as opposed to validating it
(Johansson, 2002). Glaser and Strauss hold a dynamic perspective on theory construction. This is
clear from their claim that “the strategy of comparative analysis for generating theory puts a high
emphasis on *theory as process*; that is theory as an ever-developing entity, not as a perfected
product” (Glaser and Strauss, 1967, p.32). In this regard, Glaser and Strauss advise the researcher
to be constantly on the lookout for ‘new perspectives’ that might help them develop and improve
their grounded theory, although they do not explore the point in detail (Dey, 1999). This is a
point of departure between Glaser, who argues that the theory should only explain the
phenomenon under study, and Strauss, who insists on excessive use of coding matrixes to
conceptualise beyond the immediate field of study (Goulding, 2002). The three grounding
elements of grounded theory, upon which both founders agree, are *concepts*, *categories* and
*propositions*. This was also the case in my study since concepts were retained as the key elements of
analysis while the theory is developed from the conceptualization of data, rather than the actual
data. *Concepts* are the basic units of analysis because it is from conceptualization of data, not the
actual data per se, that theory is developed. Corbin and Strauss (1990, p.7) state:

> Theories cannot be built with actual incidents or activities as observed or reported; that is, from ‘raw
data’. The incidents, events, happenings are taken as, or analyzed as, potential indicators of phenomena,
> which are thereby given conceptual labels. Only by comparing incidents and naming like phenomena
> with the same term can the theorist accumulate the basic units for theory.

The second element of grounded theory, *categories*, are defined by Corbin and Strauss (1990, p.7)
thus:

> Categories are higher in level and more abstract than the concepts they represent. They are generated
> through the same analytic process of making comparisons to highlight similarities and differences that
> is used to produce lower level concepts. Categories are the ‘cornerstones’ of developing theory. They
> provide the means by which the theory can be integrated.

The third element of a grounded theory is *propositions*, which indicate ‘generalized relationships
between a category and its concepts and between discrete categories’. Propositions involve
conceptual relationships whereas hypotheses require measured relationships. Since the grounded
approach produces conceptual and not measured relationships, the former term is preferred
(Whetten, 1989). The generation and development of concepts, categories and propositions is an
iterative process. According to Corbin and Strauss (1990, p.23) grounded theory is not generated
a priori and then subsequently tested but rather:

> ...inductively derived from the study of the phenomenon it represents. That is, discovered, developed,
> and provisionally verified through systematic data collection and analysis of data pertaining to that
> phenomenon. Therefore, data collection, analysis, and theory should stand in reciprocal relationship
> with each other. One does not begin with a theory, then prove it. Rather, one begins with an area of
> study and what is relevant to that area is allowed to emerge.

### 4.2 The Use of Grounded Theory in the Current Study

The grounded theory approach consists of a set of steps whose careful execution is thought to
‘guarantee’ a good theory as the outcome. Strauss would say that the quality of a theory could be
evaluated by the process by which a theory is constructed (Strauss, 1987). If done well, this
means that the resulting theory at least fits one dataset perfectly. This contrasts with theory
derived deductively from grand theory, without the help of data, and which could therefore turn
out to fit no data at all. The argument for choosing grounded theory as the strategy of qualitative
inquiry for this work lies in the fact that post-conflict reconstruction as a field of study lacks a
real cohesive theory. Performing a qualitative inquiry that leans towards a dynamic perspective on
theory construction can be beneficial in this context. Furthermore, as in the spirit of Glaser and
Strauss, it is the ideas that are important and their methodological generation, not so much where they
are used. Each researcher has taken grounded theory in his own direction and made it her own.
Some have done it in a simple and direct way, as was done here, while others have turned
towards a more multivariate complex fashion. In the post-conflict setting, a need for the
discovery of ‘truth’ is called for in order to tackle the problems of important dependent variables.

Grounded theory has recently been undergoing changes, modifications and new
interpretations. The modifications that were made in this study refer to some of the ambiguities
and unexplained aspects of the method itself. One such issue that we encountered in the study
involved induction. The overemphasis on induction in the grounded theory method has been
subjected to a lot of criticism, largely due to misunderstandings in the original definitions. One of
the problems encountered was the requirement of prior non-reliance on theoretical frameworks
and outlooks. Even though the method stresses discovery and theory development rather than
logico-deductive reasoning based on previous findings, it is impossible to start without a
‘theoretical contamination’ (Goulding, 2002). Even Glaser and Strauss state that it is impossible
to erase previous experience. So, we have made a slight modification where the initial research
has looked into related areas of study and then allowed data (which was generated throughout the
grounded theory process) to direct the literature to inform the emerging theory and vice versa.
Partly importing and reflecting upon concepts should not be seen as an area of concern here. On
the contrary, the analysis is not conforming to such preconceived theories but is rather
challenging them with theoretical sensitivity that is brought about from the grounded theory
process. Such a strategy has proved a viable option and solution as it has strengthened both the
quality of the data and the ideas extracted from them.

The validity of using this method in the study on post-conflict reconstruction can be reflected
through Strauss and Corbin’s four primary requirements for judging grounded theory: 1) It
should fit the phenomenon, provided it has been carefully derived from diverse data and is
adherent to the common reality of the area; 2) It should provide understanding, and be
understandable; 3) Because the data is comprehensive, it should provide generality, in that the
theory includes extensive variation and is abstract enough to be applicable to a wide variety of
contexts; and 4) It should provide control, in the sense of stating the conditions under which the
theory applies and describing a reasonable basis for action (Strauss and Corbin, 1998). The
particular process of building grounded theory in this study is presented in Table 5, where main
phases are outlined as well as activities undertaken during each phase and the rationale for doing
them. It is important to emphasize that this work used a combination of qualitative research data
collection methods to generate as many more viable and valid results as possible. The adaptability
of the method is one of the strongest traits of grounded theory. Glaser has pointed out before
that although the method is uniquely suited to fieldwork and qualitative data it can easily be used
as a general method of analysis with any kind of data, be it surveys, experiments or interviews
(Glaser, 1978). This method allows for use and integration of a wide range of data (Table 6).
What was important, and crucial for this study is the possibility to transcend the data. In other
words, by conceptualizing data from the field, the degree of thought about the data is raised to a
much higher level (Table 5). Goulding observes that the method also transcends by inclusion and
integration at higher-level previous descriptions and theories about an area, and uses them to
create a dense integrated theory of greater scope (Goulding, 2002). As Glaser states, one of the
key aspects and greatest advantages of grounded theory is the way one is able to generate a
number of ‘good ideas’ (Glaser, 1978).
Table 5. The phases and process of building grounded theory in this study.

<table>
<thead>
<tr>
<th>PHASE</th>
<th>ACTIVITY</th>
<th>RATIONALE</th>
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<tbody>
<tr>
<td><strong>PARADIGM AND RESEARCH DESIGN</strong></td>
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<tr>
<td>Step 1</td>
<td>Review of theoretical &amp; technical literature (non tabula rasa approach)</td>
<td>Definition of research question</td>
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<td>Analysis of existing paradigms</td>
<td>Definition of a priori constructs</td>
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<td>Light theoretical investigation (assertion)</td>
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<tr>
<td>Step 2</td>
<td>Selecting cases</td>
<td>Theoretical, not random, sampling</td>
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<td><strong>DATA COLLECTION</strong></td>
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<td>Step 3</td>
<td>Develop rigorous data collection protocol</td>
<td>Creating case study database</td>
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<td>Employing multiple data collection methods (six sources of evidence)</td>
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<td>Qualitative data</td>
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<td>Data triangulation</td>
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<tr>
<td>Step 4</td>
<td>Entering the field</td>
<td>Overlapping data collection and analysis</td>
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<td>Flexible and opportunistic data collection methods</td>
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<td><strong>DATA ORDERING</strong></td>
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<tr>
<td>Step 5</td>
<td>Data ordering</td>
<td>Arraying events chronologically</td>
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<td><strong>DATA ANALYSIS</strong></td>
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<td>Step 6</td>
<td>Analyzing data relating to the first case</td>
<td>Using open coding</td>
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<td>Using axial coding</td>
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<td>Using selective coding</td>
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<tr>
<td>Step 7</td>
<td>Paying continuous attention to processes</td>
<td>Dynamic comparison of data and follow-up of constant change</td>
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<td>Step 8</td>
<td>Theoretical sampling</td>
<td>Literal and theoretical replication across cases (go to step 2 until theoretical saturation)</td>
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<tr>
<td><strong>GENERATION OF THEORY</strong></td>
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<tr>
<td>Step 9</td>
<td>Reaching closure</td>
<td>Analysis paradigm</td>
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<td></td>
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<td>Theoretical saturation when possible</td>
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<tr>
<td><strong>LITERATURE COMPARISON</strong></td>
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<tr>
<td>Step 10</td>
<td>Compare emergent theory with extant literature</td>
<td>Comparisons with conflicting frameworks</td>
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<td></td>
<td></td>
<td>Comparisons with similar frameworks</td>
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<td></td>
<td></td>
<td>Linking back to light theoretical investigation</td>
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</tbody>
</table>

As it is the case with all the research methodologies used by social sciences, none of them are perfect (Nagel, 1979), nor is grounded theory. Questions of subjectivity, theorizing, data collection, model building, conceptualization and interpretation in social science in general remains a difficult arena of endless controversies, criticism, disputes and disagreements (Wartofsky, 1968, Nagel, 1979, Bunge, 2000 and Flyvbjerg, 2001). In the particular case of the current study, this method has been useful in generating research creativity and imagination as well as connecting to some other fields in a new, dynamic way. As Day remarks the basic premise or impulse of grounded theory, to generate theory through confrontation with evidence, can be honoured even if the fields of knowledge required for validation are recognized as more demanding that it allows (Dey, 1999). The important concept of categories utilized in grounded theory may not be completely adequate, but still the sheer fact of recognition of categorization strengthens this method even more (Dey, 1999).

For example the use of analysis paradigm, illustrating the relationships that exist among the categories, dimensions, properties, conditions, and consequences that compose the emerging theory (Strauss, 1987) strengthens the method even more. While some might think that the procedure of data coding could be a matter of dispute, recognition of the importance of holistic and substantive connections can complement the contribution of constant comparison to the generation of categories (Glaser and Strauss, 1967). Though the analysis of process in grounded theory may seem limited, the use of complementary reflective methods has strengthened even more the recognition of emergent properties and the dynamic interplay of structure and how a result is obtained or an end is achieved over time that grounded theory brings (Dey, 1999).

Performing research inquiries with various methodological approaches and techniques suitable for different contexts we can arrive at results which are not only significant for different social studies and their fields of research but which also are of value for understanding our own lives.

### 4.3 Paradigms, Multiple Sources of Evidence and Triangulation

Since Kuhn’s original work on the “paradigm revolution” in the 1960s, the word “paradigm” has been used in a myriad of ways. In this study we speak of paradigms as the generally accepted perspective of a particular discipline at a given time. In the post-conflict reconstruction arena of research there is no dominating paradigm due to the nature of the subject and due to a lack of stable theoretical foundation. This would imply that paradigm shifts could occur. We will attempt, through the discovery in grounded theory to show that one that is underway. In that respect the intention of this study is to make a recognizable theoretical contribution through the use of this method. In many respects, social science theories tend to prevail during a specific period until better ones are proposed which gain broader acceptance, rather than new theories being proposed for every tiny fact that is deduced (Kuhn, 1970). Paradigm refers to the focus of research and related ways of approaching a certain inquiry. The information and results (theory saturation) obtained through the process of building grounded theory in this study does not form the basis of a definitive study in this area. However, it does provide us with insights as to some of the variables that have the potential to drive a Kuhnian paradigm shift or necessitate change. At this point total re-evaluation is needed; concepts are turned upside down and earlier research must be reinterpreted. This is true research, research that actually yields new results (Kuhn, 1970).

The scientific method (i.e. hypotheses are formulated from observations, and theories develop from these hypotheses) sometimes cited as the one and only way that science is conducted, is not the paradigm that scientific inquiry must always follow. Theories can also be formulated from empirical studies, and that they can be put to test only since they have been worked out (Lundequist, 1999). We have not had the intention to test any hypotheses, as to find out if different statements are true or false. Instead, even though an assumption was made, the research done is regarded as explorative and theory building, as opposed to theory testing (by verification
or falsification). Given its focus on generation of theory from data collected in the field,
grounded theory seemed fairly well suited for this particular post-conflict reconstruction research,
a discipline characterized by its lack of a well-developed theoretical foundation and a strong
commitment to the world of practice. Grounded theory not only offered a well suited qualitative
research strategy but also a viable means to generate theory grounded in the realities of the daily
work (Strauss and Corbin, 1998) revealing thus a possibility for paradigm shifts to occur. So in
summary, grounded theory is an inductive, theory discovery methodology that allows us to
develop a theoretical account of the general features of a topic while simultaneously grounding
the account in empirical observations or data (Martin and Turner, 1986).

Grounded theory procedure in this study begins by focusing on an area and phenomenon and
gathers data from a variety of sources, including interviews, field (direct) observations, document
analysis and media records. Often interviews are frequently the main source of the information,
but grounded theory allows for other various sources. Data has been collected in a variety of
ways, in different settings, and from different sources. Multiple sources of information and
methods are presented and elaborated in Table 5. Once gathered, the data is analyzed using
coding and theoretical sampling procedures. There are three distinct yet overlapping processes of
analysis involved in grounded theory (from which sampling procedures are typically derived): open
coding, axial coding and selective coding. Open coding is based on the concept of data being broken
down as a means of identifying relevant categories. Axial coding is most often used when
categories are in an advanced stage of development, and selective coding is used when the core
category that correlates all other categories in the theory, is identified and related to other
categories (Strauss and Corbin, 1998). The use of multiple sources contributed to building up a
chain of evidence related to the research questions, ensuring that the study demonstrates linkage
between the research procedures used and the concepts under study, that is to construct validity.
The use of various methods for gathering data (cross-checking the findings) in grounded theory
also enables triangulation. Researchers can triangulate in different ways: by data source, by specific
methods, or by data type (Huberman and Miles, 1994). Triangulation is nowadays widely used as
a multiple data-gathering technique (usually three) to investigate the same phenomenon. Method

Figure 9. Research design in grounded theory approach. The process must allow the generation of stable
concepts and flexible interpretations. The developed theory should consist of a set of relationships that offer the
best and most plausible explanation of the research problem.
triangulation helps to enhance validity and reduce possible bias (Patton, 1987). When this is done, theories are generated, with the help of interpretive procedures, before being finally written up and presented. Two most important parts of the grounded theory methodology are categories and coding. Categories are discovered when concepts are compared, classified and placed under a higher category while coding represents the structured process of analyzing data. The whole procedure is presented in a schematic way in Figure 9 through a number of, at times, overlapping phases. What results is the discovery of theory and process of theorizing. Detailed description of the multiple sources of evidence is given in Table 5. Contrary to popular belief, grounded theory research is not a pure theoretical inquiry but instead requires an understanding of related theory and empirical work in order to enhance theoretical sensitivity (Locke, 2001). The theory becomes the result, which can give way to making concepts more precise (Johansson, 2002).

A qualitative approach was used in this study on post-conflict reconstruction for a variety of reasons. This research concerns people and their livelihoods (which is a continuous process), in a very specific and complex post-conflict setting. The key idea is to understand better the complex reality posed in the aftermath of an armed conflict and in the setting of a post-reconstruction effort. A qualitative research approach provides a ‘deeper’ understanding of social phenomena than an examination of pure quantitative data (Silverman, 2000). Quantitative research is an investigation in which the researcher attempts to understand some larger reality by isolating and measuring components of that reality (often) without regard to the context. In the post-conflict setting, qualitative research gains importance as it becomes an investigation in which the researcher attempts to understand some larger reality by examining it in a holistic way or by examining components of that reality within their contextual setting as well as humanizing problems and data. The holistic approach that qualitative inquiry offers is an important aspect. Researcher seeks a ‘complete’ picture of a total, very complex case and there may be no attempt to isolate specific variables or to answer specific questions. But if specific questions are asked, the answers are sought within the context in which the phenomena naturally occur (Berg, 1995, Denzin and Lincoln, 1998 and Silverman, 2000). The complex reality of a post-conflict setting can be understood only as an ‘amalgam’ and not as simply a sum of its parts. The goal of this research, with the aid of grounded theory, was to examine complex phenomena and to define the reality within. In order to be meaningful, inquiry must be holistic and contextual, especially when the area we were dealing with remains largely ignored from an integrated perspective, with studies in the field tending to concentrate largely in segmented experiential factors.

Finally, after using grounded theory, through generating stable concepts and allowing for flexible interpretations, one can observe that this approach will not appeal to the researcher in search of absolute certainties, neatly defined categories and objectively measured explanations. As Goulding observes, its appeal is more to those whose view of behaviour allows for process, change and ambiguities (complex dynamic phenomena), and to those who hold a desire to explore meaning and experience and are willing to engage in a sometimes-eclectic manner with complementary theories, which often fall outside of the immediate field of study (Goulding, 2002). Today grounded theory is probably the leading paradigm in empirical qualitative studies in social sciences and psychology (Silvonen and Keso 1999).
Table 6. Multiple Sources (Qualitative Data) of Information and Methods

<table>
<thead>
<tr>
<th>Strategy of Qualitative Inquiry: Grounded Theory Methodology</th>
<th>Scientific Literature Analysis (Books, Papers, New and Ongoing Research)</th>
<th>Document Analysis (Policy Documents, Statistics, Strategy Papers, Laws)</th>
<th>Media Records ( Videotapes, News Briefs, Memos, Maps Photographs)</th>
<th>Interviews(\text{\textdagger}) (Semi-structured: Face-to-face, Mail and Phone)</th>
<th>Internet Portals (E-mail, Web and Internet Databases Information)</th>
<th>Direct Observations (Cultural Features, Technical Operations and Physical State)</th>
</tr>
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<tbody>
<tr>
<td>*<em>Chapters and Papers*</em></td>
<td>✔️ (⊕)</td>
<td>✔️</td>
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<tr>
<td>Chapters 1-6</td>
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<td>✔️</td>
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<td>Paper III</td>
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<td>Paper VI</td>
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**Papers 1-6 are presented here as one entity, but also as separate six case studies. Grounded theory was chosen as the qualitative research strategy. In all cases a minimum of three methods was used in order to achieve triangulation. The use of multiple sources contributed to building up a chain of evidence related to the research questions, ensuring that the study demonstrates linkage between the research procedures used and the concepts under study, that is, construct validity. The evidence on which the findings are based also underwent a level of crosschecking or triangulation as a result of the use of using multiple sources (different methods were used to collect data). Triangulation has also enabled a more complete picture of the studied phenomena.**

\(\text{\textdagger}\) Interviews were conducted with the following organizations (represented by key person\(\text{\textdagger}\)): European Commission, The World Bank Group, European Bank for Reconstruction and Development, U.S. Agency for International Development (USAID), Office of the High Representative (OHR), Reconstruction and Return Task Force (RRTF), Swedish International Development Cooperation Agency (Sida), Canadian International Development Agency (CIDA), Organization for Security and Cooperation in Europe (OSCE), United Nations High Commissioner for Refugees (UNHCR), Government officials in various ministries in Bosnia and Herzegovina (Federation & Republika Srpska), Former key political figures in Bosnia and Herzegovina (BiH), and Croatia, Institute for Architecture, Urbanism and Planning (BiH), Refugees from Bosnia and Herzegovina (in Sweden as well as some dislocated persons in Bosnia and Herzegovina (Δ), Bosnia and Herzegovina selected diaspora representatives and officials of Bosnia and Herzegovina institutions in Sweden. [No. of Interviews – 30] [Δ 25 interviews].

\(\text{\textdagger}\) Any evaluation has human, ethical and political ramifications. The interviews were done with (selected) key actors involved directly and indirectly with the overall post-conflict reconstruction as well with the pre-conflict situation and peace and conflict management. Confidentiality is the active attempt to keep the respondent from being identified with the supplied information. Thus, it is important (as it was case here in the interviews) to provide subjects with a high degree of confidentiality. This by no means presents a conflict between ethical demand for confidentiality and the basic principles of scientific research (intersubjective control and reproducibility of findings by others) [Berg, 1995, Kvale, 1996 and Salkind, 1997].

**Paper Credits:** Paper I (Hasic and Roberts); Paper II (Hasic); Paper III (Hasic); Paper IV (Hasic and Bhandari); Paper V (Hasic) and Paper VI (Hasic) Appendix: [Paper VII (Hasic)].
CHAPTER 5

Modeling and New Conceptual Frameworks

"The most incomprehensible thing about the world is that it is comprehensible."
“We can't solve problems by using the same kind of thinking we used when we created them.”

*Albert Einstein,* Princeton, (Lectures 1933-1945)

5.1 Introduction

One of the values of qualitative modeling is its ability to effect a time and space compression on the system, essentially allowing one to perceive in short intervals interactions that would normally unfold over very lengthy time periods (Senge, 1994). We can say that models are then a simplified representation of reality (Britt, 1997). They delineate certain aspects of the real world as being relevant to the problem under investigation, they make explicit the significant relationships among the aspects, and they enable the formulation of empirically testable propositions regarding the nature of these relationships (Nachmias and Nachmias, 1992).

If a model serves to help us understand what our explanation is like then this should suggest the following: that models are not simply pictures or mechanical toys that help us just to ‘feel’ the sense of description, or just to get the general ‘impression’ (Wartofsky, 1979). They may be highly abstract and may involve non-pictorial relations, as in the systems theory. Models, in this case, are intended to be vehicles for creating and disciplining dialogues among theoretical perspectives and the practical needs of policy analysts. Whether a model is ‘right’ or ‘wrong’ is simply a value judgment, whether it is correct or incorrect is something that will be evident in time. The most important question to ask should relate to the extent to which the models we develop promote the intended development of our understanding (Britt, 1997). The extent to which a model aids in the development of our understanding is the basis for deciding how good the model is (Randers, 1980). Models should help to ask the right questions and to organize answers and give a sense of concepts and relationships (Chen, et al 1997). Being idealized representations as they are, they provide only a general guide, indication, suggestion and possible outline to what might happen and to how it might be looked upon (Britt, 1997). In other words, models are generally a simplified version of the reality (Wartofsky, 1979). They force us to be more explicit and open about what we are assuming, how we frame problems, what we are attending to and ignoring, and how we think things are related to one another (Randers, 1980, Schoderbek, Schoderberk and Kefalas, 1990). In summary models provide an overall framework for how we look at reality (Wartofsky, 1979). A model tells us what reality is like and the basic elements it contains (ontology) and what is the nature and status of knowledge (epistemology) (Silverman, 2000).
this sense, models roughly correspond to what are more grandly referred to as paradigms (Guba and Lincoln, 1994). As social science lacks a single, agreed upon set of concepts (Kuhn, 1970 and Nagel, 1979) that puts social science research in a state of competing paradigms. Through theoretical saturation the grounded theory method has arranged sets of concepts into a model to explain the phenomena of post-conflict reconstruction, resulting in a competing paradigm on post-conflict reconstruction. This theory then becomes a framework for critically understanding the phenomena themselves. Conceptual models and frameworks can help the international reconstructions bodies understand better how to deal with the complexity of issues on the ground. Models often attempt to represent some conceptual organization of a real-world phenomenon; in our case it was the post-conflict setting of Bosnia and Herzegovina.

5.2 The Scope Model

Countries and nations emerge from armed conflicts under divergent and radically distinctive conditions. Lebanon, Bosnia and Herzegovina, East Timor, Afghanistan, Liberia or Iraq are very different cases with specific contexts and inherited structures. Therefore, the priority, precedence, timing, appropriateness, and execution of tasks will vary from case to case. The specific answers to what, how, when and who will be different in every case. Nonetheless, some of the fundamentals of post-conflict reconstruction processes are common to all afflicted areas. With the creation of a sustainable reconstruction framework model the actors are provided, not with a nostrum or a blueprint or a checklist of activities, but more with a starting point and integral frame for considering what needs to be done in most cases and which fundamental issues need to be tackled. Feil and others have established that there are four distinct pillars of reconstruction: those of security; justice/reconciliation; social/economic well being, and; governance/participation (Feil, 2002 and Hamre and Sullivan, 2002). These pillars of reconstruction (Table 7) are the integral part of the post-conflict reconstruction framework, a range of tasks often encountered when rebuilding a country in the wake of violent conflict. This type of model is redolent of the standard thinking in post-conflict reconstruction (although it has a tendency to appertain to a more strategic thinking).

The SCOPE Model, being a final product of the grounded theory approach in this study, instead of only four pillars, identifies seven parallel foundations for sustainable post-conflict reconstruction. Both approaches are ‘designed’ to help indigenous and international practitioners conceptualize, organize, and prioritize policy responses. The essence is in laying out the platform of essentials in such a way that shortfalls and gaps in the reconstruction process can be immediately identified. Moreover the intent is to provide assistance in planning and coordinating efforts of the international community after complex emergencies. The difference is that the SCOPE model recognizes reality in the post-conflict reconstruction setting in a slightly different manner. SCOPE puts major emphasis on the importance of four linked issues: parallel priority (all pillars are dealt with at the same time), temporal dynamics (problems must be solved in ample time), equal weight (same importance to all aspects) and proactive intervention (dynamic control of the reconstruction situation) (Table 8). The findings of the study have established that the sequencing and phasing of various parts of a post-conflict reconstruction intervention is crucial. As every case is different, the international community needs to develop a comprehensive plan with a logical sequence to support a strategic approach as the SCOPE model offers. In every case-specific strategy, however, the sequence designed must choose areas in which success can be demonstrated early, momentum can be built and sustained, and seeds for success can be sown early in critical areas that may take more time to evidence progress (Hamre and Sullivan, 2002). The SCOPE vision is a more strategic and macro-level one; creating or actually enabling a holistic and systemic planning process that establishes foundations, priorities and long-term vision and stability of issues for all the many local and international actors involved on the ground and in the decision making process. The final goal is to foster sustainable development in such a way that it can bring regeneration of torn societies on a just and stable basis.
Table 7. The four pillars of post-conflict reconstruction.

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<th>The framework tasks are organized around four distinct issue areas, or “pillars” of reconstruction: Security; Justice/Reconciliation; Social/Economic Well-Being; and Governance/Participation.</th>
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<td>• Security addresses all aspects of public safety, in particular establishment of a safe and secure environment and development of legitimate and stable security institutions.</td>
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<td>• Justice and Reconciliation address the need for an impartial and accountable legal system and for dealing with past abuses; in particular, creation of effective law enforcement, an open judicial system, fair laws, humane corrections systems, and formal and informal mechanisms for resolving grievances arising from conflict.</td>
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<td>• Social and Economic Well-Being address fundamental social and economic needs; in particular provision of emergency relief, restoration of essential services to the population, laying the foundation for a viable economy, and initiation of an inclusive, sustainable development program.</td>
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<td>• Governance and Participation address the need for legitimate, effective political and administrative institutions and participatory processes; in particular, establishing a representative constitutional structure, strengthening public sector management and administration, and ensuring active and open participation of civil society in the formulation of government and its policies.</td>
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(Source: Feil, Hamre and Sullivan. Post-Conflict Reconstruction Task Framework. Center for Strategic and International Studies (CSIS) and the Association of the United States Army (AUSA), 2002.)

This conceptual framework sets out categories of key issues to be considered and does not suggest a sequence or order in which to consider them. The categories are comprehensive enough to cover all the important causations, variables, and linkages in the system, but at the same time few enough to be quite tractable. Through the process of grounded theory, the model in its final form is seen in Figure 10. That is also one of the keys in the SCOPE system; SCOPE does not suggest how things should be done, or who should do them, but rather what is at stake and what needs to be done. Essentially, this framework of post-conflict reconstruction could enable or assist us to map-out a complex real world situation, to highlight crucial factors, and to illustrate the possible relationships and connections among factors that matter most to the effectiveness of the whole system (Anderson and Woodrow, 1998). The key ingredients of this model are represented in the *seven tiers* foundation structure, areas of reconstruction and rehabilitation. Each of these ‘system areas’ includes subsystems. It must be emphasized that this relates to the specific case of Bosnia and Herzegovina. One of the novelities here is that they all need to function and operate, in what we call here parallel dynamics. The research showed that there is a need for consistent and balanced treatment of all key issues. Regardless of the area in question and the circumstances and conditions that prevail in the post-conflict reconstruction in various countries, no factor (area) must exclude or precede the other. Excluding one area to the detriment of the other will only result in a failed reconstruction in the long (and even in the short) run. That has been evident from more or less all post-conflict zone reconstruction cases in the last two decades. It is true that directly after the disaster certain emergency-urgent priority issues emerge as the vital ones to be dealt with (urgent shelter, infrastructure services), but in the overall comprehensive reconstruction, the seven issues given in the model have to have the same status. For example, the lack (and lagging) of social rehabilitation has had, and will continue to have, catastrophic long-term consequences for Bosnia and Herzegovina. Almost the same could be said about political and economic aspects. So all these seven areas: physical, economic, social, political, technological, environmental, and intellectual are the foundation around which the framework is build (Figure 10). Research has also shown that reconstruction-planning frameworks require a multidisciplinary approach and cooperation between different actors in a more holistic and systems view, especially when dealing with a high degree of complexity and dynamic change. These complex problems have to be tackled by various disciplines and experts moving into a systems view of intrinsically dealing with holistic issues.
Figure 10: SCOPE - Sustainable Communities in Post-Conflict Environments Model. Built (in its final version) through the grounded theory approach as well as (benefiting) from the light theoretical reflection in the early phases. Systems integration and dynamic framework reflect the ideas of the seven tiers foundation of post-war reconstruction planning. The seven tiers (and their major subsystems) are findings of the saturated theory developed through the handling of empirical data in grounded theory procedure.
This type of a qualitative conceptual model offers versatility and flexibility, which are most necessary for it to be applied to varied scenarios and situations on the ground. It can also provide a comprehensive platform for sound policy initiative development and foster cross-fertilization and closer interaction within relevant fields to exploit synergies and to benefit from complementarities. SCOPE differentiates itself from conventional thinking as it bases itself on the principle that it is not solely economic and political factors that matter in a successful policy initiative. SCOPE assumes that in a complex arena of reconstruction arising from crisis situations, no one aspect by itself can result in the success of an initiative. What is required is an approach that integrates and facilitates cooperation among various relevant fields to deliver effective and successful results (Hasic and Bhandari, 2001).

The SCOPE framework is organized in a way that it becomes a part of the bigger picture of post-conflict reconstruction effort. ‘SCOPE Inside’, a further result of the grounded theory saturation analysis is structured on the seven pillars of reconstruction with twenty key aspects intersected by four conceptual phases, defined as: emergency stabilization, transformation and revitalization, structural change and adaptation, and prosperity and sustainable development (Table 8). All four phases are directed to the overall umbrella or a matrix of responses that span issues of emergency relief aid, basic security, restoration of services, stability, development of legitimate and self-sustainable indigenous capacity, restoration of the economy and build-up of technology and competitive advantage, establishing mechanisms for governance and participation, securing a foundation of justice, inclusion, healing and reconciliation, education revival and up to full consolidation of long-term recovery efforts lead finally into the absence of the international community’s active civil, economic and military involvement with a strong multifaceted foundation for the future development and especially for prevention of future conflicts and the possibility of resurgence of violence.

The phases should occur over a time span that varies according to local conditions of the post-conflict zone and by each individual pillar, aspect and task. As such, the framework can be read horizontally as well as vertically, where priority-time-dynamics all have an equal weight and importance in the seven pillars in order to achieve the balance of the system and restore and sustain livelihoods in the long run. The framework also assumes that the four phases transected with seven pillars will clearly overlap with each other. They all may well emerge (with all the cross-cutting variables and tasks) during the time of reconstruction. The nature of the SCOPE model in setting an expansionistic thinking considers primarily the context of a problem and then breaks it down into component parts. The SCOPE model presented can be incorporated into various methods and techniques existing in this and related fields.

It is generally understood that post-war reconstruction often takes place at various times during (emergency relief) and especially after the conflict. The SCOPE model allows that reconstruction be not seen solely as a ‘phase by phase’ effort, but more as a parallel systems approach endeavor until full recovery and proactive stabilization. In this case proactive stabilization is certainly not just the return to normalization but more of putting the country on such solid ground that it can sustain itself in a reasonable period of time within the reasonable boundaries of its carrying and possible capacity. It is a process reached when the following aspects are fulfilled (as in our case of Bosnia and Herzegovina):

- Outside intervention and emergency relief aid are not needed anymore;
- Stable democratic governance systems with just laws are in place;
- Liberty, civil, ethnic and individual rights are respected and protected;
- Economic activity is largely on a stable self-sustaining foundations;
- Reconciliation and ethnic healing are following a natural course;
- Regional integration and competitive advantages are present;
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Table 8. Inside the SCOPE model: Seven pillars and four linked issues
5.3 Critical Reflections

Each approach has its drawbacks and so has the qualitative conceptual modeling. Models such as SCOPE often exhibit properties that are strikingly similar to the actual social world, although in a very simplified way. The argument for this lies in the fact that in order to better understand the behavior of such complex and dynamic social systems, more efforts need to be directed toward developing accessible and simplified versions of models. We can push back the boundaries of simplification by a further level of conceptualization, i.e. incorporating a greater number of concepts and relationships. At some point, and as the grounded theory approach in this study suggests, we draw the line and accept the results.

In reflecting on the SCOPE model it is crucial to deal with two aspects: concepts and relationships. By using the grounded theory approach we have dealt with complex conceptualization of data that can at times result in superficial and ambiguous conclusions. There are also limits to the model and limits to how far we can go into building a set of concepts and relationships, which result in building a plausible theoretical explanation. There is an upper limit in the SCOPE model as well, simply imposed by the fact that we have formed our investigation out of specific concepts and relationships generated by the different sources of evidence and then analyzed and saturated. SCOPE is built from a certain spectra of data. Compared to the reality, the SCOPE model is simplified. Even with the complexity of categories and the combination of mutually dependent and linked categories and concepts, we are still dealing with a large degree of simplification. This can be taken as a weakness of the SCOPE model, as well as the lack of scrutiny and assessment that are not inherent in the model itself. Although plausibility arises as the byproduct of theory saturation, it can be dangerous, as well as the elimination of alternatives (Miles and Huberman, 1994). As Britt points out, getting comfortable with what we have accomplished with a particular model is a risk to be avoided (Britt, 1997). In this respect we need to develop sensitivity towards this risk. SCOPE has not yet been an operational model and that is probably its greatest weakness. It was built using inductive logic through the process of grounded theory, while other quantitative studies employed deductive logic and used different methods.

The drawback of the model is that it is not built to the full extent for different contexts and scenarios. SCOPE primarily focuses on the post-conflict zone of Bosnia and Herzegovina. The model would certainly have benefited from an in-depth analysis of some other, similar situations. It is uncertain if this model can be adapted to represent systems related but not identical to the situation originally represented. We may ask how well is such a model suited for different post-conflict scenarios, how well can it reflect specific situations and times and how well is the grounded theory approach appropriate in different contexts? Would the seven pillars and four interlinked issues of SCOPE bear the same relevance in another place? How would the conceptualization of data change and vary if other sources were used? There are certainly alternative ways of formulating the model and as Randers points out the concepts and relationships in a given model must be transparent, bear relevance and have formal correspondence with data for a specific situation (Randers, 1980). SCOPE has also been molded in a very complex and uncertain post-conflict environment. Even in such cases in which the uncertainties are too great to reach firm conclusions, qualitative modeling can provide value by indicating which pieces of information would be required in order to make firm conclusions possible. Irrespective of the fact that simplification might be a weakness, this type of model has its merits in describing a problem situation and possible causes and solutions for it, as well as establishing dialogues with various audiences and actors involved in the reconstruction process. One thing is certain; there is still much research to be done in this area along with creating more scientific models, conceptual as well as operational ones, for understanding these types of complex situations and social phenomena.
CHAPTER 6

Conclusions and Discussion

“Study the past if you would define the future”.
—Confucius (551 BC - 479 BC)

“The greatest challenge to any researcher is stating the problem in a way that will allow a solution”.
—Bertrand Russell (1872 – 1970)

6.1 Fundamental Inputs and the Outlook for Planning

The underlying idea of this study was quite simple; based on the reconceptualization of reconstruction in post-conflict zones developed through the grounded theory approach, we argue for a more cohesive and systems thinking approach in the international community for dealing with responses in vulnerable societies. The chapters in this study have discussed the overall context and identified the components for such an approach, while the six papers, from various angles, have, targeted specific, fundamental components of the post-conflict reconstruction framework. The introductory monograph integrates the various issues dealt with throughout this work and its purpose is to set the context, provide the reader with an overview and tie up the thematic presented in the papers. Although the overall context of the study is a post-conflict one, encompassing at times war-prone zones worldwide, the target of the research was the post-conflict zone of Bosnia and Herzegovina (reconstruction planning), where general lessons could be drawn.

This study has drawn attention to complexity and uncertainty, and the need to approach post-conflict reconstruction planning in a systemic way. The growing complexity of each new conflict and its reconstruction context – including difficult ethnic and religious aspects, rising cultural differences, diverse political agendas, rising risk and insecurity at all levels – has often caught the international community by surprise. The study results have emphasized that the challenge lies in a dynamic and systems approach to reviving the physical structures, rehabilitating the economy, establishing security, strengthening democracy and rule of law, reviving social capital, repatriating the refugees, demobilizing and reintegrating the combatants, reckoning with war crimes and other abuses, reconciliation and healing, accepting the realities of war and, in the end, creating a foundation for normalization and development.

However, the international community often showed a rather incoherent and dysfunctional response to the complex emergencies at hand, especially in the post-conflict reconstruction period. This was illustrated clearly in Bosnia and Herzegovina, Kosovo, as well as some other
regions in the world. The approach that has been taken by the United States towards reconstruction in Afghanistan and Iraq while the conflict is still unresolved demonstrates a fundamental lack and appreciation of what reconstruction really means (Please see Appendix 3). The continuing mayhem cast light on the unmistakable failures of current efforts at peacemaking and nation building in postwar Iraq. In the wake of conflict, donors (international community) often fail to seize the opportunities to help promote and maintain the momentum for reconciliation and needed reforms. Without proper professional planning and prioritizing their own political (and other hidden) agendas with little consideration for community sustainability or post-war realities, reconstruction under the flag of international assistance often goes astray. This may be the result of ‘impossible’ situations on the ground but more often a result of a failed project. This was strikingly evident in Bosnia and Herzegovina. The current study has put forward a claim for new thinking in the wake of complex situation where no consistent strategic planning and proactive thinking ideas and tools were available on the ground. The famous rhetoric phrase of the international community that continues to come after each post-conflict reconstruction case, lessons learned, is repeated and carried on; however, time is a commodity that the afflicted prone-war zones and their inhabitants do not have. This research has showed that international assistance in reconstruction planning needs to focus on the overall systems framework and within a context where all policy sectors play a crucial and equal role, where all issues are regarded as dynamic and treated as interconnected. What seems to emerge from the discussions is the fact that achieving a real-time reconstruction is very difficult without a holistic approach and real systems planning.

The challenge of post-conflict prevention and resolution to post-war reconstruction and development, from micro to macro levels, opens a substantial arena for planning as an integrated discipline to operate in. Planning needs to identify, respond and influence in order to meet the complexities and uncertainties of the future. Planning and planners should take a broader, more systemic approach to the challenges of the city and the human settlements in volatile environments: to questions of implementation, alternatives, future scenarios, fostering debate, proactive vision and the relations of segments in the system. Returning prestige and importance to planning, as a productive discipline in this complex and difficult area, is extremely important. We have argued here that a new paradigm in reconstruction planning can be an important facilitator in post-war reconstruction thinking as well as a contribution to this important arena of community betterment. Projects are often the key building blocks in the design and implementation of strategies in post-conflict or natural disaster reconstruction efforts. This has proved to be one of the main strategies of the international community in the post-war reconstruction in Bosnia and Herzegovina. The study highlighted the need for managing reconstruction, not just through segmented project efforts, but also through substantive strategic thinking and planning. It provided a conceptual model - SCOPE (Sustainable Communities in Post-conflict Environments) - as a guide in achieving this that could be utilized for post-conflict planning and policy purposes in intervention thinking and procedures. This study analyzed which issues are the fundamental ones, and whether these approaches could be operationalized through a conceptual model building in order to achieve a more systemic and advanced operations model as the next step. The study provided ideas about the complexity of reconstruction in post-conflict zones and why new methods and paradigms are needed in progressive crisis situations, especially when the existing ones are not producing sustainable results.

6.2 Main Contributions to the Existing Body of Knowledge

In Bosnia and Herzegovina the international community did not properly seize the moment and opportunities in the wake of conflict to help promote and maintain the momentum for reconciliation and needed reforms in a proper way. The international community was simply overwhelmed by the plethora of reconstruction problems and the complexity of the context they
were submerged into. It is not just a question of setting priorities and realistically assessing the situation, or even coordinating peace-building activities as some suggest, it is more the question of fundamental change and adaptability in thinking. This would mean more aid that works properly and that is tied to sustainable economic development, built up of education, health care, social rehabilitation, realistic and dynamic return of refugees and justifiable and equitable political (re) construction. It means financing projects that will build functioning, sustainable economies in the long run, it means reconstruction funds that will not be siphoned off by corrupt officials and politicians and it means creating an environment which does not foster the culture of dependency. It means simply a proactive and sound approach. The issue of political feasibility is central to any strategic change. To argue that this is the prerequisite or a key factor is nothing new. What is new in this respect is that this issue in the SCOPE model has to be a part of the parallel dynamic process relating the question to institutional functioning, managing power, procedural rationality and justice, negotiation and group process as well as inclusion and consensus. When this is in place and when it is a part of this dynamic process, a new strategic process for rehabilitation, the process of sustainable development will start to evolve. This is not jargon, but rather common sense. Reconstruction of political, social, economic structures must take into account the changes and realities brought about by the war, even if they were created for all the wrong reasons. Accordingly, the needs and aspirations of all people (in this case of all ethnic groups involved in the conflict and aftermath) must be respected to the fullest when reconstructing society. If the social capital is at stake, accepting political reality and building the best possible and most feasible solutions can sometimes be the only way. Social Capital must be a precondition and an outcome at the same time. A distinction that is important in that respect is between bonding social capital (ties among people who are like each other, for example, of the same ethnic group) and bridging social capital (ties among people who are unlike each other, for example, of different ethnic groups). Renewing both is highly relevant to the Bosnia and Herzegovina case. Another interesting aspect has emerged from this study, namely that of democracy and just governance. Political reconstruction does not mean solely and preeminently the exercise of free elections as the democratic result in producing liberty but much more the establishment of viable and justifiable for rule of law for all. Some of the results in this study point to the fact that the constitutional system set down in the 1995 Dayton peace agreement has proved dysfunctional, but more research is required here. Another argument this study advances returns to the fact that it is very difficult to produce universal answers, but at the same time we desperately need to find commonalities amongst different post-conflict reconstruction settings in order to deal with reconstruction planning in a more dynamic, proactive and sustainable manner. The presence of a coherent strategy is indeed absolutely essential for post-conflict environments. Although every reconstruction case is different and must be treated differently, this work has drawn attention to the fact that the international community should observe a few general rules and have a clear framework if it is to develop and successfully implement a strategy on the ground.

This contribution of this study is fourfold. Firstly at the level of research methodology, modifying slightly (or more correctly it has added to) some of the grounded theory postulates and procedures. The grounded theory approach is envisioned as a method in transition, at least in Glaser and Strauss’s view and especially in the works that appeared after the original approach was devised (Glaser, 1998, Strauss and Corbin, 1998, Dey, 1999, Goulding, 2000, and Locke, 2001). By the 1990s the original authors could no longer agree on grounded theory, realizing that it was susceptible to change and transformation. Grounded theory strategies need not be rigid or prescriptive (Charmaz, 2000). One of the most controversial issues was the question of preconceived ideas. As grounded theory is a method of building theory from data, the expectations are that the researcher enters the field without any previous influences and theoretically completely open. This is almost impossible to accomplish: all researchers have a set of core categories, frameworks and/or preconceived notions about a certain problem. As a matter of fact, Glaser and Strauss
loosely acknowledge this fact that with careful distinction and selection of what is theoretically possible or probable (including the discovery of prior theoretical frameworks) and what is found in the field from data it is possible to formulate formal theory (Glaser and Strauss, 1968). An attempt was made in this work to find a balance that would not damage the original postulates of the methodology but on the contrary enhance them. The analysis is not limited. It is just enriched if selected, analyzed and saturated (adaptable) concepts are united with the ones grounded in the data. In other words there has been a merger of the ability to see possibilities in existing ideas developed from an existing set of theories and ideas and the ability to develop theoretical sensitivity through discovery (Garfinkel, 1987 and Hart, 2000).

Secondly, the contribution of this work was directed towards the field of post-conflict reconstruction, namely in the results that have shown the necessity of a more holistic and systems approach to the problem and the multi-disciplinary outlook on the reconstruction planning process as a whole. The study adheres to the principles set out by Philips and Pugh of creating a new synthesis that has not been done before; being cross disciplinary by using different theories and approaches and looking at areas that people in the discipline have not looked at previously, thereby advancing and widening the boundaries of the research field (Philips and Pugh, 1994). The contribution also lies in the development of the SCOPE conceptual model framework for reconstruction that contributes to existing ideas and research done on the subject. The importance of looking at the issues in a broader context and from different perspectives is yet another characteristic of this study. The research shows that for understanding complexity in a post war setting, the need for a multi-disciplinary approach is crucial.

Thirdly the study tries to fill a knowledge gap in the complex field of post-conflict studies by trying to see the relevance of the research findings in one context and raising the possibility of transferability in another. In most of the previous research in the field, relationships between different key aspects of reconstruction and their interdependence have not been sufficiently explained or explored. Hart points out that the key element that makes good scholarship is integration (Hart, 2000). So in that spirit the study attempts to make connections between ideas, theories and experience as well as to formulate new grounded theory from new, empirically grounded findings.

And fourthly, the discovery and findings (introductory monograph and papers alike) point to the fact that what seems to be required is a new paradigm for the international community involvement in complex emergencies, namely in the process of post-conflict reconstruction planning. The international community needs an operational strategy based on a long-term perspective that will direct its collective will toward the most appropriate action leading to sustainable development. The findings presented here are, of course no guarantee for success. Rather, they simply highlight some of the essential lessons that need to be learned and applied in future cases. We need to find those solutions and approaches that will, for example, bring peace and stability to volatile and unstable Iraq as well as a future of promise to war-torn and divided places like Bosnia and Herzegovina. The fundamental issues that created the crisis in the first place and that are the key ingredient of the reconstruction period must not be overlooked and dealt with narrowly, using limited and superficial actions, programs and policies. Finally we can say with common sense: It is not what reconstruction IS; it is what reconstruction DOES.

### 6.3 Implications for Future Research

When we consider the findings of this study in the light of existing research, some interesting issues arise. It is clear that the international community spearheaded by the United Nations will still have the full responsibility for the facilitation of complex reconstruction (physical, political, economic and social) efforts in war-torn societies, even despite sometimes very special geopolitical situations and circumstances like those currently in Afghanistan and Iraq. The practices of the international community in the field of post-conflict reconstruction are a reoccurring theme in most of the current research works. The lessons learned concerning the mistakes in
practices of the various agencies are still identified. Bosnia and Herzegovina and Kosovo are testimony to that. There still seems to be a gap between outside research (done within academia) and that done inside (within agencies). The surprising thing is that even though substantial advances have been made in this field of research and praxis in the last ten years or so, we still seem to have difficulty in dealing with the ‘big picture’ of post-conflict reconstruction. In other words, how to solve the major contentious issues in societies recovering after conflict and undergoing the difficult process of reconstruction in order to achieve sustainable development, seems to be still on the research agenda. It is not as important to have a universal approach (and with the broad variety of issues in this field, this is not even possible) but research agendas simply have to be more clear and focused. This is closely connected to more learning within agencies, less commissioned research and much more cooperation with academic institutions and researchers working on the same issues. This study suggests that the current modus operandi of the international agencies needs to be reexamined in the light of complexity of issues and dynamics of change and that there may be other routes to achieving sustainable reconstruction. The initial assertion in the study has been, to a large extent, corroborated by the empirical findings.

The tension between finding generalizations and keeping the context in view was clearly important. Therefore, the question of what we can take from one context to another also needs to be addressed. Thanks to the use of grounded theory, the data this study generated is rather comprehensive, so it should provide generality; the theory has extensive variation and is abstract enough to be applicable in a variety of contexts. However, more attention needs to be given to comparative studies (analysis) in order to better understand the specific complexities of different post-war settings. Aside from the fundamental structure that SCOPE model proposed, the three-way relationship between economic post-war planning, issues of political stability, and social reconstruction that emerged from this study is a very interesting problem that needs further research. The SCOPE model with its structure can provide a useful organizational and mind-tool set to build upon further in order to deal with similar complex situations. The rationale behind using grounded theory in this research is anchored in the research problem and the specific research questions that needed to be answered. The choice of which approach to use varies from case to case and from context to context. Whatever the choice, the post-conflict settings will provide an interesting and complex challenge to any research methodology employed. Qualitative and quantitative methods can be used in conjunction with each other and that one method should not exclude the other. The important thing is that the research is planned carefully and carried out conscientiously, regardless of the choice of method. Our qualitative research design and methodology allowed for neither comparisons between different donor agency approaches, nor a longitudinal study of a specific aspect of reconstruction. The study might have benefited from that. However, this can be taken up in the future focusing on a different research problem and a new set of research questions. There is also a linkage between the research carried out on post-conflict reconstruction and that done on vulnerability issues and mitigation after natural disasters and hazards. Even though the two require at times completely different approaches, interesting research problems might still arise. This study has not ventured towards that end but has nonetheless identified certain aspects of complexity, risk and systemic linkages that might be of use. Post-conflict reconstruction planning in the age of uncertainty and complexity, with all the positive and negative aspects of globalization, presents a series of challenging themes for further research.

Though the range of issues that this study covered was wide, it should properly be seen as dealing with a complex and difficult subject matter that deserves further attention from both academic analysts and policymakers. It stands on the side of a number of previous research works that advocate multidisciplinary approaches and holistic outlooks on reconstruction in post-conflict zones. The study implicitly questioned the reconstruction processes in existing troubled areas and asked if the failed reconstruction process may be a symptom of a larger problem. The study
suggests that the dominant and prevailing approach of the international community towards dealing with the reconstruction process needs to be reexamined. We are seeing an increase in global international assistance and there are few indications that the number of conflicts will diminish substantially in the coming years.

While this study offers a good beginning, it is seen as a springboard for further dialog and research. The research generated from this study answered many of the initial research questions but many related questions remain unanswered. The findings of this study have worked toward a goal of creating an arena for analysis, a thinking discourse, which would take into account and bring into focus the discussion of major issues in post-conflict reconstruction. There are those that still live today in a world of extreme violence and uncertainty as well as in a world characterized by deep poverty and divisions in society; we are seeing a new divide between those that have experienced war and those that have been at peace for a long time. In the complex and uncertain world in which we all live, a world that will probably see more conflicts in the future, post-conflict reconstruction research deserves a prominent place in the contemporary social sciences.
References


### Paper I

**Title:** New Possibilities for Sustainable Human Settlements in a War-Torn Zone  
*The Case of Bosnia and Herzegovina*

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NEW POSSIBILITIES FOR SUSTAINABLE HUMAN SETTLEMENTS IN A WAR-TORN ZONE

THE CASE OF BOSNIA AND HERZEGOVINA

TIGRAN HASIC & ANDREW W. ROBERTS

Abstract

This paper examines the role that sustainable human settlements can play in the reconstruction of post-conflict zones. Although the broad ideas presented here have a general application, we examine the specific case of Bosnia and Herzegovina. The paper argues that the societal changes required by the concepts of sustainability are so great that social groups resist the impetus of change. In contrast, societies that are under the stress of instability resulting from conflict are potentially more receptive to initiatives that introduce sustainable development practices. Bosnia and Herzegovina presents such a case.

Keywords
Post-Conflict Zones, Sustainability, Sustainable Systems, Psychological Impact, Sustainable Awareness, Urban Villages, Enabling Strategies, Economic Recovery;

Introduction

Protecting and improving social environments through the creation of sustainable human settlements is rapidly becoming a global issue. Current events in the global political landscape are providing historic opportunities. Rapid urbanization is threatening the health and productivity of most cities. There are intimate links between poverty, economic development and the environment (UNCHS, 1996). When examining the fundamental issues at play in the process of urbanization it is impossible to consider one element independently from the whole. To speak about adequate and sustainable human settlements leads planners directly to questions of support infrastructures and economy. Where does the potable water come from, and where do household wastes go? Who pays for the services? There are no isolated issues. From this position we can view the question of human settlements as a central issue; a nuclear point of concern with radial links out to a broad spectrum of important peripheral issues, including social equity, combating poverty, pollution and the provision of urban infrastructure.

It is precisely from this viewpoint of human settlements, sustainable human settlements, that this paper looks at the states which emerged after the breakdown of the former Yugoslavia in their new post-conflict mode. It will be argued that this area presents a
unique setting for the institutionalization of sustainable development efforts - a propitious context for implementing the concepts of sustainability. Our point is that the mental and physical shift from the unsustainable contemporary view of economic growth, industrial development and adequate human settlement, is currently too extreme for populations in the US and Western Europe. The changes in attitude and social perception required for the step into 'sustainability practices' are too profound for the highly developed and stable societies of the west, regardless of the mounting global evidence indicating the need to take this step. There are no hard incentives to drive the shift in focus, only the increasingly valid and physically evident deteriorations in the environment which are, to date, not enough to move self-centred western governments and the societies they represent.

In contrast, the former Yugoslav republics are balanced on a fulcrum at this juncture in time. Through civil war the societies of this area have beaten themselves into a corner, where any direction out of the destruction is a step up. In particular, the peoples of Bosnia and Herzegovina have been undergoing hard negative changes in the characteristics of their society. The destruction of their social systems, physical infrastructure, environment and economy has been almost complete. Change is no stranger in these lands. From the smouldering fires of a brutal war comes the opportunity for Bosnians to rebuild their society in a way that could put them back on their feet while contributing to the well being of the planet and creating a model of development that other countries could eventually emulate.

The two fundamental prerequisites for such a rebuilding to become reality are: firstly, the preservation of the integrity of Bosnia and Herzegovina as an independent state, and secondly a democratic government. Resulting from recent agreements to end hostilities, the nations of the West have agreed to aid in the reconstruction of the key regional states. For Western Europe this presents a unique chance to employ the concepts and theories of sustainability in a most humanitarian way. The case of Bosnia-Herzegovina may be a very opportune chance to begin the hard global process of creating an awareness of sustainability and of helping to build regimes of sustainable practice. A close look at the role of sustainable human settlements in this process is a perfect place to start.

**Socio-Historical Overview**

After the Second World War, Bosnia and Herzegovina (Figure 1), together with the other federal republics of former Yugoslavia, underwent a rapid industrialization period. This was accompanied by large scale urbanization. Progress was evident in all sectors, especially in the economy (trade), health, education, science and technology. Rapid expansion of the industrial sectors, however, had a negative impact on rural economies.

Since 1956 Yugoslavia has been a decentralized federation of republics, with a centrally planned economy. Specific to Yugoslav socialism was the so-called ‘self-management system’. The system of socialist self-management remained the distinctive element of the Yugoslav economy in 1990. Following the slogan “The Factories to the Workers,” policymakers established the system in the 1950s as a way of transferring economic management from the state to the workers. This system was also the means by which large organizations acquired extensive access to land, theoretically allowing workers to obtain dwelling units from the agencies with which they worked. Under the political structure of the time all citizens were entitled to adequate housing. However, urbanization caused by the migration of people to the cities from rural villages, was characterized by very complex problems. High government investments in the building sector and the subsequent construction of housing were not accompanied by adequate solutions of urban infrastructure and environmental problems escalated.
According to their contemporary features, cities of Bosnia and Herzegovina were very heterogeneous. They fully reflected the complexity of socio-economic conditions and historical events and happenings that were taking place in the country. We can find a ‘twofold’ urban structure in Bosnian cities, which gave them specific quality in a visual, spatial and functional sense and structure. One of them was the Turkish-oriental type of city structure, (i.e. Eastern-Medieval city.) The other one was the Austro-Hungarian type (i.e. Central-European city structure). Furthermore, after 1945 the country saw a rapid growth of urbanization, which gave way to the creation of new and spatial expansion and the demographic growth of old cities. Besides the old city districts, newly planned and built districts are being erected on new locations.

Bosnian cities were notable for their extensive and often well designed high-rise housing estates, but the supply did not meet the demand. The citizens applying to local government agencies for dwelling units found the waiting lists interminable. Illegally built houses (divlja gradnja - ‘spontaneous construction’), which were clustered as settlements around the cities, became one of the suburban characteristics of Bosnia and Herzegovina. These settlements, of course, compounded the problems of inadequate infrastructure. In contrast to the urban areas, and due to the mountainous landscape, rural settlements were spatially dispersed in the countryside. This has influenced the type and spatial distribution of these settlements, as well as their economic activity. Two types of rural settlement were characteristic in Bosnia and Herzegovina: the so-called fragmented type of hilly-mountainous settlements with extensive cattle breeding - ‘the highland villages’ - and the so-called condensed type of valley-plains settlements with intensive agriculture, cattle-breeding and fruit-growing - ‘the lowland villages. They were not well integrated into the national infrastructure and had only basic local facilities A particular characteristic of the rural areas was the more urbanized type of larger village, which never fully developed due to the general problems of the mountainous landscape and the lack of investment in infrastructure systems. Bosnia-Herzegovina was one of the poorest republics in the Yugoslav federation. Although, agriculture was largely held in private hands, farms were small and inefficient. The republic has traditionally been a net importer of food; local production represented less than 50% of the provisional needs.

Figure 1:
Map of Bosnia and Herzegovina, Central Intelligence Agency - CIA 1997. The Perry-Castaneda Map Collection, University of Texas, Austin. © All Rights Reserved. Location: Southeastern Europe, bordering the Adriatic Sea and Croatia
Geographic coordinates: 44 00 N, 18 00 E
Area: total: 51,233 sq km, land: 51,233 sq km; Land boundaries: total: 1,459 km
border countries: Croatia 932 km, Serbia and Montenegro 527 km (312 km with Serbia, 215 km with Montenegro);
Coastline: 20 km
Population: 3,222,584 (July 1997 est.); note: all data dealing with population is subject to considerable error because of the dislocations caused by military action and ethnic cleansing
GDP: purchasing power parity - $1.9 billion (1995 est.)
GDP - real growth rate: NA%
GDP - per capita: purchasing power parity - $600 (1995 est.)
In the 1970’s Bosnia and Herzegovina built a considerable network of roads, one of the best in former Yugoslavia. The period from 1975 to 1990 (in the republic, as well as in the rest of Yugoslavia) was characterized by overall economic and social crisis. Foreign debt was increasing, with a drastic reduction of investment in the housing sector. The whole centrally planned economic system collapsed, causing an enormous deterioration of living standards, high rates of inflation, unemployment, social misery, growing ethnic tension, and a ‘brain drain’ of professionals.

The war in Bosnia and Herzegovina, which lasted from the spring of 1992 until the autumn of 1995, caused the greatest overall destruction in modern Europe since the Second World War. This inter-ethnic war caused production to plummet, unemployment and inflation to soar, and human misery to multiply. As a result of the conflict, a large percentage of Bosnian industry has been reduced to ruins and most of the regional and electric power grid is out of operation. In general the urban fabric suffered heavy damage with some areas completely devastated.

Unseen human misery and suffering prevails, with an enormous number of people killed, missing, wounded and disabled. The situation is compounded by the mass migration of entire ethnic groups, caused mostly by “ethnic cleansing” and a dislocation of traditional cultural links. The country now survives with the help of international humanitarian aid, and a fresh memory of how ugly war can be (Figure 2 and Figure 3).

Vessel of Memories - Psycho-sociological Issues

In order to understand these issues we need to go slightly deeper into some aspects. It appears that people’s sense of both personal and cultural identity is intimately bound up with place identity. The ‘Loss of home or ‘losing one’s place’ may often trigger an identity crisis’... (Buttimer, 1980, p.167). The ‘relationship between place and personality is so intimate that to understand oneself a Topoanalysis - the exploration of self-identity through place - might generate more abundant insight than psychoanalysis’ (Bachelard, G., 1958, pp. 4-10). There are many dimensions to meanings ascribed to place: symbolic, emotional, economic, cultural, political and biological (Buttimer, Op. Cit.).

“People have not only intellectual, imaginary, and symbolic conceptions of place, but also personal and social associations with place - based networks of interaction and affiliation” (Buttimer, Op. Cit.). The sense/awareness of place implies a certain distance between self and place, that allows the self to appreciate the place (Tuan, 1995, p.4).

The distinction between ‘knowing’, as the result of simple familiarity with the object and ‘knowing about’ as the result of conscious cognitive effort, thus ‘explicit knowledge’; the former generates a sense of stability and rootedness, the latter a ‘sense of place’. ‘Therefore emphasis is given to the character of human intentionality through which people assume the ‘sense of place’. “Places are not direct results of physical characteristics
of the environment but products of intentional human acts turned towards the creation of places” (Bonnes and Secchiaroli, 1995, p.165).

Experience and the way of life in a place are crucial components of a strong sense of place. A total spectrum of experiences - inside and outside ones evokes a sense-awareness of place in a person. If we try to ‘extract’ the ones that are most characteristic and vital, which shape our sense of the place, we deduce the following:

*Relation to the ‘Natural Place’
(landscape, nature, climate, various seasons, smells and sounds, etc., i.e. the environmental landscape with all its components)

*Relation to the ‘Man-made Place’
(homes, buildings, public spaces, materials, cultural nodes, etc., i.e. the places of buildings, structures and artifacts that express the total essence of man’s being)

*Relation to the ‘Social Place’
(social webs & contacts, family ties & networks, social space, communication, public ambient, integration & bonds, etc., i.e. the socio-psychological bonds & socio-network activity patterns that express one’s ‘human’ identification with territory).

*Relation to the ‘Memory Place’
(relationship between our ‘inner’ and ‘outer’, between our psyche & our home, our dreams, wishes, expectations and hopes, our emotional responses, our feelings and sentiments, etc., i.e. the place of mnemonic vessels which encompass the three, above mentioned, ‘spectrums of experience’ into a total ‘sense of being’).

In conclusion we can say that, linking to one of the above topics, feelings and emotions occur in space and inevitably become associated with specific places. Feelings cannot occur ‘out of space’ any more than they can occur ‘out of time’. Thus, in that sense, any discussion about emotions (memories, feelings, responses, etc.) vis-à-vis the place must inevitably return to the obiter dictum that the two are insolubly connected, not in an aloof interrelationship, but rather in a more unique ‘transactional exchange’ to each human being. All of this is crucial in the context of post-conflict zones and psychological well being of the afflicted population. These issues will be discussed more in detail below.

**Bemoaning a Lost Domicile**

Grieving for a lost home is obviously a widespread and serious social phenomenon, following in the aftermath of natural and man-made disasters and displacements. In both cases, for the greatest number of people afflicted, this will produce effects of personal suffering, loss of sense of home, loss of ‘spatial identity’, loss of sense of community, social and psychological pathologies, break-up of family ties and sentimental background losses. Someone said somewhere that: “It is impossible to put a monetary price on a sentimental attachment to one’s home”. That statement could not be truer than in the case of Bosnia and Herzegovina (Figure 4 and 5).

Dislocation, either peaceful or forceful, and the loss of domicile, - loss of home/residential areas and roots, results often in the loss of identity and in the sense of community. Also the sense of continuity and stability of place, people, support, work, interaction, memories, satisfaction, security, territoriality, privacy, etc., are being lost. In other words a whole complex network of socio-interactional webs which represent all the things in life built over a period of many years is suddenly erased from the face of the earth. The most tragic thing is when the refugees become ‘people who are fleeing from their past and hiding from their present’. Resettlement, a reorganized movement of refugees from one country to another, then becomes a way to provide safety for those refugees who are at risk in the country where they first sought refuge.
It is true that for some people dislocation and resettlement could create new opportunities and some moderately successful adjustment to the new surroundings as well as the adaptation to the total situation of resettlement and dislocation. But, for a large majority of people, it brings only personal suffering, especially if done forcefully, accompanied by such brutal means as fear, repression, killing, ethnic cleansing, as occurs in wars. Those forceful migrations caused by civil wars, ethnic prosecution and natural disasters, are of exactly the worst possible kind. To most, loosing their homes and lands is equivalent to losing their livelihood, which is difficult to replace. Bosnia and Herzegovina presents an example of places with enormous numbers of displaced and resettled people; refugees, who are internally displaced ones, and those that are internationally or externally displaced.

Internally displaced persons (refugees) are those who, having abandoned their houses and lands, still remain within the borders of their country. Externally displaced ones or International Refugees, on the other hand, are the displaced people who have crossed an international border (Cernea, 1993). They all have, in common, the fear of immediate violence; violence resulting from conflicts between opposing armies, or conflicts among ethnic groups. All the individuals that fall under these three categories are deracinated from their habitats. All these three types, more or less, share some similar refugee circumstances: abrupt destitution; residence loss; loss of economic self-sufficiency; cultural separation; identity deprivation; socio-psychological stress; (Zolberg, et al., 1989). What is similar for most, if not all, categories of refugees from/in Bosnia and Herzegovina, is the following: they have lost, or have been driven from their houses and households; they have temporarily or permanently lost their lands, belongings, workshops and assets; their systems of production have been literally taken apart; their ways of living have been broken up; their very livelihood has been or is still critically endangered; and the social networks in which their existence have been rooted for decades and decades have come apart, completely erased, and have vanished over night. (Figure 6 and 7)
It should be pointed out that in the post-conflict reconstruction, shelter, health and the well being of the afflicted population are \textit{sine qua non} for building a new sustainable society. Ways must be found, which are spatially, socially, psychologically and ‘politically enabling’, to make these people feel at home again in their new (or old) surroundings, to bring back the feeling of community, to rebuild their lives and homes, to give them a sense of spatial identity; to provide them with a sustainable livelihood and a sufficient economic base - a foundation to build upon; to create possibilities for better living and education; to help them alleviate their depression, anger, helplessness, distress, longing; to help them to mend or create new social networks; to help them to be able to regain the feeling of group identity again. In other words, maximizing the opportunities for the meaningful adaptation of dislocated people, regardless of whether it is a temporary or permanent situation, is the key.

In this respect much more attention must be given to social components such as: a sense of belonging to an identifiable community - a ‘communal setting must exist’; social tensions and the psychology of refugees have to be taken into account; a ‘feeling of home’ should be provided in the form of exterior and interior personalization; basic privacy, spatial orientation and territorial definition should be incorporated; channels for interpersonal communication and the relationships should be amplified; and, whenever possible, the ‘cultural climate’ (namely that the different social and economic groups have different backgrounds) must be taken into account (Hasic, 1996). The division of responsibilities between the different actors in the process should be clearly defined in order to provide adequate shelter and sustainable and healthy environment for the afflicted group of people.

**Post-Conflict Health and Stress Issues**

It is considered that consequences of the war have resulted in the suffering of the population on an enormous scale: it has caused severe mental health stress on the population (Smajkic, A, 1998, pp.2-9); it has also clearly had a serious negative influence on the psychological functioning of individuals, which occurs as a direct result of the changes in the social structure of the population and the economic potential of the society as a whole, brought about by war. Extensive research results during the war period (Smajkic, A, 1998) indicate the following: (Figure 8 and 9)

- Appearance of ‘new patients’ (disturbances caused by war stress). Population risk groups are children, elderly and men below middle age.
- Frequency of appearance of such patients is very high. Research has revealed a growing number of mentally disturbed people in the general population, who are victims of brutality during the armed conflict.
- The therapeutic treatment of physical and psychological disturbances caused by war is extremely complex and needs to be integrated with other social service on order to be more effective, successful and reach the right target group.
* Number of invalids (neurological and psychiatric disturbances) has increased on a large scale during the war.

* General poverty endangers the population, especially the category of mentally disturbed persons.

Post-traumatic Stress Disorder (PTSD) is the psychological term that describes a range of symptoms often exhibited by people who have experienced extreme physical or mental trauma. PTSD sufferers re-experience a traumatic event through recurring intrusive thoughts, dreams, or physical sensations, the onset of which can occur immediately after the traumatic event(s) or years afterwards. The term originally developed as a result of the high incidence of symptoms exhibited by U.S. servicemen who returned from Vietnam. PTSD sufferers are both Bosnian refugees and internally displaced people (USCR, 1999).

A great number of displaced persons and refugees, already touched upon in earlier section, were accommodated during the war in collective centers, especially in 1993 and 1994. Hygienic - epidemiological conditions deteriorated, severely on account of: inadequate living conditions, interruption in the supply of water, gas and electricity, and insufficient immunobiological capabilities caused by inadequate nutrition (Smajkic, Op. Cit.). This was also evident in other places, such as villages and towns where the influx of refugees and displaced persons was many times bigger than the carrying capacities of these places. It is important to emphasize that living and housing conditions, water supply and energy are relevant factors for physical and mental health of the population, as well the possibilities of sustaining an adequate economic livelihood base for the afflicted groups (refugees, displaced persons and domicile population) in as short time as possible.

The effects of a sustained armed conflict and an economic blockade, in the case of Bosnia and Herzegovina - 4 years, which produced amongst other things, extensive demographic and biological changes in the population, as well as social and psychosomatic health negative changes has lead to the following 10 general indicators and conclusions: (1) Strong demographic changes in refugees and displaced persons involved more than half of the population of the country; (2) Final biological deficit in population, as the effect of violent and natural deaths, resulted in the loss of close to 6% of the population. (3) Genocide and ethnic cleansing of -40% of total population (4) Violence against women and young persons (rape) came close to 0.6% of the population. (5) Increased number of mental disorders with PTSD syndrome in 45% of total adult population. (6) Negative trends in biological reproduction - significant decrease of birth rate. (7) Increase of specific war deathrate, malnutrition and inequity in health and delivered health care. (8) Destruction of production facilities had serious social impacts with close to 90% of unemployed population.
Interim Strategies for Disaster Relief

The destructive impact of natural and human-made disasters (particularly disasters caused by armed conflicts) on human settlements is increasing. Human-made disasters are complex, often including a combination of natural phenomena, war and political instability. The impact of such emergencies is especially drastic in countries where civil defence and disaster relief are ineffective in dealing with such situations.

A distinction should be drawn between emergency aid and reconstruction, although disaster relief incorporates elements of both. Emergency aid is immediate action with minimal planning, designed to save lives and prevent further human and material losses. Reconstruction is a planned strategy aiming to rebuild infrastructure after a disaster. When the immediate emergency is contained, and the situation is secure, more carefully planned and sustainable reconstruction efforts can begin. Disaster relief requires both immediate emergency action and carefully planned reconstruction. Both types of action are needed (Mossberg, et al., 1994).

In the light of this, a new agenda for post-war Bosnia and Herzegovina should have the following interim strategies as its basis, and where feasible, different elements could be implemented simultaneously. Firstly, the large populations of displaced and homeless poor must be taken care of immediately. Provisions for emergency shelter are necessary in the first phase, and sustainable adequate housing and community educational and health services in the later phase. Secondly, programs to restore basic urban services, such as water, sanitation, electricity and access roads, must be initiated. Thirdly, immediate attention should be given to the reconstruction of the rural housing sectors, which were not totally destroyed, in order to encourage the afflicted populations to stay in the smaller towns and villages thereby reducing the flow of people into the big urban centres. Finally, a start must be made to revive small-scale industrial and agricultural activities in both rural and urban areas, particularly activities basic for the 'life and survival' of the population. These strategies could be implemented with the financial and organizational help of international agencies expert in emergency relief and disaster containment.

Sustainable Systems

The most important challenge for the post-conflict recovery program will be to create employment opportunities for people (including refugees, displaced persons, etc.). The program will focus on the reconstruction of transport, telecommunications, energy supply, and other infrastructure severely damaged by the war, without which it is not possible to restart production and trade on any significant scale, and to repair water, sewerage, and health facilities to improve the supply of food, without which there will be a continued threat to economic sufficiency and public health. Financing for this reconstruction program will have to come mostly from abroad, until the country (ies) stand firmly on their feet. Getting such a major reconstruction program started and running smoothly is a task of enormous proportions and complexity. A well-coordinated effort from the country's government and the donor community will be required to deploy these resources, not only for effective targeting and efficiency in the use of resources, but also for maximizing the impact on domestic economic recovery. The development and establishment of an institutional structure that clearly defines responsibilities for each of the elements in the program is paramount (World Bank, 1996).

The period just after the stabilization of the acute emergency situation on the ground is the moment to begin aligning the direction and intent of the long-term
reconstruction effort. This effort should involve a major grass-roots push to educate local populations and emphasize the long-term positive aspects of sustainable economic and human settlement building practices. This can be initiated through using proven Participatory Rural Appraisal (PRA) techniques (Halloway, 1994) with the NGO community and mass media campaigns. PRA techniques are approaches and methods which enable local (rural and urban) people to make their own appraisals, analyze and plan, share information, and monitor and evaluate development actions and programs (Chambers, 1994). A basic understanding of sustainability concepts by local authorities and populations are a prerequisite to any initiative, otherwise the whole effort could become stillborn. The housing sector should be used as a catalyst to initiate broad interventions, leading to the development of an interconnected web of ‘sustainable systems’.

Sustainable systems are the collective mechanisms and relationships that operate in harmony to maintain a ‘sustainable society’. In turn, a sustainable society can be perceived as a society that persists over generations, one that is flexible and wise enough not to undermine its physical (environmental) or social systems of support. In order to be socially sustainable the combination of capital, technology and demographics has to be configured to reduce disparities in living standards and meet the needs of the local population including their health and well-being (Keating, 1994). A sustainable society’s material and energy throughputs should be in equilibrium with its consumption rates of renewable and non-renewable resources.

**Sustainable Awareness**

The direction of development strategies, and their incumbent programmatic activities have experienced a re-evaluation over the last decade. It is now widely recognized that traditional strategies have basic conceptual flaws which do not promote sustainable development consciousness, and often inhibit program success. The movement away from traditional modes of development thinking has required governments and international agencies to set in place new strategies that will enable and promote the desired sustainable development awareness.

An early step in this direction was the United Nations Centre for Human Settlements ‘Global Report on Human Settlements’ (Habitat, 1986). This report is a detailed discussion of adequate human settlements and sets the admirable target of creating a ‘satisfying living and working environment for the present and future members of the world’s community’. The authors wisely recognize the complexity of this goal and the parallel need to give ‘more credit to the inner strengths of our fellow human beings...and to the ability...to build a better world for themselves’ (Habitat, 1986). One short sentence in this report sets the basis for a new way of relating to an indigenous population’s capabilities. It acknowledges the collective human potential of solving one’s own problems and improving one’s own world. This shift in conceptual approach demands a new set of enabling strategies, and it has had a major impact on program methodology in global, regional and local development initiatives.

In our world of modern empirical science, there is a growing understanding that all things are interconnected. The physical world is a complex web of interrelated mechanisms. There is a thread of commonality in physics linking the classical-macro to the quantum-micro. Similarly the characteristics of social groups (nations) have connecting threads of commonality whereby the actions of macro-society reflect the attitudes of its individual members, the basic elements of a nation. The collective endeavours of a social group are a function of the personal attitudes of the individual(s) in the group.

The major dissimilarity between the traditional natural sciences and the new science of sustainable systems is the important role that human psychology plays in the latter. If we consider human interaction with the environment, cultural, societal and individual human factors are critical elements in the successful operation of sustainable systems. In contrast, the successful operation of macro-level physics is relatively independent of group or
individual attitudes, behaviour and values. Therefore we must be careful when applying rigid laws to the study of sustainability in the fashion that we do with physics.

This paper suggests that the human dimension of sustainable societies has malleability. The attitudes and behaviours of individuals and groups are not constant and they can be positively influenced towards a state of sustainable awareness. This positive influence demands change. For example, a serious transformation in the basic assumptions that form the foundations of modern economic growth; a separation in the meanings of growth and development.

The difficulty and scope of effecting transformations in psychology, including environmental psychology, should not be underestimated. The transition to sustainability in human settlements is laborious and requires sacrifice; the radical nature of the required cultural shift demands a fundamental re-orientation of society. It will necessitate a basic restructuring, where society becomes interested in qualitative development not physical expansion and where society would use material growth as a considered tool not as a perpetual mandate. Global society must acknowledge that human and socio-economic systems have reached their limits and are headed for collapse (or as in the case of our subject area, have collapsed). All societies must bring about changes in their systems’ structure. In time, a society with a new educational focus and information sharing networks can physically transform itself by setting up new goals with incentives that will motivate or constrain behaviour. The development, maintenance and improvement of human settlements constitute one of the fundamental aims and basic prerequisites for sustainable development.

The following questions are pertinent:
Technically: where better to start finding solutions than with the urgent questions of human settlements?
Geophysically: where better than a region destroyed by mechanized military conflict?
Morally: where better to start than with a population that has been traumatized by a brutal civil war?

Herman Daly stated that ‘the (sustainable) state would make fewer demands on our environmental resources, but much greater demands on our moral resources’ (Meadows et al., 1992).

‘New Urban Villages’ and the Revival of the Neighbourhood

The concept of the ‘urban village’ and revived neighbourhoods has been present in Bosnia and Herzegovina, but never really fully carried out and implemented. Neighbourhoods within the villages, or for that matter, within a larger setting of a town (small or medium sized one) or a city should be urbanized areas with a well-balanced life-cycle mix and a mix of human activity. A single neighbourhood standing free in the landscape can represent a village, but a group of neighbourhoods interwoven with laces of streets, open spaces, public spaces and ‘within working’ places, creates urban villages - self sustaining urban communities which still preserve the natural-rural quality in scale, content, look, attitudes and way of life.

In order to revive this idea and put it on a sustainable basis, the whole concept has to be redefined in a different light. What do we imply by implementing urban villages and revived neighbourhoods? To answer this briefly, we must examine some changes that will have to occur to allow these new urban villages and revived neighbourhoods to come about. The changes will be evident in two spheres: the spatial and the social.

Spatially and socially, urban villages and revived neighbourhoods could be largely self-contained communities. It is important to create, or to revive, a structure and a feeling of ‘social space’ (Canter, 1977, Hillier, 1989). A very crucial element is the link between the specific aspects of traditional Bosnian housing and new sustainable technological innovations, which improve and provide for individual and group needs.
The key ideas are: local and small. The emphasis on small scale and the promotion of informal economic activities and family business, will be crucial for the system to function (Keating, 1994). In a sustainable society growth does not mean constant expansion. Conversely sustainability does not mean stagnation. A sustainable society would be neither for, nor against growth, but rather it would differentiate qualitative growth from quantifiable growth as well as the reasons for growth. Modern economic thought equates growth with economic well-being. A sustainable rationale uses growth as a tool, after asking what the growth is for, who would benefit, what it would cost (economically and environmentally), and how the impacts of economic growth would be accommodated by the sources and ‘sinks’ of the planet.

The primary task of technology is to lighten the work burden of humans, but unfortunately the type of work modern technology is most successful at reducing is the skilful, productive work of human hands in touch with real materials (Shumacher, 1973). A sustainable society need not be technically primitive. It does need to move away from the technology of gigantism and towards a technology on a human scale. The need is for production by the masses, supported by first class tools - not mass production. The technology of mass production is sophisticated, capital intensive, dependent on high-energy input and generally ecologically damaging (Meadows et al., 1992). These concepts would have to be instilled into the work ethic and business environment of the new urban village.

Sustainable Systems, as mentioned earlier, will play a pivotal role in this case. They will find their true application, especially with post-conflict zones in mind, in the interrelationship of three systems: agro-industrial ecology (sustainable agriculture and industrial ecology), built environment (self-sustaining human habitats and an efficient and accessible transport system) and energy conservation (renewable energy technologies). These three areas will be the prime focus of sustainable systems applications.

The ‘sustainable systems approach’ will link these areas and provide the development of sustainable agriculture, something badly needed in Bosnia and Herzegovina. It means bringing the agricultural technologies and production back to their ecological foundations in order to increase yields, while also protecting the environment. This is where sustainable technologies will play a crucial role in enabling farming production meet the rising demands and needs of society. Then the economic, environmental and other social costs consistent with rising incomes need to be addressed. This also applies to the development of industrial ecology which should be developed as a clean and efficient industrial economy providing a an economic base for people and the country, while at the same time mimicking the natural world’s ability to recycle materials and minimize waste (Scientific American, 1995). The other key issue of the built environment will encompass the creation of new and the revival of existing neighbourhoods as the foci in which sustainable living conditions is provided. These sustainable communities (neighbourhoods, villages, urban villages, towns, etc.) will be the places for the enactment of the sustainable systems approach. Efficient transport will be an integral part of that idea. Accessibility will be about creating places that reduce the need to travel and, in so doing, help to conserve resources, protect the environment and promote social justice.

In due time, there will develop a spontaneous need for local entrepreneurial trade, slowly evolving towards a regional cross-ethnic commercial dynamic. The central theme of the strategy is the promotion of focused sustainable practices building on specific local and regional characteristics. When the urban villages and the neighbourhood communities start to have sustainable economies, then inter-ethnic ties and friendly social interrelations are natural next steps in the process. This will signal the return of ‘trust’ between ethnic groups and a continuance of the process of healing the wounds of war.

For these concepts to become functional some realistic facts have to be acknowledged and accepted. There has been an ethnic division of population and a forced homogeneous restructuring of neighbourhoods. Many ethnic groups have been brutally
displaced into mono-ethnic communities. Owing to this unfortunate situation the new urban villages could develop spontaneously on a segregated basis. Even if this happens overtime, unfortunate as it may be, the separation of antagonists in mono-ethnic communities could contribute to reduced tensions, allowing the wounds to begin to heal within the various social groups. Every effort should be made, in later phases, to reintegrate the communities on a multi-ethnic basis both in large city neighbourhoods and in rural settings. The urban villages should be small scale, where whole groups can congregate to stabilize their socio-economic and housing situation through the development of sustainable practices and local, labour intensive economies.

Towards a Sustainable Economic Recovery

War that has ravaged throughout the territory of Bosnia and Herzegovina has destroyed much of the existing physical infrastructure and disrupted, on the whole, the economic systems that were in place. As a result of this the annual per capita income has fallen down to $ 500 (from $ 1,900 pre-war) and industrial output was 5% of the pre-war 1990 output (World Bank, 1996). The country faces now an enormous challenge to put the economy back on its feet and subsequently provide for its population. A sustained continued donor support, in post-conflict reconstruction, is essential for Bosnia and Herzegovina in the coming years (short-term). Eventually, with the consolidation and restructuring of the economy, the country will be able to gradually complement (mid-term) ad eventually replace (long-term) donor assistance with its own resources. But the external support, both technical and economic, will still be necessary in the coming years.

With the emergence of peace, a ray of light and hope surfaced. It is extremely difficult, and we have seen examples in history, to rebuild a country after a prolonged armed conflict, especially a country which is not yet politically and ethnically cohesive and stable. In addition to that, the country holds the legacy of a centrally planned socialist economy, although in the years preceding the war, whole of former Yugoslavia was slowly starting to take a transitional journey towards market economy. Now whole new governance structures and institutions need to be set up, with all the problems of socialist legacy and huge unresolved structural problems in industry, banking and economic management. (World Bank, 1997, pp.1-25)

Bosnia and Herzegovina faced three major post-war challenges, challenges that are more or less characteristic for other post-conflict areas around the world (especially in the developing world): firstly, implementing the reconstruction and recovery program necessitated by the war damage; secondly, developing the new governance structure and institutions for economic management; and thirdly, managing the transition to market economy (World Bank, 1996).

A fresh example of a place that will be soon faced with these challenges, and that will go through similar changes, for all the wrong reasons, is the province of Kosovo in former Yugoslavia.

The most important challenge for the economic recovery (which is a hallmark of all post-conflict zones) is the creation of opportunities for employing the returning refugees, displaced persons and demobilized soldiers (Lake, 1990 and World Bank 1996). The program of reconstruction, where financing is coming mostly from abroad, focuses on reconstruction of housing and infrastructure services - transport, water supply, telecommunications, energy and waste, partly or totally damaged by war. This is a sine qua non in any post-war ravaged environment. Only when these aspects are covered and fulfilled on a sustainable basis, can production & trade restart on any significant scale with no threat to economic sufficiency and the steady supply of food.

Reviving agriculture is a top priority (besides the revival of especially small-scale industry) for countries like Bosnia and Herzegovina, where agricultural production was one of the key economic and livelihood pillars. It must recover from war damages, and at the same
time, adapt to a market economy. The new system will have to rely on private food producers and agro-industries, rather than on state-owned farms and enterprises. Raising farm output and increasing the share of production that is marketed are, therefore, important objectives for agricultural development. For this to occur, a new generation of competitive, market-oriented, and privately owned agro-industries is needed (Koch, 1999). (Figure 10)

**Figure 10:** An aerial view of typical small-fields farm country in Bosnia and Herzegovina. Photo by: US Army Corps IFOR Forces 1997 © All Rights Reserved. Courtesy of IFOR.

So in summary, economic reconstruction and recovery is urgently needed for places like Bosnia and Herzegovina to give hope, jobs and a future life. Experience from countries similarly affected by war shows that economic recovery can proceed quickly if a number of conditions are satisfied. These conditions generally include: (Lake, 1990 and World Bank, 1996 and 1997, pp.1-25)

* Stable macroeconomic environment conducive to growth and job creation;
* Transport and ‘market friendly’ legal and regulatory framework;
* Strong institutions and good coordination within the government;
* Sufficient international-donor assistance, official and private channelled through good organization and co-ordination mechanisms.

All of this requires, as a prerequisite for economic reconstruction success in any post-conflict zone, the following: *political stability, institution-building, sound policies, effective coordination among different parties, return of refugees and displaced persons and the process of ethnic healing to begin.*

**New Enabling Strategies**

The word ‘enabling’ is defined as the act of empowering a person (or an entity) with the means or authority to do something. From this definition we find a foothold of understanding that indicates what can be done to ‘make conditions for self-help and mutual aid as favourable as possible...’ This is accomplished ‘through sets of enabling action in support of locally determined, self-organized, and self-managed ... programs’ (Habitat, 1986). This definition points directly to the central issue that makes any initiative sustainable over time: a population must be intimately involved in their own development projects and empowered with the responsibility for its success.

Enabling actions include institutional changes in administrative rules and regulations that promote communities and local participation. These regulatory amendments are governmental changes that determine ways in which funds are allocated, information dispersed and decisions made. The regulatory changes should reflect a willingness by governments and communities to accept new divisions of responsibility. Governments should
focus on promoting sustainable development through funding, planning, technical assistance, 
education and growth management, if necessary, with the assistance of the international 
community. The independently organized self-help community, on the other hand should 
determine the planning and execution of improvements at the local level. Enabling 
community participation (Figure 11) has the positive side-effect of creating a psychological 
commitment within the group towards project success (UNCHS, 1996).

‘Public services’ (transportation, sanitation, health, energy, communications, 
water, etc.) are a broad domain of physical infrastructure, with many priorities dependent on 
the specific needs of a community. The issue of adequate human settlements, is an umbrella 
issue that embraces this domain and is critical to basic survival. Sustainability, as a goal, 
needs to be defined in terms of the continued welfare of all people in a population; it 
becomes a meaningless concept when a population’s survival is under threat 
(Bandyopadhyay, 1992).

Accordingly, government interventions in the area of public services should allow 
communities to determine their own priorities and help them access the things that the 
community cannot provide for itself.

Innovation is a key word. Adaptations and changes must be accepted by all 
involved to insure that the human settlement planning effort stays responsive to the needs of 
the population that it intends to serve. In examining a project for sustainable characteristics it 
is important to see evidence of enabling strategies across a spectrum of activities. Avoiding 
program entrenchment by emphasizing flexibility and blending bottom-up community level 
approaches with the top-down impetus, generally required to set initiatives in motion, are 
central to sustainable program success.

Priority issues and challenges for the future development of Bosnia and 
Herzegovina must be supported by the following set of enabling strategies and operational 
policies that will facilitate the growth of sustainability, both in public awareness, and in daily 
practice:

- The immediate initiation of training and education programs at the grass-roots 
  level for developing awareness about the positive and long-term effects of 
sustainable practices;
- The revival and creation of urban villages and neighbourhoods, under the 
  umbrella of sustainable human settlement reconstruction activities;
- Enabling access to land, indigenous building materials, alternative means of 
  construction finance and community funding initiatives (self-help housing linked to 
  informal construction economies);
The promotion of neighborhood craft guilds, initiatives that encourage community labour groups to build upon pools of local talent;

- The promotion of the informal economic sector, and including the expansion of jobs within small businesses (especially in rural communities and urban villages);
- A focus on small scale industries and on the development of economic activities best suited to, and viable for, respective areas which can, as a result-effect, produce better flows of energy, materials, money and people into and out of the regions;
- Strengthening government and administration at the local level;
- The encouragement of the private sector and NGO initiatives, especially in the housing and infrastructure sector (energy, roads, waste, etc.);
- There is a need for the recognition of the regional ethnic dynamics present on the ground, though every effort should be made to ensure that segregated settlements, in the early phases, do not become permanent settlements in the later ones;
- A new urban environmental strategy (laws for environmental management and incorporation of the environment in urban planning);
- The promotion of sustainable infrastructure services, namely the transport sector (development of roads, promotion of public transport, etc.);
- The development of renewable energy resources, waste management and general environmental repair and maintenance.

Finally, it must be stressed that without changing attitudes, behaviour and values, none of this will be possible. Sustainability on the ground and in practice demands a re-orientation to occur in all levels of society; in government, in technology and in the life styles of the population.

Conclusions

The thematic thread throughout this paper has been recognition of the fundamental links between human attitudes, behaviour and values, and their reflection in the actions of social groups and individuals. We have drawn attention to the need to change attitudes and behaviour within the social group, through education and information networks, as a prerequisite to developing sustainable awareness, which can lead to the implementation of sustainable practices. When these concepts are understood within a national context, the combination of sustainable awareness and sustainable practice working together creates a positive momentum that becomes self-perpetuating.

A stable society resists any impetus to change; as evidenced by the self-defeating obstinance of industrialized countries towards an honest re-evaluation of their consumer/industrial priorities. Even in the light of substantial evidence, which demonstrates that current socio-economic trends are stressing the planet’s life support systems, governments and industry hold fast to economic policies and programs that are ‘growth’ oriented and environmentally unsustainable.

In viewing the situation of the former Yugoslav republics we find a region of mid-level industrialization, geo-physically close to Europe, that has been savaged in a civil war. By definition, the events in the area have caused extreme disruptions of society and destruction of life support infrastructures. It is precisely this type of tragic situation that may provide an opening for instituting those practices of sustainability that a self-centered west finds so hard. The move to practicing sustainable rhythms of life requires a certain level of desire (or need) to change from traditional socio-economic viewpoints. The ‘status-quo’ is generally the anti thesis of ‘change’, but in the post-conflict zones of Bosnia and Herzegovina radical change has been the status quo, for all the wrong reasons, since 1992.

It is our argument that as a result of recent history the region of former Yugoslavia presents a prime opportunity for demonstrating that societies can work together for a...
common good. Bosnia and Herzegovina is a disaster area, with an overwhelming need for reconstruction at all levels, physically, environmentally and morally. It is an area that is ripe for the enlightened programs that the concepts of sustainable human settlements embody. Institutionalizing sustainable practices in the region would serve to bring a war torn society back off its knees, it would be a constructive capital investment for the West, and it would generate a base of desperately needed operational knowledge about implementing wide scale sustainable practices. The exercise outlined here would take ‘sustainability’ out of the books of theorists and onto the agendas of politicians, NGOs, community groups and professionals, including engineers, teachers, planners and public health officers. The knowledge base would not come quickly or cheaply, but it would come, and it would be in the form of valuable ‘experience capital’, a commodity that Bosnia and Herzegovina could share with a World that ought to undertake self-appraisal and socio-economic change.

Finally, the ideas presented here, could also provide useful information and valuable links in the rebuilding process in post-conflict zones worldwide - a possible generation of general ideas that can be transferred to similar places. This would hopefully shed more light on these issues, and somewhere down the road generate a new hope for the war-torn areas and a better tomorrow for its inhabitants (Figure 12).

![Figure 12: A Better, Sustainable and Peaceful Tomorrow. Photo Courtesy of: Gilles Peress, 'Uncertain Paths to Peace' 1993/1994 © All Rights Reserved.](image)

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### Bibliography


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17 Visions of Sustainable Urban Communities in Post-Conflict Zones

TIGRAN HASIC

Introduction

In the aftermath of natural and man-made disasters, two major tasks emerge, the repatriation and resettlement of temporarily homeless persons (in the case of natural disasters) or internally displaced persons and refugees (in the case of man-made disasters), and the reconstruction of the basic infrastructure and the economy of the disaster zone. It is important to emphasize that besides the first two groups of displaced persons, there is also a third one – development oustees. They are the result of involuntary population displacement (Cernea, 1996). For the purpose of this article, this third category will not be handled. In standard development literature, the body of research that most closely applies to war-torn societies is the work devoted to how societies recover from natural disasters. Indeed, specialists in this field are now beginning to treat man-made disasters as they do war; and massive refugee flows and other induced population movements as a part of the disaster field. Following natural or man-made disasters, it is essential that lending institutions and donors respond rapidly, and are flexible in their criteria for disbursing aid. In both instances, if they are not sensitively handled and monitored, relief may be diverted to purposes for which it was not intended. It may distort local economies, produce dependency, strengthen the economic power of the already powerful and bring about other negative impacts (Fagen, 1994).

During the four-year war, Bosnia and Herzegovina (Figure 17.1) has suffered the almost complete destruction of its social systems, physical infrastructure, environment and economy. Its territory was riven into ethnic enclaves, with hundreds of thousands of people losing their homes and

becoming refugees or internally displaced. In general the urban fabric suffered heavy damage with some areas being completely devastated. In the aftermath of ethnic violence, the country and its people now face the challenge of post-war reconstruction and reconciliation.

Figure 17.1  Map of Bosnia and Herzegovina

Source: © The Regional Environmental Center for Central and Eastern Europe.

Other countries such as Afghanistan, Lebanon, countries in Central America, Central Africa and in the Horn of Africa have experienced similar devastation (Lake, 1990). From the smoldering fires of a brutal war comes the opportunity for Bosnians to rebuild their society in a way that could put them back on their feet.
In the process they may be creating a model of development that other countries or regions, going through similar changes, could eventually emulate. This area presents a unique chance to employ the concepts and theories of sustainability in a most humanitarian way.

What role can sustainable communities have in the post-conflict reconstruction? The essence of this idea is to look at the dwelling question and promote the introduction of urban villages, where the revitalization of neighborhoods would be the main focus of sustainable communities. Settlement reconstruction would then be a priority. Urban areas, small towns and suburbs in particular are the focus of (Figure 17.2), but in this context, rural areas also present a challenge.

Figure 17.2 Destruction of Housing and Infrastructure in Bosnia and Herzegovina, Sarajevo


In contrast to the urban areas and because of the mountainous landscape, rural settlements were spatially dispersed. This influenced the type and spatial distribution of the settlements, as well as their economic activity. Two types of rural settlements were characteristic in Bosnia and Herzegovina: the so-called fragmented type of hilly-mountainous settlements with extensive cattle-breeding – highland villages, and the so-called condensed type of valley-plains settlements with intensive agriculture, cattle-breeding and fruit-growing – lowland villages. Neither of them were well integrated into the national infrastructure and had only basic local facilities. A particular characteristic of the rural areas was the urbanized larger village, which never fully developed into a urban village because of the general problems of the mountainous landscape and the lack of investments in infrastructure systems. Agriculture, which was the main economic activity for most of these villages, was limited and ineffective.

Following in the aftermath of the ethnic conflict, most of the rural areas sustained horrendous damages and a large number were totally destroyed.
The challenge is now to rebuild these communities, offer a better, healthier, safer and sustainable environment to the population that left (refugees, displaced and those that left involuntarily). It remains to be seen whether the societal changes that are required by the concepts of sustainability are so great that stable social groups resist the impetus of change and whether, in contrast, societies that are under stress of instability resulting from a conflict are potentially more receptive to initiatives that introduce sustainable development practices. In other words, this area could present a unique chance to employ the concepts and theories of sustainability in a most humanitarian way (Hasic and Roberts, 1999).

The key elements that we should consider in this context are community, sustainability and post-conflict reconstruction. Sustainability is defined here as integrating human patterns and natural systems into dwelling habitats which promote stability and placemaking. Sustainable communities are collections of individuals that hold several important things in common: their sense of place or locality and their social, religious, and governance systems and derive from both their individual interactions and their surrounding environment the power to adapt to changing conditions and remain intact for multiple generations. Most individuals who belong to communities of this type are loyal and respectful of their historical traditions and derive personal satisfaction and happiness from them. Within this context the theme of this chapter can be seen as a complementary part in the ongoing reconstruction. This is in accordance with the overall plan and effort of the international community to rebuild and prioritize areas for recovery and sustainable growth: health, housing, infrastructure systems, agriculture, industry and education.

Communities include things held in common, like government and social structure as well as a common sense of place or location. The main function of the community is to mediate between the individual and society, so that people relate to their societies through both geographic and non-geographic substructures of communities. We can pose six questions that are important in a post-conflict context: (1) what should be the size of the community and how should it be spatially organized, (2) what kind of institutional setting should it have, (3) how can we achieve community stability, (4) what will the social structure look like, (5) how can the community residents share common resources and (6) how can significant primary and secondary interaction be achieved (Rubin, 1983).

The questions given above are closely linked to the return of refugees and displaced persons to their home areas, and their integration into everyday life on a sustainable basis. The task is to ensure adequate security, employment opportunities and the availability of housing and
Settlement reconstruction is one of the priorities and, as mentioned before, small towns and suburban areas present a particular challenge in that respect.

One of the fundamental keys to the development of a sustainable community will be ethnic healing, and within that reconciliation. Ethnic healing would mean to ‘bring upon an end or conclusion to a conflict between people or groups with the strong implication of restoring former amity’. Reconciliation is a part of ethnic healing where opposing communities, after the war traumas, are to be brought into harmony and won over by friendliness to settle their disputes. People should have the will to work through the social trauma of the war, which should be followed by a real implementation of collaboration with the neighbors against whom they have a deep grudge. This is a process which should not be hastened nor forced. Haste could bring even more suffering, personal resentment, mistrust and hate. Complexities are numerous in this respect: distrust between national, ethnic and religious groups and individuals; distrust within the same groups; distrust between those who fled and those who stayed; distrust between those who benefited (profited) from the war and those who lost everything; and distrust from those who suffered and witnessed death, destruction and pain and those who survived without personal losses. This is why ethnic healing means much more than just a sheer step of reconciliation. It is a process that cannot happen overnight. In a sensitive situation like this, one should not necessarily regard ethnic communities as something negative (in the short term), but look at how multi-ethnic communities can develop in a long-term perspective. This is an extremely difficult challenge, which is as great as the inertia to change opposed by stable communities.

Towards a Sustainable Economic Recovery

As in the case of the Middle East, with the conclusion of the war and of the impact of regional peace becoming clearer, it is necessary for Bosnia and Herzegovina to determine a medium and long-range development policy. Past and ongoing experiences, like those in Palestine, Cambodia, Lebanon, etc, have to be taken into comparative account. Such consideration must determine the goals and means of developing policies on three levels: the general, the sectoral and the regional (Labaki, 1993). War that has ravaged the territory of Bosnia and Herzegovina has destroyed much of the existing physical infrastructure and disrupted the economic systems that were in place. As a result of this the annual per capita income has fallen from
$1,900 prewar, to $500 today. Industrial output in the middle of the 1990s was 5 percent of the prewar 1990 output (World Bank, 1996). The country now faces an enormous challenge in putting the economy back on its feet and subsequently providing for its population. Sustained donor support for post-conflict reconstruction is essential for Bosnia and Herzegovina in the short term. Eventually, with the consolidation and restructuring of the economy, the country will be able to gradually complement (in the medium-term) and eventually replace donor assistance with its own resources in the long-term. But external support, both technical and economic, will still be necessary in the coming years.

It is extremely difficult, as we have seen from history, to rebuild a country after a prolonged armed conflict, especially a country which is not politically and ethnically cohesive and stable. In addition, the country of Bosnia and Herzegovina holds the legacy of a centrally planned socialist economy, albeit in the years preceding the war. The whole of the former Yugoslavia was slowly starting a transitional journey towards a market economy.

Bosnia and Herzegovina faced three major post-war challenges: firstly, implementing the reconstruction and recovery program necessitated by the war damage; secondly, developing new governance structures and institutions for economic management; and thirdly, managing the transition to market economy (World Bank, 1997). A fresh example of a place that will soon face these challenges – and that will go through similar changes, for all the wrong reasons – is the province of Kosovo in the former Yugoslavia.

The most important challenge for economic recovery (which is a hallmark of all post-conflict zones) is the creation of opportunities for employing the returning refugees, displaced persons and demobilized soldiers (Lake, 1990; World Bank, 1996). The program of reconstruction, which is being financed mostly from abroad, focuses on the reconstruction of housing and infrastructure services partly or totally damaged by war, transportation, the water supply, telecommunications, energy and waste disposal. This is a sine qua non in any post-war, ravaged environment. Only when these aspects are covered and treated on a sustainable basis can production and trade start up again on any significant scale with no threat to economic self-sufficiency and a steady supply of food.

Reviving agriculture is a top priority (along with the revival of small-scale industry in particular) for countries like Bosnia and Herzegovina, where agricultural production was one of the key pillars of its economy and livelihood. It must recover from the war damages and at the same time, adapt to a market economy. The new system will have to rely on private
food producers and agro-industries, rather than on state-owned farms and enterprises. Raising farm output and increasing the share of production that is marketed are therefore important objectives for agricultural development. For this to occur, a new generation of competitive, market-oriented, and privately owned agro-industries is needed (Koch, 1998). Experience from countries similarly affected by war shows that economic recovery could proceed quickly if a number of conditions are satisfied. These conditions generally include a core group of factors (Lake, 1990; World Bank, 1997):

- a stable macroeconomic environment conducive to growth and job creation;
- a market-friendly legal and regulatory framework;
- strong institutions and good coordination within the government;
- sufficient donor assistance, official and private, channeled through good organization and coordination mechanisms.

The return of people, or of drained human capital, often shadowed by other aspects, is a key prerequisite for any fully sustainable economic recovery. Many similarities can be found in the examples of Lebanon and Bosnia and Herzegovina. As in the case of Lebanon the human component in Bosnia and Herzegovina must be mobilized through a series of measures like fighting the brain drain and effecting its reversal, and implementing policies in the fields of education and scientific and technological research, to raise intellectual, technological and educational levels. This will have to compensate for the decline since 1975 (in the case of Lebanon) and 1992 (in the case of Bosnia and Herzegovina) of skilled workers enacting measures and policies with the goal of bringing about the return of emigrants (Labaki, 1993).

**Sustainable Reconstruction Systems**

The most important challenge for the post-conflict recovery program is to create employment opportunities. These programs firstly focus on the reconstruction of transportation, telecommunications, the energy supply, and other infrastructure severely damaged by the war, without which it is not possible to restart production and trade on any significant scale. They also focus on the repair of water, sewerage, and health facilities. Financing for such a reconstruction program comes mostly from abroad. Getting such a major reconstruction program started and running smoothly is a task of enormous proportions and complexity. A well-coordinated effort from the
country’s government and the donor is required to deploy these resources, not only for the effective targeting and efficiency in the use of resources but also for maximizing the impact on the domestic economic recovery. The development and establishment of an institutional structure that clearly defines responsibilities for each of the elements in the program are paramount.

We have already seen signs of such complexities in the reconstruction in Bosnia and Herzegovina (World Bank, 1996). The time period just after the acute emergency situation stabilized is the moment to begin aligning the direction and intent of the long-term reconstruction. The effort will involve a major grass-roots push to educate local populations and emphasize the long-term positive aspects of sustainable economic and human development. This can be initiated through the use of what are called participatory rural appraisal (PRA) techniques (Halloway, 1994) involving the NGO community and mass media campaigns. PRA techniques are approaches and methods which enable local (rural and urban) people to make their own appraisals, analyze and plan, share information, monitor progress and evaluate development actions and programs (Chambers, 1992).

A basic understanding of sustainability concepts by local authorities and populations is a prerequisite for starting any activity; otherwise the whole effort is stillborn. Community participation will be a very important component of the process. The community should be encouraged to become involved in the decision-making process in the project and to influence how resources are used, how choices are to be made, and the role that external agencies take. This type of participation is based on a recognition of the increasing importance of the role which communities take in solving their own problems and relying on their capacity to manage projects which aim to develop their settlements (Arossi et al. 1994, Figure 17.3).

Sustainable systems are the collective mechanisms and relationships that operate together to maintain a sustainable society. In turn, a sustainable society can be perceived as a society that persists over generations, one that is flexible and wise enough not to undermine its environmental or social systems of support.

In order to be socially sustainable the combination of capital, technology and demographics has to be configured to reduce disparities in living standards and meet the needs of the local population including their health and well-being (Keating, 1994).
A sustainable society’s material and energy throughputs should be in equilibrium with its consumption rates of renewable and non-renewable resources.

![Chart of the Participants in the Decision-Making Process](source)

**Figure 17.3 Chart of the Participants in the Decision-Making Process**

*Source: Adapted from Arossi et al. 1994.*

When dealing with any system with subjectively defined multiple purposes, it is of crucial importance to understand how to balance the various purposes, and how to periodically check and adjust the equilibrium of the system. While all of us are learners in this arena, what we strive to design in sustainable living are environments, seen as systems, with effective feedback mechanisms and constant monitoring of our goals and our progress toward those goals over time. Above all, the purposes and congruity of our methods and purposes are constant preoccupations in designs for sustainability (Ikerd and Berry, 1997).

All parts comprising the sustainable society, as well as systems invented to study them, must be self-sustaining. Sustainable systems will find their true application, when they have post-conflict zones in mind, in the interrelationship of three systems: agro-industrial ecology, the built...
environment and natural resource management (see also Figure 17.4). Precisely those three areas could be the prime focus of sustainable systems linked in a post-conflict zone like Bosnia and Herzegovina (Hasic, 1997).

![Figure 17.4 Sustainable Systems Chart](image)

**Figure 17.4 Sustainable Systems Chart**

A sustainable systems approach will link these areas and give way to the development of sustainable agriculture, something which is needed badly in Bosnia and Herzegovina. This means bringing agricultural technologies and production back to their feet enough to increase yields, while also protecting the environment. This is thus where sustainable technologies will play a crucial role to enable the kind of farming production that will meet the rising demands and needs at economic, environmental and other social costs consistent with rising incomes. This also applies to the development of industrial ecology, which should be developed as a clean and efficient industrial economy, providing an economic base for people and the country, while at the same time maximizing the natural world’s ability to recycle materials and minimize waste.

The other key issue of the built environment will encompass the revival of neighborhoods as the foci in which sustainable dwelling is established. Such communities will be the places for the enactment of sustainable systems approach. Sustainable infrastructure will be an integral part of that idea. Accessibility will be about creating places that reduce the need to travel and, in so doing, help to conserve resources, protect the environment and promote social justice. As Cervero says: Have technology, will travel, have sustainable communities, will prosper. (1995).

Ecological systems management and energy conservation will play a vital role in this system. Adaptation to the on-ground possibilities and needs of people will be crucial. Solar, wind and water sources of heat energy and the technology that expands this energy while reducing demand hold the key to sustainable energy sources. Reduced energy needs in industrial production, transportation and home heating systems and an array...
of other energy-saving measures will pave the way to energy sustainability (Patrick and Macoskey, 1997).

All of the above factors are closely tied to the post-conflict zone’s initial recovery program. Unsustainable systems, on the other hand, are those that destroy the foundation on which they have based their existence. The concept of sustainability is about regeneration and about designing systems that allow resources to regenerate themselves. Fundamentally, this implies working with nature. In order to be socially sustainable, the combination of capital, technology and population has to be configured so that the material living standard is adequate for everyone, within the constraints of a specific physical setting. A sustainable society’s material and energy throughputs should be in equilibrium with its consumption rates of renewable and non-renewable resources. Attention must be paid to pollution emissions versus the assimilative capacity of the environment and economic growth versus non-growth. Van der Ryn and Calthorpe (1986) note that our old patterns of growth are built on isolation from the environment, isolation between activities and ultimately isolation between individuals. They continue by saying that for a city or suburb these qualities of isolation are the same. Buildings ignore climate and place, uses are zoned into separate areas, and individuals are isolated because of the lack of convivial public places. Sustainable patterns, on the other hand, break down separations; buildings respond to the climate rather than overpower it, mixed uses draw activities and people together, and shared spaces reestablish community.

**Sustainable Community Patterns**

At this moment we might turn to the works of Alexander et al. (1977). The new angle is in the adjustment, adaptation and operationalization of their ideas in post-conflict habitats. They argue for a timeless way of building and says that every society and its individuals will have their own unique and distinct language pattern, which is shared and similar. They continue by saying that the elements of this language are entities called patterns, which describe problems that recur in our environment.

Communities are composed of patterns, patterns that make up a community or design function in a home or building. Alexander et al. (1977) talk about habitable spaces – our dwellings, neighborhoods and social places that create the networks of our existence. These patterns were shattered and destroyed in the aftermath of a man-made conflict. The work of Alexander et al. (1977) can be used to better understand the complexity of the sensitive and vulnerable environments of post-conflict zones. The
overriding idea is that hidden patterns can be identified and used, to create sustainable communities, settlements for the ‘human use of space’.

In order for the sustainable community to emerge and the neighborhoods within to be resurrected on a sustainable and self-sufficient scale, new and revived spatial target patterns must be implemented. Recognizing the communities as complex organic systems, we can use Alexander’s patterns to develop a methodology of town planning, design and implementation, which respects and replicates this complexity. So Alexander et al.’s patterns have to be looked upon as a set of design principles which see the function and the structure of the community as interdependent. Duany and Plater-Zyberk (1992) have set out a set of rules that are very much in line and based on (incorporate) Alexander et al.’s 253 patterns.

They are as follows:

- The master plan.
- The street network.
- The pedestrian network.
- The street section.
- The regulating plan.
- Public building and squares.
- Codes.

Growth management issues such as the balance of jobs and housing, school size and placement, traffic congestion and pollution, affordable housing, equitable distribution of resources, etc. all have a place in the design principles above. What is important is the basic premise that physical environment design can either promote community or divide people and that the basic patterns of interaction between people, buildings, roads and the environment have to be taken into account. So these principles are flexible enough in accommodating program and place and a natural evolution and growth.

If we identify the main problems addressed in the wide and emerging literature on sustainable communities, we can arrive at the following three points: A systems approach is promoted which attempts to deal holistically with spatial, social, economic, political and environmental concerns. We need to adapt a long-term frame and focus, build consensus and foster partnership among major players and stakeholders about community problems and solutions.
In the context of Bosnia and Herzegovina, focus would be the revitalization and transformation of devastated and abandoned towns and suburban areas into sustainable communities designed to be self-reliant on a long-term basis. These communities could offer to their residents sustainable housing, physical infrastructure, economic security, health services and technological innovations. This could enable people (refugees and displaced persons) to return to these areas, relieving the pressures on urban centers. The areas could then provide a better quality of life, a sustainable livelihood for their residents and a better complement to the core urban centers. By reviving the small scale industrial sector and agriculture, new production will meet the rising demands and needs of the population. In combination with other activities a sufficient economic base would be provided for the population.

<table>
<thead>
<tr>
<th>The SCOPE Model</th>
<th>Spatial</th>
<th>Economic</th>
<th>Social</th>
<th>Political</th>
<th>Technological</th>
<th>Environmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Zoning of Residential Neighborhood Areas</td>
<td>Mixture of Commercial and Cultural Activities</td>
<td>Transportation Flow Systems</td>
<td>Base for Business Growth and Employment</td>
<td>Strong Institutions and Stable Markets</td>
<td>Building of Consensus and Fostering Partnership</td>
<td>Hi-tech Development and Techno Structures</td>
</tr>
<tr>
<td>Ownership of Property - Property Rights</td>
<td>Restoration of Social and Cultural Integrity in Community</td>
<td>Neighborhood Cohesion and Reconciliation</td>
<td>Ethnic Healing and Well-being</td>
<td>Social Justice and Governance</td>
<td>Internet Systems and Innovation</td>
<td>Reduction of Pollution and Natural Hazards</td>
</tr>
<tr>
<td>Flexibility of Top-down and Bottom-up Approaches</td>
<td>New and Better Infrastructure Services and Networks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Eco-systems Management</td>
</tr>
<tr>
<td>Protecting Human Environments and Health</td>
<td></td>
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</tbody>
</table>

Figure 17.5 The SCOPE Model
In order to structure these questions in a systematic way a model called *Sustainable Communities in Post-Conflict Environments* (SCOPE) could be developed. This model would be linked with the ideas of language patterns mentioned above, and have spatial, economic, social, political and environmental pillars as its foundation (see Figure 17.5).

In developing this model we should answer the following general questions: are all these phases equally important? Are they inter-linked? Should all of them be considered in the context of post-conflict zones? Can we achieve the idea of sustainable communities by only focusing on one phase? Are the structural points of the model applicable to the situation on the ground etc?

The SCOPE Model is a strategic and innovative approach to effectively conceptualize and design policies, programs and projects that efficiently address post-conflict communities. The SCOPE approach is an integrated and inter-disciplinary approach that presents a way to reap the benefits of developing a policy initiative which is economically viable, socially and spatially compatible, and politically acceptable while being technologically state-of-the-art and environmentally friendly.

The model offers versatility and flexibility, which are most necessary for it to be applied to varied scenarios and situations. It also offers a comprehensive platform for the development of a sound policy initiative and fosters cross-fertilization and closer interaction within relevant fields to exploit synergies and benefit from complementarities. SCOPE differs from conventional thinking as it is based on the principle that it is not solely economic and political factors that matter in a successful policy initiative. It believes that in a complex arena of human settlements arising from crisis situations, no one aspect by itself can result in the success of an initiative. What is required is an approach that integrates and facilitates cooperation among various relevant fields to deliver effective and successful results. SCOPE attempts to offer this. The expectations and the ambition of such a model are such that its application could become an important part of the framework for the reconstruction of these areas.

**Studying Post-Conflict Management Studies**

In societies recently recovering from war, people operating at the community or national levels are pressed to deal with reconciliation, development, reintegration and security. Sustained donor support in post-conflict reconstruction is essential for Bosnia and Herzegovina (as well as for Kosovo) in the coming years.
Donors, including the World Bank and UNDP, maintain emergency funding to be used either for natural or man-made disasters. Research has shown, however, that the two situations require different approaches. In the former, there are identifiable communities to rebuild, recognized political authorities in the areas receiving aid, a legal system in place and, usually, a benign attitude on the part of the central government toward the aid-givers. In a number of war-torn societies, few if any of these factors prevail. Moreover, natural disasters are short-lived, even if they occur frequently. The conflicts recently concluded in Central America, the Middle East, Cambodia, Mozambique, and Ethiopia/Eritrea, in contrast, all lasted well over a decade. The task following prolonged war no longer consists solely of reconstructing entities that have been destroyed. It requires creating alternatives to the structures, systems and living patterns that have permanently disappeared (Fagen, 1994; Anderson and Woodrow, 1998).

A stable society resists any impetus to change – as evidenced by the self-defeating obstinacy of industrialized countries towards an honest re-evaluation of their consumer and industrial priorities. Even in the light of substantial evidence demonstrating that current socio-economic trends are stressing the planet’s life support systems, government and industry basically hold fast to economic policies and programs that are growth-oriented and environmentally unsustainable.

Many communities are finding that conventional approaches to economic development, transportation planning and development of the built environment – efforts that are intended to increase residents’ opportunities and quality of life – are in fact creating a variety of negatives: congestion, sprawl, air pollution, overflowing landfills, distributional problems, etc. Sustainable development and the development of sustainable communities are a far-reaching approach to manage these problems (Roseland and Henderson, 1998).

In the reconciliation context, we may ask what new role urban and regional planning should play. A completely new scenario and a different type of challenge now face us. We see population changes involving migrations and resettlement of a huge number of people which in turn bring about changes in the location of economic activities. Planning in the earlier socialist mode has to be fundamentally reshaped so that it now can reverse the negative changes that a man-made catastrophe brings. Changes and advancements are already at our front door in political philosophy, technology, communications, infrastructure, and shifts in the attitudes and behavior of people.

All of this will affect regions and communities and basically alter the requisites for future planning. Planning is needed to assist people and
communities in managing change using all the methods and skills that it possesses: urban design, decision tools, quantitative methods, etc. The future is reshaping planning here and now. In Bosnia and Herzegovina the legitimacy of planning also needs to be reestablished.

Somebody said that managing and promoting change in a way that will benefit society is an enormous challenge for urban and regional planning. These challenges have to be accepted to develop a sustainable environment that provides for a better quality of life, new opportunities, equality and new beginnings.

In viewing the situation of the former Yugoslav republics we find a region of mid-level industrialization, geo-physically close to Europe, that has been ravaged by a civil war. By definition, the events in the area have caused extreme disruptions in society and destruction of life support infrastructures. It is precisely this type of tragic situation that may provide an opening for instituting those practices of sustainability that a self-centered West finds so hard to manage.

The move to practicing sustainable rhythms of life requires a certain level of desire to change traditions. Status quo is generally the anti-thesis of change, but in the post-conflict zones of Bosnia and Herzegovina radical change has been the status-quo, for all the wrong reasons, since 1992 (Hasic, 1997).

The argument is that, as a result of recent history, the region of former Yugoslavia presents a prime opportunity for demonstrating that societies can work together for a common good. Bosnia and Herzegovina are disaster areas, with an overwhelming need for reconstruction at all levels, physical, environmental and moral. It is an area that is ripe for the enlightened programs that the concepts of sustainable human settlements embody.

Institutionalizing sustainable practices in the region would serve to bring a war-torn society back up off its knees. It would be a constructive capital investment for the West, and it would generate a base of desperately needed operational knowledge about implementing wide-scale sustainable practices.

The exercise outlined here would take ‘sustainability’ out of the books of theorists and onto the agendas of politicians, NGOs, community groups and professionals, including engineers, teachers, public health officers and regional planners. The knowledge base would not come quickly or cheaply, but it would come, and it would be in the form of valuable ‘experience capital’ a commodity – that Bosnia and Herzegovina could share with a world that ought to undertake a self-appraisal – and socio-economic change (Hasic and Roberts, 1999).
Acknowledgments

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References


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Ethnic Conflict and the Right to Return of Limbo Diasporas: Multifaceted Reflections on the Case of BiH

SUMMARY

This paper examines the phenomenon of refugees and resettled persons in the process of forced migrations in the aftermath of man-made disasters. Although some of the ideas presented here could have wider application, the focus is on post-conflict zones within the former Yugoslavia, namely BiH. The paper uses the questions of ethnicity and nationalism within resettlement, dislocation and immigration as a backdrop, into which the issue of globalization is also briefly reflected. The intention here is not to cover a wide range of pressing topics, but simply to relate a number of issues arising in contemporary large-scale forced migrations to a resurgence of cultural specificity and ethnicized nationalism as counterpoints to globalization. The paper introduces the concept of “limbo diasporas” in the case of Bosnian refugees in Sweden through reflection and linkage with the aforementioned concepts. The paper ends with some recommendations and open questions on social rehabilitation and ethnic healing as well as some general conclusions.

KEYWORDS: refugees, forced migration, globalization, ethnicity, limbo diaspora

"The longing of exiled people and refugees to return to their homeland, and the importance of the symbolic existence of that homeland, suggests that loss or destruction of place is as powerful an attachment as its presence."


Introduction

Millions of refugees and displaced persons throughout the world still remain in exile due to fresh or continuing regional conflicts, civil wars, interethnic clashes and other hostile disputes. Returning to their homes is primarily made
impossible because of continuing conflict, political instability and general insecurity. The unwillingness and deliberate obstruction by states, political leaderships and opposed groups and citizens to take these people back, makes the situation even more complicated. If the whole range of bureaucratic hindrances and obstacles are added, along with the general lack of housing and economic prospects, the picture looks very grim. Prolonged conflicts and other inter ethnic and religious violent disputes (whether they be civil wars, inter-state wars, factional fighting or merely an independence struggle, ethnic violence, sectarian strife, separatist fighting or resistance to repression) have turned a considerable group of the world’s population into citizens of limbo status.

According to Refugees International, the number of refugees and displaced people in the world now exceeds 35 million, with the Middle East, Afghanistan, Pakistan and parts of Africa staggering under the burden of people who have been forced from their homes by war or drought. The conflicts in Africa, which involved almost a quarter of the continent’s countries, have been horrendous, particularly in the case of Rwanda. As the consequence of conflict in Former Yugoslavia, over one million people remain ousted and displaced. This region witnessed the greatest and most rapid movement of people in Europe since the Second World War. The current conflicts in the Middle East, if unresolved, could lead to tens of thousands of fleeing refugees, creating perhaps the largest and most protracted group in the world today. An estimated 110,000 Western Saharan people were refugees at the end of 2001. In the 1990’s Bosnia and Herzegovina, Chechnya and Rwanda suffered huge waves of ethnic conflicts and consequently bore witness to an enormous forced flow of population.

The phenomenon of immigration, as well as that of refugees, has proved to be somewhat confusing to theoreticians, who are forced to remain within frameworks of rather obsolete concepts, models, assumptions, categories, etc. The main theoretical problem has been that it is impossible to achieve full understanding of contemporary migratory processes relying on one discipline alone, or by focusing on just one type of analysis. Indeed, any serious theoretical approach to the problem requires a complex, multidisciplinary variety of
viewpoints, category levels and assumptions. Research in these matters should obviously be multifaceted and include a certain number of disciplines such as sociology, social psychology, politics, social history, economics, individual psychology, political history, etc. Hence this paper emphasizes a multifaceted approach of thematizing around important concepts and linking the issues.

There are some central questions that this paper addresses: to what extent (if any) globalization is related to nationalism and ethnicity? What are the underlying reasons for ethnic (and religious) conflict in Bosnia and Herzegovina? What role, if any, can refugees play as the diaspora in the host country and what are the obstacles to both their integration and their return to the homeland? In which way can multiculturalism trigger racism and xenophobia? These issues will be reflected upon using the former Yugoslavia, namely Bosnia and Herzegovina, as a light motif. The recent and ongoing ethnic armed conflicts around the world also impact on some of these unresolved, complex, and, at times, very contradictory issues. Although there may at times appear to be many cross-cutting variables, the case of Bosnia and Herzegovina shows that this is in the very nature of the phenomenon.

**Ethnicity, Nationalism and Globalization Reflected in Former Yugoslavia**

*Ethnie* (ethnic communities) may be defined as named human populations with shared ancestry, myths, histories and cultures, having an association with a specific territory and a sense of solidarity (Smith, 1997). Taken in this way, ethnicity has functioned throughout history as a way of distinguishing and separating social groups from others who are felt to threaten or oppress them (Holton, 1998). It seems that, for some, ethnicity offers higher levels of security against threats like forced removal from a certain territory, death, rape and enslavement in conflicts, unemployment and poverty resulting from economic competition, migrant assimilation, etc., than do many other sources of identity. This, instead, offers its members *symbolic* as well as *material* forms of gratification and security. The security of place in history, emotionally charged
symbols of contemporary identity, and religious associations are some of the factors accompanying and reinforcing ethnic group membership.

Conflicts that are the result of breakup of multinational entities (usually of an armed nature) responsible for millions of refugees (as in the case of former Yugoslavia), are propelled by an amalgam of ethnic, cultural, territorial, economic, power-political and religious motivations. In the absence of any real democratic tradition and economic prosperity, these conflicts usually explode rapidly and are difficult to stop. After 38 years of conflict in Cyprus between Greek and Turkish Cypriots, the two groups still have deep religious, linguistic, political and ethnic differences. Even if the conflicts were stopped, the reality of bringing about a just and long-term prosperous solution would become a daunting task for the international community and people on the ground (Table 1).

Table 1: Geographic distributions of armed conflicts in 2002

<table>
<thead>
<tr>
<th>Region</th>
<th># of countries in region</th>
<th># of conflicts in region</th>
<th># of countries hosting conflicts</th>
<th>% of countries in region hosting conflicts</th>
<th>% of world conflicts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>50</td>
<td>14</td>
<td>14</td>
<td>28</td>
<td>38</td>
</tr>
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The recent events in the Balkans have brought the question of nationalism to the European agenda again, itself a burning, sinewy and unavoidable historical problem. The issue of nationality, and especially nationalism, is present today not only as an inheritance of the past, but as a consequence of new international and national relations in Europe as a whole, and relations within its multinational states themselves. While nationalism as we know it in contemporary Europe does not have the same stature that it has in other parts of the globe (especially in
Africa and Asia), it is undoubtedly still apparent to a sufficient degree, and it is often the root cause of many antagonisms of modern day European reality. Today in Europe, it is difficult to find a country without, in one shape or another, the question of nationality and nationalism on the agenda, whether as an internal or external (international) problem. This simple fact seems reason enough for the issue of nationalism to be addressed very seriously, an issue that is ominously present everywhere and one that still “disturbs” patterns of everyday living for a lot of European inhabitants and even nations as a whole. What makes this complicated problem even worse and aggravates the situation further, as in the case of former Yugoslavia, is the attitude toward nationalism, one that regards it as a largely backward, historically anachronistic and highly negative phenomenon. This only widens the problem, bringing new seeds of mistrust. It seems, therefore, valid to ask if the nature of the problem lies in the understanding of the inner substance and spiritual impetus of national movements – should solutions be sought from the international system which can remove all restraints and restrictions on the development of national spirit and cultures and confinements on how national identity is represented and practised?

There is no doubt that today ethnicity is in ill repute; its reputation at perhaps an all-time low in the aftermath of ethnic cleansing in the formerly multicultural and multinational Yugoslavia. It is unfortunate, however, that the fear of aggressive ethnicity of the Yugoslav kind is often seen as a reason for opposing minority ethnicities in Western European democratic states (Rex, 1996). A common European Union response to the crisis and tragedy in former Yugoslavia and questions of national identity and nation state building has been lacking; this apparent indifference may be due to the domestic political problems that have been burning for long time in Great Britain (Northern Ireland), France (Corsica), Spain (Basques, Catalonia) and Italy (South Tyrol) respectively. In the case of former Yugoslavia, as well as other Eastern and Central European countries, liberation from communist rule would not have been possible without the unifying and mobilizing force of nationalism (Schulze, 1998).
Ethnicity and racial differences have often been wrongly perceived as surviving anachronisms, dating from pre-modern, traditional societies. The fact of the matter is that from the late 1980’s to the present, there has been a resurgence of nationalism, traditionalism and religious fundamentalism (giving rise to terrorism in its most extreme form) alongside trends toward growing globalization. This has manifested itself in the explosion of regional, cultural and religious differences in former Eastern Europe, as well as Africa and other parts of the world. Cultural differences thus became a new source of conflict and an important dimension in the struggle between the global and local, producing lasting confrontations that have proved deeper and fundamental than anybody previously thought (Kellner, 1998). It could be argued that the “recent” revival of nationalism, ethnicity and fundamentalism may be a consequence or a “simple” resistance to the often disruptive, unjust/unfair, impersonal and dividing nature and impact of globalization forces. The logic behind such arguments is quite straightforward: culture is far harder to globalize than technology or economy.

According to Manuel Castells, the forces of globalization are one of the more important factors that could have triggered such a defensive reaction around the world (Castells, 2002). Reactions were often unified around principles of national, territorial and, in recent cases, religious identity, where new conflicts have emerged exhibiting a surge of nationalism and fundamentalism, involving clashes of cultures and even civilizations (Huntington, 1997; Castells, 1997). In this context, feelings of insecurity are further enhanced by the growing multi-ethnicity and multiculturalism of European society, a fact which (coupled with others factors mentioned below) can trigger racism and xenophobia where people affirm their identity both against a supranational state and against cultural diversification (Castells, 1998). As a consequence of this, or as a strong side effect, direct opposition to globalization now plays a role in the search for new identity and new spirituality.
Some have suggested that religious fundamentalism is linked inextricably to all this, manifesting itself more strongly at times throughout history when global networks of power, information, wealth and prosperity bypass, disconnect and exclude large segments of societies, regions, nations and ethnic groups (Castells, 2002).

One of the pitfalls of theoretical methodology in this area of study is speculating and manipulating with abstract categories and abstract formulas in a way of abstract intuiting nationalism, religious fundamentalism, ethnic conflict and then applying it to specific situations. While categories must be properly defined, over abstraction will not lead to concrete analysis and answers. Specific differences in, for example, genesis of national-historical development should be observed. The truth is obviously concrete and we should refrain of speaking *in abstracto* terms.

The purpose here is not to probe deeper into these matters but rather highlight some of the more relevant aspects that could have caused the ethnic conflict, broken habitation and forced migrations of millions of people in Former Yugoslavia.

When communism fell in former Yugoslavia, it was replaced by an ideological vacuum in a period of uncertainty. Undoubtedly, the historical, social and political background of these peoples had been greatly shaped by the totalitarian regime, which lasted for nearly half a century. This period resulted in the overall material devastation of the country and deterioration in individual standards of living. This was reflected in the collapse of morality, a fall into an ideological, psychological and moral vacuum, leading to hopelessness, apathy, fear, resignation, disorientation and discouragement. Such moral, political and economic devastation provoked enormous inhibited frustrations and animosities that dated back centuries but were frozen during communist rule. The suppression of democratic movements in Croatia and Serbia in the 1970’s was another negative factor. The communist regime headed by Josip Broz Tito’s dictatorship turned former Yugoslavia into a kind of historical refrigerator of national, ethnic
and religious differences, which preserved deep historical disputes and an obvious civilization gap, but which also produced a well functioning buffer between the western and eastern political spheres. The negative energy that accumulated over the decades of Party rule reached “critical mass” during the worst decade of the Yugoslav economic crisis (1980–1990). Unfortunately, that same dissatisfaction and negative energy was harnessed fully by those harboring imperial tendencies within the Serbian dominated regime (either complete unitarianist governing within Yugoslavia, or the “unification of all Serbian lands”), whose aggressive and domineering social ideology was projected on the hopelessness of the submissive masses. The aggression and eventual war that this regime waged, triggered a chain reaction of nationalist, ethnic and religious antagonisms that resulted in a saddeningly great number of conflicts.

It is important at this point to emphasize that religious antagonism did not produce religious fundamentalism in the form that we are seeing today in the Middle East. The situation in former Yugoslavia was slightly different. Religion and identity did, however, inevitably become linked over the course of the conflict, although not inextricably, with the former assuming an extremely important role in the public life of the individual nations of the region. This “threat of national identity”, for all the wrong reasons, provided a backdrop for the catastrophe that engulfed former Yugoslavia and resulted in suffering and misery for millions of its inhabitants (Cviic, 1997). The nationalistic tendencies of the leaders and groups that were spearheading the conflict often blended with religion, which was then used as a weapon to galvanize support for violent conflicts between groups. Although participation rates in formal religion were low among all three groups, most members of the respective groups did identify themselves with their respective dominant religion (Powers, 1996; Huntington, 1996).

Religion also played a vital national role in former Yugoslavia, especially in Bosnia and Herzegovina. In Serbia, the Orthodox Church carried the banner of national consciousness during Turkish rule, filling the gap of the feudal class, while Croats had the Catholic Church and their own language as the twin
guardian of the national consciousness, considering themselves to be the final outpost of Western Civilization, a defensive barrier against the East. After the breakup of Yugoslavia, Serbian and Croatian ethnic groups in Bosnia and Herzegovina felt that their national identity was under threat, this insecurity promoting a need to identify with their Kin countries. The end result was, predictably, a battle for territory. Both wanted to establish strong (i.e. land) connections to their kin proper – Serbia and Croatia. In the case of Bosnians (Muslims), the situation was quite different. In Bosnia, their religious and national reawakening was at first coursed by the above mentioned post-communist ‘ideological vacuum’ but foremostly a response to Serbian aggressive national policy (‘defense of Yugoslavia’), ethnic cleansing and the possibility of annihilation at the hands of the Serbs. The nation that had never properly formed and had been defined by the so-called negative definition from the outset by the communist regime as Moslems (who are not Serbs nor Croats), was now being identified and established through religion, where one segment of the community set a course for Islamic fundamentalist waters. The overall result could be looked upon as confirmation of Samuel Huntington’s thesis on the clash of civilizations, where he observes that each nation turned to its nation-proper, having the backing of its kin country (the Western Christian world basically stood behind Croatia, while the Eastern Orthodox one backed Serbia) whereas the Bosnian Muslims were supported by the Islamic world, which represented both a “virtual proper” and kin country (Huntington, 1997). Despite all this, one has to appreciate that these conflicts in Bosnia and Herzegovina were mainly politically and economically based, with religion playing a minor role. Hence, although it was closely connected with national consciousness, religion was mainly used to mobilize the people for political, economical and territorial interests. Consequently, the Bosnian example should be viewed not so much as a war of civilizations, but more a war of ethnicities and religions.

The ethnic tolerance and harmony that once existed in Bosnia and Herzegovina, that unique and impossibly idealistic project of the communist
regime, degenerated into the worst and bloodiest conflict since WWII and the division of the country along strong ethnic lines. A cursory glance at the ethnic map of Bosnia and Herzegovina before and after the war gives one a stark reminder of the complexities at hand (Figure 2 and 3). The legacy of this terrible conflict clearly indicates that the Procrustean bed of tolerance and multiculturalism as envisaged by the European Union, cannot be achieved overnight (if ever).

*Figure 2 and 3: Ethnic majorities in Bosnia and Herzegovina, 1991 census and ethnic division after the Dayton Agreement, 1997*

Source: Courtesy of Perry-Castañeda Library Map Collection, University of Texas, Austin, 2003

**Dealing with Forced Migrants and Diasporas**

The complex, multi-faceted nature of migration gets even more complicated when interwoven with issues such as armed conflict, ethnic cleansing, genocide, rapid and forced movement of refugees and creation of *ad hoc* diasporas (groups of people, in most cases of original homogenous entity, dispersed from their homelands). The whole process of migration is a natural phenomenon, occurring throughout the history of mankind. People have moved voluntarily to more hospitable and promising locations searching for better access to economic, social, cultural, educational and environmental opportunities.
Civil conflict, persecution, and political instability also impel people from their home countries to seek safe haven elsewhere (Martin and Widgren, 1996). In cases of forced migration, such as the armed conflicts in former Yugoslavia, very few, if any, of these factors are the prevailing ones. After being forcibly ejected from their original habitat, a refugee population is solely concerned with an immediate return to the original habitat. Such a desire is normally incompatible with their dominant need at that moment (i.e. a move to stability, security and safety), which is of paramount importance if their lives are to be saved. Sometimes in these cases, it is difficult to distinguish (especially in the Bosnian example) between refugees, displaced persons and those that are moving for other reasons. One thing, however, applies to all these groups – they are, in one way or another, forced from their homelands into migration. Contemporary use of the concept homeland is predicated on the existence of a nation-state; it is presumed that since everyone is a member of a national community, he/she also feels at home there. Nikos Papastergiadis observes, however, that this definition ignores the vast number of people who have become homeless either because they have flown from their own nation or, due to historical reasons, their homeland was never constituted as a nation-state (Papastergiadis, 2000).

Migrations do not simply happen. They are produced, patterned and embedded in larger social, economic and political processes. While some individuals may experience migration as the outcome of a personal decision, the option to migrate is itself socially produced (Sassen, 1990). International migration is defined by the UN as movement from one's nation of birth or citizenship to another of the world's 192 nations for a period of 12 months or more. Migration is as old as humankind wandering in search of food, but international migration is a relatively recent development – it was only in the 20th century that the system of nation-states, passports, and visas developed to regulate and record the flow of people across borders (Martin, 1999).

People are forced to move abroad in order to survive, either because their own state is the cause of their predicament or because it is unable to meet these basic requirements. They become in many respects genuine international outcasts,
stateless, in the deepest meaning of the term: that is, the sense in which their predicament stems from distinctively political conditions (Sacknowe, 1985). They have “resettled” temporarily or permanently in strange, new and previously unknown places, amongst people that they do not know – often amongst people who do not want to know them. Unfortunately, forced migration and consequent resettlement also happens to a third (new) country. This is sometimes the only way a refugees can be guaranteed international protection cases where he or she is denied adequate protection in the country of asylum and cannot repatriate. Such cases were commonplace for migrants from former Yugoslav conflict zones. When large refugee flows occur, resettlement is generally not a realistic option except for a tiny minority of individuals or groups of people. Indeed, it is often undesirable. Many refugees wish to live near their countries of origin, not only because they prefer a familiar cultural and social environment, but also as it lends an air of realism to their ultimate goal, which is to return home. However, although voluntary repatriation is almost always the best long-term solution for most refugees, some will always require resettlement, for political and security reasons, or because of vulnerability. In some cases, there seems to be little hope of any form of repatriation, and at the same time no possibility of durable local integration into the country of asylum. In such instances, resettlement to a third country may be the only feasible option (UNHCR, 2004).

Diasporas can be viewed partly as transnational groups of emigrants living abroad in host countries, whilst maintaining economic, political, social and emotional ties with their homeland and other diasporic communities of the same origin (Faist, 2000; Tambiah, 2000). The concept of diaspora involves the notion of return to an original homeland whereas, in point of fact, many migrant communities have no such intention (Rex, 2001). In the current discourse on diasporas, confusion might arise because of the multiplicity of meanings assigned to this concept. William Safran has investigated major dimensions or parameters that identify key variables applicable to the analysis and explanation of diasporic phenomena. According to him, the diasporic phenomenon is a collective forced dispersion of a religious or ethnic group, often political in nature, where an
important role is played by collective memory, which transmits both the historical causes of the dispersion and a specific cultural heritage. These people also feel a sense of alienation in their host country and at the same time and idealization of their homeland as a place to which they will return. Additionally, they retain relationships with the homeland whose existence supports their own ethno-communal consciousness and solidarity (Safran, 1991).

Diaspora is a word most familiar to historians investigating the Jewish community, and it is therefore unsurprising to find a direct ascendant of this term in the history of Jewish dispersion (to describe communities suffering traumatic social and political experience). For our purposes, it means people of any culture who have dispersed from a former concentration, with their own cultures and languages (Mudimbe and Engel, 1999). The main features of diasporas (such as a history of dispersed memories of homeland, alienation in the host country, desire for eventual return, ongoing support for the homeland and a collective identity) become even more conflicting and counterproductive in the case of limbo diasporas (the example of the Cuban diaspora in United States being the exception, where positive attitude and contribution to the new surrounding is the norm). This probably presents the gravest long-term consequence for forced migrants in a multi-ethnic, armed induced conflict, where the homeland never attains a level of stability sufficient to ensure a safe return. As such a situation may last indefinitely (as was the case in Bosnia and Herzegovina due to delayed political solutions and prolonged insecurities) the migrants affected tend to gravitate towards the formation of what may be referred to as “Limbo Diasporas”, i.e. people who never become fully integrated (for the most part), whilst remaining alienated from their original homeland (even in the cases where they return).

The 1990s were a decade of all-pervasive conflict in ex-Yugoslavia, which took a truly disproportionate toll. Nearly one tenth of the combined population of Bosnia-Herzegovina, Croatia and the Federal Republic of Yugoslavia, a UNHCR-estimated 1.7 million people, remain displaced and in need of a lasting
solution. The NATO intervention in the Federal Republic of Yugoslavia and Kosovo in 1999 has created an enormous movement and influx of refugees of not only Kosovars (some 800,000), but also residents of Yugoslavia seeking asylum primarily in EU countries.

Such international forced migration clearly creates detachment from a territory and detachment from one’s own ethnic community. The creation of these diasporas is based on foundations of suffering and trauma (which led to the dispersal of members of an ethnic community), who nonetheless aspire to return to their homeland (Rex, 1997b). For those that may never return, integration becomes the preoccupying force of sustainable survival and assimilation – the only other option being complete isolation and inner-segregation. In the case of forced migrants, international refugees, and involuntary displaced persons, i.e. in the case of people from former Yugoslavia, the conversion into real diasporas may well never happen, mainly due to complication arising from their constant outlook on the situation, namely seeing it as a temporary one and envisaging a return to the homeland when the political situation and circumstances change.

“Limbo Diasporas”

One aspect of the problem of immigration of Bosnian refugees to Sweden shall now be briefly addressed, namely difficulties encountered concerning the creation of social capital from within that diaspora, which could subsequently be used to support democratic processes and economic recovery in their homeland. This particular aspect has been chosen not because of any specific importance, but because it acts as a perfect backdrop upon which the fundamental features of the limbo diaspora may be highlighted. Needles to say, the possibility of a sustainable return to the homeland is a fundamental precondition for any discussion on these matters.

It would go beyond the framework of our present discussion this complex and difficult problem was analyzed in great detail, and therefore only a few of the most salient issues shall be dealt with here. The real difficulty in presenting some
of these points is, of course, the complexity and multifaceted nature of the subject itself and the inapplicability of definite, precise theoretical schemes and scientific methods to the subject. Therefore, some of the assertions in such a discussion should be taken as amounting to no more than a declaration of principle, i.e. without precise recommendations in terms of application or policy making. Having said that, even such a declaration, may contribute to decisive determinations arising in decision-making frameworks. Any further talk, though, without precise, quantitative investigation of these determinations would lead us into the realm of unproductive speculation and conceptual confusion. Evidently, an element of speculation is unavoidable, but it would be pointless to discuss these matters without referring to precise quantitative analyses of the diaspora and homeland.

Only in this way is one able to further elucidate on some of the basic assumptions concerning the scope and value of social capital, which can be “produced” by diaspora in the process of democratization in the homeland. What is decisive here is an evaluation of the real extent and value of such social capital, given the unlikelihood of any sustainable return to the homeland. Therefore, the starting point for our analysis must be firmly rooted in reality, reflecting the situation on the ground as it stands today, rather than concentrating on abstract “what ifs” and predicting future developments.

As has been often repeated in much of the theoretical writing about emigration and refugees, a diaspora exists when “an ethnie or nation suffers some kind of traumatic event which leads to the dispersal of its members, who nonetheless, continue to aspire to return to the homeland” (Rex, 1997a; Braziel and Mannur, 2003). Although the term diaspora has been loosely used, the above description can be quite accurately applied to Bosnian (predominantly Bosniac – Muslim) refugees in Sweden. Bosniacs as a national (or ethnic) group have been dispersed across many countries (and several continents). Moreover, all these groups from Bosnia and Herzegovina (Serbs, Croats and Muslims alike) have suffered a clearly traumatic experience, and most of them are still primarily concerned with the possibility of a return, sooner or later, to their homeland. The
The diaspora of Bosnia and Herzegovina is a clear-cut case of dealing with groups of migrants from economically inferior (backward, underdeveloped, etc.) to economically successful countries: Europe, Scandinavia, USA, Canada and Australia (at least in the great majority of cases). It is not quite clear how many of them have a strong desire to return to Bosnia and Herzegovina and how many of them simply seek assimilation in the country of settlement, retaining some kind of myth of return.

What then, beyond family, are the other social and cultural links of the diaspora in Sweden? How can its structure be understood? Do they see their present situation as temporary, envisaging a return to the homeland when political, material-economic, and social circumstances change? Given their (geographic) isolation from their fellow nationalists, are they necessarily nationalistic in their outlook? What is the percentage of those who cannot envisage such a change in political circumstances at home (with regard to democratization, the rule of law, legal protection, human rights, welfare state, economic prosperity, living standards, the fight against corruption, crime, etc.) and are committed to finding a new life in the country of refuge? Answers to these questions are not easy to come by. Looking first at the country of origin, the real obstacles to the “diaspora – social capital” should first be identified there. What divisions exist in the homeland in terms of nation, religion, ideology, culture and social psychology? What kind of democracy and political system is at work there? Is multiculturalism really alive? To partly understand these issues, the underlying factors for the migrants their flight from their homeland must be established, factors which are connected with both the possibility of return and the socio-cultural and politico-economic context of the host country. Answers to these questions may then provide us with a better understanding of why this group can be considered as a Limbo Diaspora.

It is self-evident that these people from Bosnia and Herzegovina moved to new countries against their will; in other words, they were forced to leave for various reasons: prosecution, armed conflict, ethnic cleansing or, sometimes,
simply insecurity. They were completely unprepared for integration into a new (Western European) context. Being dispersed outside the traditional borders of their homeland also meant settling in a place with a completely different cultural and political matrix. The move represented, to use Alvin Toffler’s words, a “Future Shock” for this dispersed group, who, on making a jump, were confronted with a completely different situation to the one they left behind. A great number of people lost the essential elements of their livelihood, having no means of returning or reclaiming what was theirs. Already in a state of flux, the group’s confusion was further compounded by a cultural, economic, social and intellectual shock. The question was whether these two contexts would work together and, if so, what kind of integration or disintegration could be expected? Sweden generously opened its gates to some 60,000 refugees (migrants) from Bosnia and Herzegovina, who, over the course of time (some 10 years), started to “become” part of Swedish society.

The other difficulty facing refugees from Bosnia and Herzegovina living in Sweden, is the attitude of the nation state towards this diaspora settlement. Are the Swedes welcoming hosts? What kind of nationalism do refugees experience in Sweden? What is the central theme of political culture in Swedish society? There is a number of factors which impact directly on a diaspora group: democracy, open society, welfare state, human rights, equality, equal opportunity, rational and empirical society, material productive civilization, postindustrial and technological, network society, social security, environmental policy, the rule of law, democratic public opinion, free press, etc. At the same time there exist many other aspects to Swedish society which are more reminiscent of the socialist political culture which was prevalent in their former homeland: collectivism, principles of equality, solidarity, anti-elitism, conformity (displayed via reaction against standing out and departure from accepted norms), over creativity, freedom of individual undertakings, etc.

The results and influences of the diaspora of Bosnia and Herzegovina in Sweden are to be found mostly in the power of (mono-ethnic) institutions created by them: organizations on different levels, collective groups, clubs, unions,
associations, administrations, committees, forums, etc, (all of which are reminiscent of those once existing within the former Socialist Republic of Yugoslavia, representing a strong link with the totalitarian foundations of the homeland). In terms of an ideological consensus, Swedish society tends to recognize the possibility of separate cultures co-existing, although this is deemed to be a private sphere in which the state should not interfere. Religious tolerance is therefore the norm in Swedish society (as is the case in most western countries).

Such a tolerant outlook is the result of a secularization of politics and education. Refugees from Bosnia and Herzegovina have created a unique, specific and hybrid diaspora: their ex-Yugoslav collectivist mentality, based on a more rigid style of socialism, has been unable to fully comprehend and adapt to the Swedish (collectivist) model of egalitarian society. Consequently, the diaspora lives in a kind of limbo status: in the middle of nowhere, towards the road to somewhere. In short, having shed their communist social being, the refugees were subsequently incapable of integrating in the freer, democratic society of their Swedish hosts, a society founded on traditions of enlightenment individualism.

What seems to surface as the fundamental problem of the Bosnian limbo diaspora in Sweden is that it has attained some elements of democracy with Swedish specificum. Following the fall of communism, this group did not have sufficient time for the consciousness of social being to mature, especially when still carrying the burdens of a totalitarian system on its back, a system which for decades had dictated the psychological makeup of its citizens. Accordingly, the totalitarian consciousness becomes more interesting as a socio-psychological category then an ideological one, creating a negative bias in the democratization of post-communist societies like former Yugoslavia, the repercussions of which are clearly visible in the lives of the Swedish diaspora group. Coupled with that, we have the classical notion of diasporic consciousness (Cohen, 1997), where the diaspora identifies mainly with the ancestral homeland and with people of their own origin, both in the homeland and the host country. This also creates problems for sustainable integration and interaction and leads to both forced and self-induced alienation and segregation. As Castles and Davidson observe, this is one
of the four natural variants of ethnic consciousness, which also include assimilation, separatist consciousness and transcultural consciousness (Castles and Davidson, 2000). The impossibility of reintegration in the homeland, non-acceptance of new surroundings and the loss of an irretrievable system of values belonging to a defunct regime are the main features which combine to confer limbo status upon the diaspora and the vacuum wherein they reside.

Two problems which are to be expected in the long run in any of the receiving societies (host country) are those of xenophobia and racism, with ghettoization as an obvious accompanying phenomenon (opportunities in employment, social networks, etc.) on the one hand, and assimilation on the other. An irrational fear of foreigners or strangers appears in situations of economic crisis, high unemployment, protruded social welfare, cultural differences, loss of national identity, etc. In general, the terms xenophobia and racism are quite broadly defined applying to an array racial issues: racial and cultural abuse, forms of racial and ethnic discrimination, which, for example, deprives immigrants or invandrare of equal rights, social and legal rights of immigrants, political rights, minority identities and minority cultures, the right to maintain their own culture, and so on. It is at this point that multiculturalism enters the frame.

Multiculturalism involves, in principle, both an attempt to bestow full (equal) rights upon minorities and recognition of their right to maintain their separate cultures. Usually multiculturalism implies the existence of a private and communal sphere within which the government need not interfere. An unexpectedly large influx of refugees and the consequences thereof, coupled with an inevitably manufactured process of multiculturalism can trigger xenophobia and racism. Recognition of the globalization of economic activity and the need for the protection of immigrants’ civil rights and their full integration into the host society is a point made by Saskia Sassen, who states that a nation’s attitude towards migrants (i.e. either welcoming them as guests or disparaging them as aliens), is often based upon the reasons behind their immigration (Sassen, 2000).
The emergence of multiculturalism as a prominent term in Western discourse concerning ethnic conflict coincides with increasing awareness in Western industrial societies, especially over the last two decades, that ethnicity had not lost its saliency in the lives of large numbers of people. This is extremely important for groups such as Limbo Diasporas. In its strict sense, multiculturalism can be workable as a basis for social cohesion and integration. However, it is not the only way in which social cohesion can be achieved within a context of ethnic diversity (UNESCO, 1995). Multiculturalism, with its three flagships of respect, equality and diversity tends to promote coexistence between diverse ethnic groups in the social structure of society, recognizing its members and communities as equals. It also advocates and ensures that all citizens can keep their distinct cultural identity, take pride in their heritage and have a sense of belonging. This approach, however, can simultaneously heighten ethnocentrism, ethnoexclusion, and ethnonationalism, which amount to a destructive factor in the integration and building of a nation (Watson, 2001). Ethnicity, with its negative offspring (negative ethnic political aspirations, discrimination, violation of human rights, hatred, suppression of minorities, tension, and ethnic conflict and violence) poses a challenge to the fundamental principles of multiculturalism including racial and ethnic harmony, cross-cultural understanding, promotion of innovation and creativity, discouragement of ghettoization, etc.

Any effort to formulate policies of managing ethnically and culturally diverse societies needs to consider not only the specific programs and practices but also the social context and the objectives of the State and its citizens. Successful management of multiculturalism and multiethnic societies requires not only a democratic policy, but a struggle against social inequalities and exclusion (UNESCO, 1995).

There are also political aspects to consider when considering a diaspora’s possible return to its homeland. Currently in Bosnia and Herzegovina, the political climate is still opposed to the idea of expatriates coming home. There are also analytical and quantitative problems associated with the possible return of
professionals to different areas and positions. Recently, the parliament there, in a decision which is sure to have profound ramifications for its diaspora, rejected the notion of dual citizenship. This unfavourable outcome was yet another cruel blow aimed at the long-suffering diaspora, who now appear destined to become the country’s neglected, disregarded and forgotten citizens. It is through such acts of gross insensitivity that the character of the Limbo Diaspora is shaped. The political situation is deeply affected, if not completely defined, by de facto protectorate status of Bosnia and Herzegovina. The country is a unique phenomenon in Europe: the combination of a former parliamentary democracy and free elections under the “dictatorship” of the international community. The government is itself ruled by the dictates of the EU, who maintain a firm over the protectorate using a heady blend of threats, blackmail and sanctions, the eventual goal being to bring Bosnia and Herzegovina “up the speed” with the rest of Europe. Unfortunately, however, the catastrophic economic situation in Bosnia and Herzegovina and its overall material misery are a very weak foundation for the strengthening of democracy, at least when looked upon from social and sociological viewpoint. To make matters worse, the social and individual sociology – social capital – is in an unrecognizably poor state. This (post)-traumatized society has lost a great deal of professionals, as well as its young. Those left behind are faced with an uncertain existence: diminished material means, low wages, high unemployment, frustration, apathy, resignation, physical and mental fatigue, despair, hopelessness and physical and mental illness in the wake of the horrible period of war and post-war traumas. Understandably, perhaps, attitudes formed in such a climate towards the diaspora tend to be very negative. The divisions within Bosnian society, mistrust, corruption, the strong communist heritage, political defragmentation and the EU dictate are some of the underlying reasons for the lack of democracy which aggravates an already volatile situation. Those that can make a change for the better (i.e. create social capital) – the young – seem to have only one strong motive today: to leave as soon as possible, perhaps to join the growing ranks of what appears to be a new migratory phenomenon: the Limbo Diaspora.
Towards Social Rehabilitation, Ethnic Healing and Acceptance

According to the UNHCR, in the past 24 months close to 150,000 refugees have returned to “minority areas” in Bosnia and Herzegovina. This is still a very low number and, for reasons mentioned earlier (insecurity, instability and lack of prosperity), this trend is continuing at a very slow pace. As the country is still in a state of dysfunction, the international quasi-protectorate will have to remain in place for the foreseeable future until a consensus solution can be found where all those wanting to return can truly do so. It should also be stated that, in the context of a permanent political solution, it would be unjust and counterproductive to try to solve these problems by applying new or other forms of pressure or violence on ethnic communities, as that can only have a counter-effect. The international community can mediate and assist in nation building or even in promoting civil societies, but cannot enforce such solutions by any means. Promoting job creation and prosperity so that people have a productive outlet for their energies and a chance to build a better life is a sine qua non for any rehabilitation of these areas and for the return of refugees. The second, parallel factor is the political stability and a just solution for everyone in the coming years.

The most difficult post-conflict reconstruction is that of the social fabric. Settlements, buildings and infrastructure are usually the priority areas when it comes to rebuilding from the ashes of war. The torn social networks, however, are extremely hard to recreate and often trust lost can never be regained, precluding any real return to normal habitation.

As human relationships come under the microscope and are central to any long-term peace building effort (as well as for the “possible” return of parts of diaspora), they must be guided, as Sultan Barakat points out, by goals of hope, healing and reconciliation. These three factors become underlying tiers in the

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1 According to the Ministry of Human Rights and Refugees of the Council of Ministers of Bosnia and Herzegovina (September 2002), seven years after the signing of the Dayton accords some 613,700 refugees are still to be found in more than 40 countries around the world. The number is actually much higher if one takes into account those that have received citizenships and that most of these refugees were registered between 1992–1995.
social reconstruction process (Barakat, 1998). Hope is found in the cessation of hostilities as well as in initial reconstruction, relief operations and sustained involvement carried out by the international donor community. Healing is of a more complex nature and can only be realized through comprehensive mid to long-term multi-faceted strategies for ending violence and subsequent rehabilitation of communities.

The driving force in encouraging (and even initiating) healing is helping the afflicted population to deal with the social, political and economic problems and chaos that usually surrounds them in these cases (Staub, 1996). The important thing is to bring back the feeling of community and stripped spatial identity, whilst simultaneously providing the afflicted population with a sustainable livelihood and economic base. These processes need to be initiated in the hope phase. The creation of significant bonds between the antagonistic groups (ethnic or religious) needs to be facilitated, together with the assistance in dealing with social, political, economic problems (Staub, 1996). On the other hand, healing cannot take place in a forced, hasty manner, as the international community attempted in the case of Bosnia and Herzegovina, where such a policy has only resulted in even more tensions, distrust and violence. Instead, the healing process must be administered and overseen in a way that respects and addresses the needs of the individuals and afflicted groups in a just and fair manner, with policy being dictated by the state of affairs on the ground at any given moment, rather than some overall gameplan.

Post-conflict processes also need to address the issue of mistrust and betrayal. The healing process needs to focus around more emotional issues such as mistrust, hatred, fear and grief through activities like testimony (addressing the problem of truth), open dialogue (various ethnic dialogue groups), process of grief (mourning process on an individual level) and forgiveness and reconciliation (long-term process of forgiving not forgetting). In this respect, the healing strategies employed must include individual, family and community levels in order to overcome, or at least alleviate, fear and mistrust. One of the most crucial factors, of course, is time, time needed to heal and to forgive. Without sufficient
time allowed for healing and reconciliation to occur naturally, the whole effort will be stillborn. (Agger and Jensen, 1996).

Reconciliation represents the third tier in the social reconstruction process. It should comprise of initiatives, measures and actions denoting the point of encounter where concerns about the past and the future can meet, i.e. acknowledging and adequately addressing the past as well as envisioning and keeping the future firmly in focus are the necessary ingredients for reframing the present (Lederach, 1997; Barakat, 1998). For this to happen reconstruction initiatives that bring structural changes with enabling actions (i.e. swift practical mechanisms on the ground) must be invoked in order to deal with trauma, prejudice, discrimination and all other aspects of antagonisms. The keyword “aspect” is focused on building relationships between the antagonists (Lederach, 1997). A profoundly important aspect of prevention and long-term reconciliation is the problem of raising children in an inclusive way (key role of education), also known as positive socialization (Staub, 1996). For the threefold aspect of social reconstruction (hope, healing and reconciliation the aftermath of ethnic violence) to work, there must be just, equal and adequate involvement of all antagonist parties, while the international (reconstruction) community must function as the initiator, mediator and facilitator and not be seen as an imposing entity.

Some Conclusions and Discussion

In former Yugoslavia, the primacy of a nation united by bonds of blood has been demonstrated by violence, atrocities, mass murders and ethnic cleansing. This has led to the mass neurosis of “integral nationalism”, to the conviction that the nation inevitably embodies the supreme values of a community and that this community is manifested only in an ethnically pure state (Schulze, 1998). Subsequently, as passions cooled, it became apparent that national identity and sovereignty alone are not and cannot be sufficient. It appears, then, that integration and globalization of nations and their inhabitants also has role to play, but only if the citizens affected are the subjects (as opposed to the objects) of any
such integration. One of the reasons for this integral nationalism might be the fact that most of the people of South Eastern and Central Europe are victims of insecurity, having seen (especially in the recent past) their national identity, language, and historical culture threatened. In Western Europe, most of the major nations have for generations felt secure in their identity within their established nation states. That was not the case for many Eastern Bloc countries, especially not for the nations of former Yugoslavia. There, history has left much unfinished business and has left millions of people cut off from their “home nation”.

Partition in the post-ethnic conflict context seems a very unviable solution on paper, as in the cases of Bosnia and Herzegovina, Kosovo and even Macedonia. As a remedy, it is rarely sought due to the near impossibility of creating homogenous successor states. In other words, it is extremely difficult to draw clean dividing lines between ethnic groups (Burg, and Shoup, 1999). But, though hard it seems, partition needs to be acknowledged as one of the possible solutions for the situation on the ground if it enables people to return and (re) build new and destroyed habitats. The past 30 years has seen the fragmentation of several countries and states, usually along ethnic lines. In some respects, it is no wonder that “irrational” and artificially created borders are often the roots of many ethnic and inter-state conflicts. The rationale behind any partition can only be found in total consensus of all parties involved, a matter to be resolved by an internationally accepted redrawing of boundaries but foremostly by a referendum and consensus between the afflicted parties. It seems that in the case of Bosnia and Herzegovina these partitions amounted to little more than de facto changes based on rights of conquest, and their dubious legitimacy could eventually cause more misery, mistrust, violence and ethnic cleansing. In sharp contrast, the example of almost all European Union countries and their subsequent tranquility post-1945, testifies to painful, but necessary redrawing and partition.

It seems that the Balkan region presents an almost intractable problem for the international community, whose apparent impotence is compounded by the fact that foreign powers no longer have a stake in a land that has lost its strategic
value and, at least for the moment, does not offer any strong new business
incentive to outsiders. Undoubtedly, progress towards European Union
membership will be slow and painstaking, and, in the absence of the necessary
capital investment required to kickstart the economy, the global significance of
the region has diminished to a seemingly terminal unglamorous and peripheral
role, with only their resources to rely on for the foreseeable future (Cviic, 1997).

This paper has tried to give an overview of some of the key themes in the
current discussion related to ethnic conflict and especially the plight of refugees
and displaced persons. It is advantageous to tackle these issues, even though one
realizes the difficulty of dealing with this subject, its nature and complexity of
scope. There is an obvious need for more research in this field, to study these
multifaceted issues and see how much bearing they have on the discussion of
forced migration and refugees. The paper tried to cover a rather wide range of
very important topics, seeking to relate the large scale forced migrations of the
contemporary period to a resurgence of cultural specificity and ethnicized
nationalism as counterpoints to globalization, then reflecting this upon the new
concept introduced here – that of Limbo Diasporas. Although the scope of this
discussion covered many crosscutting variables, such is the nature and extent of
the phenomenon and a failure to address all the relevant issues would be to
underestimate the complexity of the problem.

It seems that more emphasis needs to be given to a novel argument that
attributes the revival of nationalism and ethnicity, especially in the light of the
fairly recent explosion (after the events of 11th of September) of religious
fundamentalism, to a surge in resistance to the disruptive, impersonal impact of
globalization (Castells, 2002; Scruton, 2002). The hard logic behind this train of
thought lies in the fact that local culture seems much harder for globalization to
subsume than had been previously thought. Indeed, the feelings of fear and
insecurity shared by many small nations suffering identity crisis have, in recent
times, often mutated into something much more sinister, resulting in a strong
revival of ethnicity, nationalism, and even international terrorism can have a very
strong foundation. The process of globalization cannot be solely blamed, but the gap it has produced between the “haves and the have nots”, has not helped, leading instead to a growth in poverty, dictatorship and autocratic regimes, as well as religious fundamentalism and conservatism and the exclusion of whole fragments of societies, with each factor in turn reinforcing the other. Religious fundamentalism is an inevitable consequence of perceived threats to a nation’s ethnicity, identity and character, filling the ideological void created where political oppression, cultural and intellectual stagnation have set in and social and economic despair cripple the people.

Stephen Castles and Alastair Davidson have observed that an important aspect of globalization is that it has undermined the ideology of relatively autonomous national cultures, constituting a force that works, and therefore against nationalism itself. In many respects, autonomous national cultures were largely a myth as virtually every nation-state is made up of a number of ethnic groups, with distinct languages, traditions and histories (Castles and Davidson, 2000). On the other hand, the increasing impact of globalization and the dynamic changes involving population movements will inevitably produce newer forms of ethnic contact and dynamic pressures for internal changes. The potential for ethnic conflict to remain a major social phenomenon is unlikely to end (UNESCO, 1995).

The resurrection of ethno-nationalism could also have been motivated to some extent by a rejection of homogenization and westernization associated with some forms of globalization. A raising of regional, ethnic and local levels of self-consciousness may be seen as a reasonably efficient means to prevent some of the unwanted effects of globalization. The difficulty is that globalization can also provide solutions for underdevelopment, backwardness and provincialism, democracy and human rights. It is also true that in such a complicated world of global networks, people tend to regroup around their primary identities: religious, ethnic, territorial and national.
The paper tried to avoid, as much as possible, falling into the trap of over-normativism and has ignored the currently fashionable notions that “certain questions do not even need to be asked at all” and “we do not have to create unnecessary problems for ourselves”. Its purpose was to create an arena for analysis, a thinking discourse, which would take the most pertinent components of discussion into consideration, making them the focus, i.e. thematizing. Even though this was beyond the scope of the paper, the discourse nonetheless tried to stress these complex issues, as well as provide pointers for the case of Bosnia and Herzegovina, a place of diverse ethnic groups, different religions, separate lives and of dispersed and lost citizens in limbo status.

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REFERENCES


Tigran Hasic

**ETNIČKI SUKOB I PRAVO NA POVRATAK LIMBO DIJASPORE: VIŠESTRUKI POGLEDI NA SLUČAJ BIH**

**SAŽETAK**

U članku se razmatra fenomen izbjeglica i preseljenih osoba u procesu prisilnih migracija kao posljedice velikih nesreća koje je prouzročio čovjek. Premda neke ovdje predstavljene ideje mogu imati širu primjenu, težište je na postkonfliktnim zonama bivše Jugoslavije, odnosno BiH. Pitanja etničnosti i nacionalizma u okviru preseljenja, premještanja i imigracije u članku se rabe kao pozadina na koju se kratko reflektiraju i pitanja o globalizaciji. Namjera nije pokriti širok raspon vrlo važnih tema, nego samo prikazati probleme koji se javljaju u suvremenim masovnim prisilnim migracijama do ponovnog oživljavanja kulturne posebnosti i etniciziranog nacionalizma kao opreke globalizacije. Uvodi se pojam »limbo dijaspora« za bosanske izbjeglice u Švedskoj slijedom refleksije i povezanosti s prije navedenim konceptima. Članak završava nekim preporukama i otvorenim pitanjima o društvenoj rehabilitaciji i etničkom liječenju, te donosi neke opće zaključke.

**KLJUČNE RIJEČI:** izbjeglice, prisilna migracija, globalizacija, etničnost, limbo dijaspora
Cet article étudie le phénomène des réfugiés et personnes déplacées dans le processus de migrations forcées, conséquence des grands désastres provoqués par l’homme. Bien que certaines idées présentées ici puissent s’appliquer de façon plus large, elles sont focalisées sur les zones d’après le conflit en ex-Yougoslavie, plus précisément la Bosnie-Herzégovine. Les questions de l’ethnicité et du nationalisme dans les déplacements, la réinstallation et les immigrations des communautés apporte ici une toile de fond sur laquelle se réfléchit également la question de la globalisation. L’intention de l’auteur n’est pas de couvrir un vaste spectre de thèmes brûlants, mais seulement de mettre le doigt sur les problèmes qui se manifestent dans les migrations massives contemporaines, jusqu’à la résurgence de la spécificité culturelle et du nationalisme ethnicisé en tant que contrepoids à la globalisation. L’auteur introduit la notion de diaspora « dans les limbes » pour les réfugiés bosniaques en Suède, à travers une réflexion et une mise en rapport de ce cas avec les concepts précédemment exposés. L’article s’achève par quelques conseils et questions ouvertes sur la réhabilitation sociale et la cicatrisation ethnique, et fournit quelques conclusions générales.

MOTS CLÉS : réfugiés, migration forcée, globalisation, ethnicité, diaspora « dans les limbes »
Paper IV

Title: New Outlooks on Managing and Governing Post-War Disaster Regions: Some Reflections on the Cases of Bosnia and Herzegovina and Kosovo

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New Outlooks on Managing and Governing Post-War Disaster Regions: Some Reflections on the Cases of Bosnia and Herzegovina and Kosovo

Abstract

Within developing societies recently recovering from war, people operating at the community, city or national levels are pressed to deal with reconciliation, development, reintegration and security. Changes and advancements are already at our front door in political philosophy, technology, communications, infrastructure, and shifts in attitudes and behavior of people. All of this will affect cities, regions and communities, and basically alter the requisites for future planning and roles of professionals. Post-disaster planning in the new millennium is needed to assist people and communities to manage change by all the techniques and skills that it possesses.

In progressive crisis situations, like in the case of Bosnia and Herzegovina, there is a need for progressive methods and new approaches, especially if the systems in use are not producing necessary results and changes. The situation where the primary objective is the rebuilding of livelihoods and rebuilding a community in a traumatized setting, a holistic way of looking at the ‘big picture’ is a sine qua non for any sustainable development effort. Since the establishment of the UN Administration in Kosovo in 1999, a lot has been achieved and there are many successes to quote but a lot of difficult and complex problems ahead. The paper draws attention to such situations, which require interdisciplinary approaches and the collaboration of different professional actors. In order to structure the complex question of post-disaster reconstruction in a more systematic way, a conceptual interdisciplinary model called SCOPE could be developed for rebuilding cities and communities.

This paper points out that a model like SCOPE could further assist in the post-disaster crisis situations offering a possibility to enhance impact on ground in war-torn regions. The paper also looks at the current problems of governance in Bosnia and Herzegovina and its importance in combating social and ethnic exclusion in post-disaster environments as the wheel for sustainable development.

Keywords: Strategic management, man-made disasters, democratic governance, systems approach, reconstruction, Bosnia and Herzegovina, Kosovo.

Introduction: The Times Behind and the Times Ahead

During the four-year long war, Bosnia and Herzegovina has suffered an almost complete destruction of its physical and social infrastructure, political structures, economic systems, as well as suffering environmental degradation in the process. In general the urban fabric suffered heavy damage with some areas completely devastated. In the aftermath of ethnic violence, the country and its people have been faced the challenge of post-war reconstruction, rebuilding of livelihoods and the difficult process of reconciliation. The real challenge presented itself in rebuilding war-torn urban and rural communities with a goal of offering a healthy, safe and sustained environment to the population that was forced to leave (refugees and internally displaced) and the ones that remained. Since the Dayton Agreement the international donor community (headed by EC, The World Bank, USAID, and others) has been heavily involved in the reconstruction of the country. The country still mostly survives on foreign aid. Some 5

* AUTHORS’NOTE: This is a revised and completely updated version of a paper presented at the 41st Congress of the European Regional Science Association (ERSA), June 2001 in Zagreb-Croatia. The authors would like to acknowledge the helpful comments of the discussants, whose insights we have tried to incorporate in this version of the paper. The opinions expressed in this paper only reflect those of the authors and not of the institutions to which they are or were affiliated.

1 A traditional peace treaty consists of a cease-fire and arms reduction and boundary demarcation agreements. Dayton went far beyond these goals to create a state, comprised of two multi-ethnic entities. Dayton's aim was to not only stop the fighting, but to reverse ethnic cleansing and provide a blueprint for a new, unified country. Significant portions of Dayton remain un-implemented and the future outlooks are that it will come under serious revision soon. For a full text of Dayton Peace Agreement (Dayton Peace Accords) documents initiated in Dayton, Ohio on November 21, 1995 and signed in Paris on December 14, 1995. For more information, please go to the US State Department: http://www.state.gov/www/regions/eur/bosnia/bosagree.html
billion dollars have been spent in just the 5 years process (although the numbers go even up to 15 billion in the 8+ years). Thus Bosnia has become largely dependent on foreign aid, and there are few signs of sustainable development. The bearing idea was that the social and political stability would be greatly enhanced through the achievement of sustained economic growth. On the other hand that can only be achieved with a stable and secure environment for the private sector, especially through democratic reform and built-up of stable governance systems. Democratic reform and governance are still imposed, controlled and regulated in a *protectorate* fashion by the OHR\(^2\).

That there is no realistic alternative to the current *de facto* international protectorate in Bosnia and Herzegovina (Stoessel, 2001) is not a plausible argument. Alternatives must be found, especially if the current systems are not producing results and if the will of the people is being flagrantly neglected. Bosnia and Herzegovina was not supposed to become a *de facto* protectorate [A state or territory partly controlled by (but not a possession of) a stronger state but autonomous in internal affairs\(^3\)]. The Organization for Security and Co-operation in Europe\(^4\) (OSCE) was only expected to supervise the first state-level elections. But with the victory of nationalist parties and massive obstruction of the peace process, the OSCE stayed on (Stoessel, 2001). The same is to be said of the Office of the High Representative (OHR) that oversees the implementation of civilian provisions. The High Representative still also has the power to impose legislation and remove officials who obstruct the implementation of the Dayton Accords. What is more alarming is the current situation of the reconstruction and development in the country. Unfortunately on the overall (with all the years and resources and human capital put behind it), the whole reconstruction process has and is failing badly. Certainly there has been progress made in Bosnia and Herzegovina, and that cannot be ignored. Advances have been made in rebuilding key infrastructure, increasing public safety, establishing the rule of law and strengthening local authorities. But the provision of through-going modernization, development of respective economies, societies and political structures, as well as the return of over a million refugees and displaced persons have been lagging immensely.

In the light of such an overwhelming international input and mobilization of resources, there is very little to show for this, as many analysts call it, ‘*shower of gold*’ (According to the OHR, the International Community has invested 17 billion Euros in BiH) The local actors also share a large bulk of this blame. Fundamental things as political cohesion and stability, stable governance systems, employment generation and growth, privatization, housing (re) construction and renewal, return of refugees and displaced persons, fight against corruption, clearing of land mines, etc, have all been lagging, if not in many respects failing miserably. But, yet the worst consequence and most probably the fundamental prerequisite of this process – the real reconstruction of the damaged social fabric (and the constant outflow of professionals) – is still not

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\(^2\) The position of High Representative (OHR) was created under the General Framework Agreement for Peace in BiH (Dayton Peace Agreement) of 14 December 1995 to oversee implementation of the civilian aspects of the Peace Agreement. In pursuit of his mandate, and at this stage in peace implementation, the mission of the High Representative is to work with the people of BiH and the international community to ensure that Bosnia and Herzegovina is a peaceful, viable state on course to European integration (OHR, 2004 [http://www.ohr.int]).

\(^3\) In reality, in Bosnia and Herzegovina it means an unlimited authority of an international mission to overrule all of the democratic institutions of a sovereign member state of the United Nations (Knaus and Martin, 2003).

\(^4\) The Organization for Security and Co-operation in Europe (OSCE) is the largest regional security organization in the world with 55 participating States from Europe, Central Asia and North America. It is active in early warning, conflict prevention, crisis management and post-conflict rehabilitation. The OSCE approach to security is comprehensive and co-operative: comprehensive in dealing with a wide range of security-related issues including arms control, preventive diplomacy, confidence- and security-building measures, human rights, democratization, election monitoring and economic and environmental security; (OSCE, 2004 [http://www.osce.org]).
happening (Hasic, 2003). The palette of lifestyle improvements, for victims of this terrible disaster, promised by the international community have more or less never materialized. Things cannot be just done and then conclusions drawn from the lessons learned. There is just not enough time for this process to be repeated over and over again. Things need to be in place at the earliest possible time as people’s livelihoods are at stake and the future development of the respective country. The international community was reminded in Kosovo that the Dayton Agreement, which had ended the wars in Bosnia, did not put a lid on instability, ethnic competition, territorial claims, underdevelopment and poverty in the region. Moreover, this has taught us about the important roles that need to be played in the region by non-military organizations - in particular, the European Union, the Organization for Security and Cooperation in Europe (OSCE) and the United Nations (Schnabel and Thakur, 2000).

The Kosovo Capsule – A Spotlight on Re-building and Re-construction5

After 78 days of armed conflict between the NATO and the Yugoslav forces, in June of 1999, the United Nations Interim Administration Mission in Kosovo (UNMIK) was set up. UNMIK inherited a province severely ravaged by war and suffering from a host of socio-economic, ethnic and development problems arising from about four decades of communism and about a decade of chronic ethnic discrimination and financial mismanagement. Destruction to life, property and businesses were of huge proportions at the end of the war. Much of province’s key infrastructures such as transportation, roads, bridges and communications were left damaged or destroyed. They were already in a poor state and the war fuelled further damage. Humanitarian problems also reached huge proportions, with a large number of refugees and internally displaced persons (IDPs) needing urgent help. Many thousands of people were declared missing. This crisis led to what is called - the most rapid population movement seen in Europe since WWII. Health and education, in a poor state to start with over the decade of mismanaged governance, deteriorated further. Agriculture was disrupted and the there existed huge unemployment, almost no self-sufficient enterprises and absence of basic foundation to build and develop a modern economy. Public Utility services were also disrupted leading to mounting garbage and inefficient supply of electricity and water. To top it all, the upcoming Balkan winter at that time pressed an even tighter schedule for addressing the problems on the land urgently (EC and World Bank, 1999).

Successes are evident, especially in de-mining process, GIS mapping in assessing the damage and reconstruction of the housing stock (64% of homes were severely destroyed while the renewal of about 20,000 homes have been completed so far). But there is a long road ahead. Living conditions for common people continue to be harsh and difficult. Ethnic divide remains with minorities facing severe hardships both in terms of security and movement, many of the large enterprises still remain idle, unemployment continues to stay high around 60%, more improvement in health and education is urgently needed, electricity and water supply stays irregular. Immediate challenges for the international community include, promoting of peace and security, strengthening the rule of law, consolidation of interim administrative structure, development of economy and in preparing the 2001 investment budget. In 2000,

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5 Materials on the ongoing reconstruction in the province of Kosovo have been also based upon the following documents: A year and a Half in Kosovo, UNMIK, December 2000; The European Union Commitment to Kosovo, EU, March 2001; Kosovo 2001-2003 from Reconstruction to Growth, UNMIK, Partnership in Kosovo - An overview by Department of Reconstruction, UNMIK, February 2001; Standards for Kosovo, UNMIK/PISG, January 2004; Kosovo Standards Implementation Plan, March 2004; Focus Kosovo Series – The Standards, December 2004; Central Fiscal Authority: http://www.cfa-kosovo.org and World Bank & European Union: http://www.seerecon.org.
UNMIK and donors had placed high priority on issues such as rehabilitation of courts, schools, hospitals and other structures; development of multiple solid waste disposal facilities; rehabilitation of transport infrastructure and development of human resources (World Bank, 1999; UNEP and UNCHS, 1999). The two years have seen a rapid progress in Kosovo, but still much more needs to be done. Small enterprises are beginning to flourish, schools have been rebuilt for children, basic health care has been made available in almost all areas, electricity and water supply services have improved, over 50,000 families have benefited from new or repaired housing, new roads have been built and old ones repaired and over 23,640,000 square meters of land have been de-mined. Some of the key duties UNMIK embarked in Kosovo (UNMIK, 2000.a.b.) were:

Furthermore, six priorities were identified for Kosovo between 2001-2003: Facilitate private sector growth; Improve education; Rehabilitate and reform the health care system; Develop a sustainable social welfare system; Build capacity of Kosovars on public administration and services; Develop private construction sector to provide basic housing to families of all ethnic groups. One of UNMIK’s immediate objectives, inter alia, involved establishing of an administrative structure more comparable with the western models. Joint Interim Administrative Structure came in place. When increasing domestic revenue starts to support this, it will facilitate in reduction of donor assistance and offer an opportunity to achieve path of self-sustainable economic development. World Bank and the European Union estimated reconstruction costs for Kosovo at approximately $2.5 billion over the four to five year periods. (See Figure 1 and 2 for an overview of initial donor pledges, 1999 and Commitment and Expenditure 1999-2000).

Table 1: Key areas of UNMIK involvement

<table>
<thead>
<tr>
<th>Area of Involvement</th>
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<tbody>
<tr>
<td>Promote the establishment, pertaining a final settlement, of substantial autonomy and self government in Kosovo;</td>
</tr>
<tr>
<td>Perform relevant civilian administrative functions;</td>
</tr>
<tr>
<td>Maintain civil law and order, including establishing local police forces and meanwhile through the deployment of international police personnel;</td>
</tr>
<tr>
<td>Organize and oversee the development of provisional institutions for democratic and autonomous self government pending a political settlement, including the holding of elections;</td>
</tr>
<tr>
<td>Transfer, as these institutions are established, its administrative responsibilities while overseeing and supporting the consolidation of Kosovo’s local provisional institutions and other peace-building activities;</td>
</tr>
<tr>
<td>Facilitate a political process designed to determine Kosovo’s future status, taking into account the Rambouillet accords (S/1999/648);</td>
</tr>
<tr>
<td>In final stage, oversee the transfer of authority from Kosovo’s provisional institutions to institutions established under the political settlement;</td>
</tr>
<tr>
<td>Support the reconstruction of key infrastructure and other economic reconstruction;</td>
</tr>
<tr>
<td>Provide humanitarian and disaster relief aid;</td>
</tr>
<tr>
<td>Protect and promote human rights;</td>
</tr>
<tr>
<td>Ensure the safe and unimpeded return of all refugees and displaced persons to their homes in Kosovo;</td>
</tr>
</tbody>
</table>

Furthermore, six priorities were identified for Kosovo between 2001-2003: Facilitate private sector growth; Improve education; Rehabilitate and reform the health care system; Develop a sustainable social welfare system; Build capacity of Kosovars on public administration and services; Develop private construction sector to provide basic housing to families of all ethnic groups. One of UNMIK’s immediate objectives, inter alia, involved establishing of an administrative structure more comparable with the western models. Joint Interim Administrative Structure came in place. When increasing domestic revenue starts to support this, it will facilitate in reduction of donor assistance and offer an opportunity to achieve path of self-sustainable economic development. World Bank and the European Union estimated reconstruction costs for Kosovo at approximately $2.5 billion over the four to five year periods. (See Figure 1 and 2 for an overview of initial donor pledges, 1999 and Commitment and Expenditure 1999-2000).

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6 The Rambouillet Accords are a 3-year interim agreement that will provide democratic self-government, peace, and security for everyone living in Kosovo. Democratic self-government: will include all matters of daily importance to people in Kosovo, including education, health care, and economic development. Kosovo will have a President, an Assembly, its own courts, strong local government, and national community institutions with the authority needed to protect each community’s identity. Security: will be guaranteed by international troops deployed on the ground throughout Kosovo. Local police, representative of all national communities in Kosovo, will provide routine law enforcement. Federal and Republic security forces will leave Kosovo, except for a limited border protection presence. Mechanism for final settlement: An international meeting will be convened after 3 years to determine a mechanism for a final settlement for Kosovo. The will of the people will be an important factor at the international meeting. For more information and for the full text of the document, please go to UN Security Council at: http://www.un.org/Depts/dhl/da/kosovo/kosovo_sc3.htm (S/1999/648).
Design and implementation of sustainable institutions for a viable and democratic market-based economy is an important objective in the transition process, and in establishing the private sector as a major employer. A strong and stable economic, fiscal and regulatory environment enriched by a stable currency and functioning banking system are a few of the priority areas of work. In achieving sustainable development in both medium and long term, Kosovo, will need a sustainable budget that is increasingly financed through domestic revenues with reduced reliance on external funds and donor support/grants. An effective regulatory framework is also necessary towards creating an environment that would attract flow of Foreign Direct Investments in Kosovo. Steps are also being taken to develop a credit-worthy and sustainable social protection system for the vulnerable members of the society.

With UNMIK’s integrated approach, the two years have seen a rapid progress in Kosovo. Small enterprises are beginning to flourish, schools have been rebuilt for children, basic health care has been made available in almost all areas, electricity and water supply services have improved, much over 50,000 families have benefited from new or repaired housing, new roads have been built and old ones repaired, to name a few. All this has only been possible due to the handwork and dedication of the Kosovars and the constant support of the international community. But there is a long road ahead. Living conditions for common people continue to be harsh and difficult. Ethnic divide remains with minorities facing severe hardships both in terms of security and movement, many of the large enterprises still remain idle, unemployment continues to stay high around 60%, more improvement in health and education is urgently needed, electricity and water supply stays irregular. Immediate challenges for the international community include, promoting of peace and security, strengthening the Rule of law, consolidation of Interim Administrative Structure, Development of Economy. In 2000, UNMIK and donors had placed high priority on issues such as rehabilitation of courts, schools, hospitals and other structures; development of multiple solid waste disposal facilities; rehabilitation of transport infrastructure and development of human resources. There has been continued, although uneven, progress toward self-government in Kosovo but nevertheless, the political and security situation remains tense, and there is a risk that violent outbreaks may increase (World Bank, 2004).

(Un) Justifiable Governance and ‘Democratic’ Protectorates

One of the greatest consequences of war destruction is not so much the destruction of the physical capital, as much as it is of the social one. Weakening, dissolution and total collapse of social networks, bands, trust between people and groups (Putnam, 1995) and whole nations (ethnic entities), was clearly evident in Bosnia and Herzegovina and Kosovo zones of diverse cultures, different religions and separate lives. This has arrived
at an already weakened and fragmented civil society under the decades of socialist system rule. Tolerance and willingness of people to live side by side and cooperate will not come overnight and will be a difficult process. With time, when investments take place, orderly regional trade starts to develop and local economies began to flourish, the social cohesion (build-up of social capital) could start to fall gradually into place thus alleviating social exclusion and poverty.

Social exclusion in these post-war regions has come as a combination of unemployment, low income, bad housing, crime, poverty, bad health, family breakdown and ethnic stress and intolerance. The key aspect is that of ‘dynamics’. People in these areas are excluded not just because they are currently without a job or proper income but also because they have few prospects for the future (Percy-Smith, 2000 and Geddes and Benington, 2001). An important prerequisite, the key one, for materialization of social inclusion is the existence of stable political governance systems. Every single individual and ethnic group is important and has to have an equal democratic right to choose and decide under its representative umbrella. Unfortunately with all the political systems in place in Bosnia and Herzegovina, and the ones still emerging in Kosovo, we are still very far from seeing a positive outcome in the long run. In Kosovo UNMIK inherited a legal, institutional and administrative vacuum with no initial framework for rule of law. Problems pertaining to previously run communist system of planning and social ownership involving lack of transparency made the tasks at hand even more challenging and the recent and ongoing combat against expanding criminal activity, mafia, drug trafficking, prostitution and money laundry has made things even more difficult. Mistrust and diametrically opposed views on the future of the country between the Albanian and Serbian population makes things utterly complex. The built up of modern governance systems here is still going through stages of early growing pains.

In Bosnia and Herzegovina the central institutions are constantly hindered at the local levels of governance. In Kosovo, the formal authority of Yugoslavia (now Serbia and Montenegro) exercises no sway at all (Pugh, 2000a). In both, de facto, protectorates the top decision-making and executive management lies in the hands of external actors – the OHR and OSCE, although the implementation is situated in the lower echelons of local representatives and their socio-political structures. One thing is certain: institutions alone are not adequate, a will to democracy and a democratic culture are indispensable supporting conditions (Held, 1995). The question is how to construct a balanced and lasting form of domestic power sharing and governance? (Barnes, 2001) Can an imposed ‘democratic’ intervention establish a flourishing culture of democracy? The example of these two war-torn zones just speak of the opposite fact (Figure 3 and 4).

The situation in Bosnia and Herzegovina is an interesting one and certainly unique in modern political history. To transform a post-conflict zone into a democratic society under the rule of law and with good governance will require from policymakers a substantial revision of conventional assessments and approaches. The case of Bosnia and Herzegovina and Kosovo has shown that an underperforming post-conflict country is still very much at risk of renewed conflict if the signs of instability - ethnic tensions, social unrest, overall insecurity, corruption, crime and murder, etc. – are not operationally or politically tackled without upsetting an uncertain ethnic balance. What seems to be the overriding intent now is to do with having people move back to their former homes (minority returns) in order to re-establish multiculturalism and the multi-ethnicity of former Bosnia and Herzegovina. Without sound creation of political conditions (political progress and just solutions) there will not be any real voluntary and organized return of refugees and displaced persons. Ethnic cleansing and the (unjust)
realities of the war cannot be dealt with forceful and unrealistic solutions without a sound approach and real ethnic healing and reconciliation. The international intervention as the mediator (governor) of the civil society – both the political and civil sphere – has resulted in political dependency, lack of progress in democracy, continual interethnic mistrust, distrust in the institutions of the state and all closely coupled with the economic and social decline. Byproduct of this is a significant emigration of population (real and wishful one). Perhaps this is the great lesson that should be learned from this intervention and policies: the great threat is not from the ‘brain drain’ (which represents a relatively small part of the population), but instead, the threat is from the mass exodus of everyday working people who make up the sum of the socio-economic power and stability of a particular country (Bagatelas and Sergi, 2003).

Figure 3: Sarajevo (BiH) Parliament in Ruins Source: Marcel Stoessel, 1999. Figure 4: The new High Representative, Paddy Ashdown, outlines his priorities to the BiH Parliament. Sarajevo, 27 May 2002 Source: Photograph Courtesy of: OHR (Hidajet Delic)

Corruption, which is a ‘buzz-word’ today in these areas and discussed at length, is a strong side effect and consequence of weak institutions, lack of legal system (rule of law) and of dysfunctional governance (World Bank, 2000.a.b.). Governance is the exercise of political power to manage a nations affair (Kooiman, 2003). Governance is thus good provided that the state limits the scope of its action to what it has capacity to accomplish (Hirst, 2000). There are three strands to good governance: systemic, political and administrative (Munshi and Abraham, 2004). Achieving good governance in these areas doesn’t just mean setting all the systems, laws and actors in place but also having an efficient public service, an independent judicial system and legal framework, an accountable administration of public funds, independent public auditing system, full respect for law and human/ethnic rights at all levels of government, a pluralistic institutional structure, and free media networks (World Bank, 1994; Rhodes, 1997; UNDP 1997, 1998). Good governance is both a goal and a process. It is creating in many respect an effective political framework contributing to, as Hirst remarks, to private economic action – stable regimes, the rule of law, efficient state administration and a strong civil society (Hirst, 2000). In the case of Bosnia and Herzegovina, the Dayton peace accords and subsequent international (E.U. headed) protectorate have focused on achieving the above. Bosnia and Herzegovina has seen a unique and

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7 In Bosnia and Herzegovina a plethora of multiple factors have contributed to the lack of integrity or honesty, susceptibility to bribery and the use of a position of trust for dishonest gains. It can be attributed to human factors, administrative bureaucratic apparatus, different levels of power and decision making, local political elites exerting power, lack of responsibility, injustice and moral corruption, closed and non-transparent process, coupling of power elites and the crime world, imbedded socialist consciousness, general disarray of civil society, and other. Corruption falls into the larger realm of post-conflict crime: organized crime, economic crime and embezzlement, corruption, sex trafficking, money laundry, and crooked politicians.
remarkable creation of a five level state functions (Figure 5 and 6) at the state, entity, cantonal and municipality level, with the Office of High Representative (OHR) topping it all (World Bank, 2000.a.). The problem and prevention in achieving good governance has been exactly the prerequisite for the whole thing – the political solution as well as fulfilling the needs of all individuals and groups and treating them on the same level with equal rights. Dayton has been controversial, problematic, paradoxical and dysfunctional at many levels (Chandler, 2000, and Bose, 2002) not least at the level of creating a sustainable governance system, which would have a direct impact on the re/non/creation of social systems. It seems that for the international community maintaining good government and law and order in Bosnia and Herzegovina doesn’t have to be a case of a well-thought-out agenda, except for identifying general goals such as having elections (often not respecting the will of the voters), stopping corruption (a side effect), strengthening central institutions (contradictory to five tier level of state), breaking the power of the nationalists (counter effect resulting in more violence), launching economic reform (on very unstable socio-political grounds), and promoting the return of refugees and displaced persons (without sound prerequisites).

The experience in Bosnia and Herzegovina in the past eight plus years demonstrates that there is no recipe and exclusive method for international agencies, which would guarantee success in reconstruction of society and rebuilding of trust. One solution to the dilemmas herein cannot be given instead a more effective and diverse policy approach will have to address the fundamental issues here (Hamre and Sullivan, 2002). Facilitation of the development of a strong civil society does not always go hand in hand with methods of direct imposition, as we have seen in the recent and current case of Iraq. Research shows that amongst other things this type of non-democratic imposed governing (at least on the long run) has let to the creation of a ‘dependency syndrome’ (Bieber, 2002 and Knaus and Martin, 2003). In Bosnia and Herzegovina local politicians refused to pass important legislation that is deemed unpopular whereby

Figure 5: The Dayton Peace Agreement and the new Constitution of Bosnia-Herzegovina represented in a ‘1-page schematic diagram’ Source: Stuart K. Witt, Dept. of Government, Skidmore College, Saratoga Springs Figure 6: Bosnia and Herzegovina’s Legislative and Executive Bodies. Source: OHR, 2004.
they are aware that the OHR will impose that legislation even if they do not (Patel, 2002). Michael Pugh underscores that in Bosnia and Herzegovina the central institutions are constantly foiled at lower levels of governance, while in Kosovo, the formal authority of Yugoslavia (now Serbia and Montenegro) exercises no sway at all (Pugh, 2000a). In protectorates executive decisions and management lies with external actors, in this case OHR and OSCE, while the implementation is situated at the lower tiers and in hands and mercy of local resisters and their political and economic structures (Pugh, 2000b). Bosnia and Kosovo are proofs that even the most generous of reconstruction packages will always be prone to mismanagement, corruption and failure. While the post-war prone inhabitants survive on food, extreme nationalism thrives on its deprivation. All of this creates a closed and vicious circle from which is so hard to get out. There is obviously a gap between a democratic vision for Bosnia and Herzegovina and Kosovo from the side of the International Community and the realities on the ground.

Within the governance built-up, and in line with the priority of building up public administration and services, European Commission and the World Bank in support of the United Nations Mission in Kosovo has as one of the main objectives in the reconstruction and recovery program the following: to support the restart of public administration and to establish transparent, effective and sustainable institutions; to place a particular focus on setting up the central institutions that are key for economic recovery; to develop the municipal governance; and to restore law and order through an effective police and judiciary (UNMIK, 2000.a.b.). Problems have not been lacking here either. There are fundamental and systemic problems at hand. The main issue, however, is that of self-determination and self-governance versus another imposed protectorate and restrictions set by the UN, by which Kosovo is administered. After five years in suspended vivification, the Albanian population is tired of waiting and playacting governance. Their virtual parliament must run every important political and economic decision past the colonial, protectorate administration (Blumi, 2003). Kosovo presents a complex problem of political nature where as a provincial protectorate, Kosovo is an onerous burden for the Western community (as is Bosnia and Herzegovina). The integration with Serbia and Montenegro is unthinkable for the Albanian population as well the illusory idea of some kind of integration with Albania. Yet as an independent country, it would have neither credibility nor economical sustainability. The breakdown of interethnic trust refers to the problems we have pointed out before, which result in dysfunctional governance at various stages and levels. Literature on governance points at specific characteristics to which good, modern and effective (we can call it sustainable here) socio-political governance must adhere and subscribe to.

Globalization, European integration, economic, technological, and societal developments have a major influence on public policies and governmental performance (Van Heffen, Kickert and Thomassen, 2000). In order for post-disaster zones to reach a level of sustainable governance (one which can cope with all dynamics and changes in modern society), they need to fulfill the requisites for a specifically good governance system: strategic vision, participation, rule of law, transparency, responsiveness, consensus orientation, equity building, effectiveness and efficiency and accountability. Achieving acquis communautaire within the framework of European Union integration will require this.

The governance we are taking about means, as opposed to government, an overall responsibility for both the political and administrative segments (Kooiman, 1993,
Rhodes, 1997) as well as ensuring moral behavioral, ethical conduct and consensus assurance and protection of civil/ethnic rights. As good governance entails three main regimes of the state, civil society and private/corporate sector, there is a need for the highest possible constructive interaction amongst them in form of strategic systems approach in building a more sustainable governance system, one which ties up the three regimes in a more integral, balanced and inter-dependent way (UNDP 1997, 1998). As already mentioned previously, without such a governance system the whole reconstruction process, including the rebuilding of civil society (elimination of social exclusion and poverty) and the elimination of economic growth disparities will not lead to human development in these areas. Finally, it needs to be reiterated that the vox *populi* is the foundation for stable institutions and governance systems in post-disaster ethnic zones. Access and representation of all ethnic groups in society, without any top-down imposed enforcements, are the underpinning foundations for a multi-ethnic and multicultural (side by side), socially diverse (non-exclusive) society to operate peacefully, prosperously and be sustainable in the long run.

Dayton agreement sanctioned a divided Bosnian State hamstrung by layers of overlapping and contradictory constitutions, laws and administrations on all levels – State, two federations, cantonal and local (Silber, 2004). The current dysfunction is dangerous, expensive and not proactive (Chandler, 2000). Weak State with social injustice, economic demise, general insecurity and porous borders is a fertile ground for development of all that is not democratic. Unfortunately democracy in Bosnia and Herzegovina had much more to do with elections then with establishment of viable rule of law. Political reconstruction does not mean solely and preeminently the exercise of free elections as the democratic result in producing liberty (Watson, 2003 and Zakaria, 2003). Elections are not automatically synonymous with constitutional liberalism (Powell, 2000) and cannot be just forced to every post-conflict society neglecting its circumstances and historical experience. International community’s blind attitude, attention and investment into elections, repatriation and macro-economic projects on one hand are in total contrast to the limited investment in qualitative social and civil society programs on the other (Pugh, 2000a). The crucial task in rehabilitating war-torn states is not holding premature elections but enabling and assisting in a sound and rapid reconstruction of the key infrastructures of society in a systemic way, followed parallel by long-term investment. Maybe one of the most pertinent aspects to consider is that viable state structures must respect the will of the people, history and real-world situation on the ground (as opposed to current amorphous, unworkable, and imposed ones).

The progress and achievements in post-war Bosnia and Herzegovina and Kosovo could not be imagined without an international presence and commitment. That is unquestionable. On the other hand, the expectations of the international community were at times too high and overly optimistic. The rehabilitation of a post-conflict zone is a long process, which needs, in order to sustain itself, a much greater synergy among international and local actors, not just in systems thinking but also in understanding. As Samuel Barnes rightly points out that any build up of a real democratic and viable regime in a post-war situation needs to address in parallel the issues the issues of economic growth and social justice as prerequisites for sustainable democracy (Barnes, 2001). In order to build viable, civil societies with sustainable structures of democratic decision and policymaking, one must take into account past and recent history, culture and traditions, will of the people and realities on the ground. This will ultimately lead to better processes of governance in these conflict-ridden areas.
New Approaches and Thinking in Times of Post-disaster

The task following prolonged armed conflicts no longer consists solely on reconstructing entities that have been destroyed. It often requires creating alternatives to the existing structures, systems and living patterns, especially in those cases where methods employed or used in this process are not producing adequate or no results at all (Hasic, 2002). Another aspect is the time factor. Early involvement of the donor communities and the reconstruction efforts is always crucial in situations like these. This is closely linked to a need for smoother transitions between relief and reconstruction phases of post-disaster recovery. But the most important question still remains open: would the post-disaster reconstruction effort benefit more if there was a more strategic and comprehensive methodological approach for dealing with these issues available at hand? In other words if there was an existing model for reconstruction - a framework analysis approach that could have contributed to a more sustainable, proactive and systems dynamic reconstruction. The international community agrees, that economic development is important, but also that promoting stability calls for emphasis on regional integration in this part of the world. Many observers, researchers, analysts and actors on the ground have maintained that in order to achieve a sustainable reconstruction effort a need for a more long-term regional development project – a commitment for a new integration and regional outlook as opposed to the former stance of local short term planning and commitments.

The problem that needs to be addressed is that very often, the task of revitalizing and rebuilding post-disaster urban communities is envisioned as a series of non-integrated and short-term recovery projects carried out by donor agencies together or without the central government(s). This in the long results in a few signs of sustainable development and often has a failed reconstruction effort outcome. The question is then if an integrated systems approach is utilized, namely the development of strategic project management tool for reconstructing (designing and evaluating) urban communities, could foster a better, more sustainable post-disaster development strategy than not having it at all? The outcome should thus show that with a development of a systems approach and an integrated methodology tool for reconstruction, the international donors and local governments should have a more sound approach in dealing with urban community projects and would be more responsive to the needs of the people on the long run.

Systems thinking (approaches) focus on how the thing being studied interacts with the other constituents of the system, a set of elements that interact to produce behavior, of which it is a part (Midgley, 2000). A system is a set of interrelated components working toward a very specific goal. This means that instead of isolating smaller and smaller parts of the system being studied, systems thinking works by expanding its view to take into account larger and larger numbers of interactions as an issue is being studied (Haines, 2000). The character of systems thinking makes it extremely effective on the most difficult types of problems to solve: those involving complex issues, those that depend a great deal on the past or on the actions of others, and those stemming from ineffective coordination among those involved. The research and practice in this field has shown that systems thinking has proven its value mostly in: complex problems that involve helping many actors see the “big picture” and not just their part of it; recurring problems or those that have been made worse by past attempts to fix them; issues where an action affects (or is affected by) the environment surrounding the issue; and problems whose solutions are not obvious (Senge, 1994,
Checkland 1999 and Haines, 2000). In progressive crisis situations there is a need for progressive methods and new approaches. The situation where the primary objective is the rebuilding of livelihoods and rebuilding a community in a traumatized setting, a holistic way of looking at the ‘big picture’ is a \emph{condicio sine qua non} for any sustainable development effort. This requires interdisciplinary approaches and the collaboration of different professional actors. To structure the complex question of post-disaster reconstruction in a more systematic way, a conceptual model called \textit{Sustainable Communities in Post-Disaster Environments} (SCOPE) could be developed as a starting point in strategic planning for rebuilding post-disaster zone communities. Building a post conflict region is by no means an easy task, particularly as each case brings with it its own set of complexities, challenges and intricacies. Such a generic guidance tool called “SCOPE Model” – that could encompass, in a comprehensive way, pertinent issues and factors that may be considered vital for successful post-conflict peace building and reconstruction. A model like SCOPE could offer integrated direction to problem solving and facilitate in coordination and management of varied and integrated policy and program initiatives (Figure 7).

![Figure 7: The SCOPE Conceptual Model. Systems integration and dynamic framework lie as the basic idea of the seven tiers foundation of post-war reconstruction planning. The seven tiers (and their major subsystems) have been the research results of the BiH and Kosovo case developed through the findings of empirical data (The SCOPE® Model – \textit{Sustainable Communities in Post-Conflict Environments}).](image)

In developing such a conceptual working model we pose the following general questions: Which phases should we have and are they equally important? Will they be inter-linked? Should all of them be considered in the context of post-disaster zones? Can we achieve the idea of sustainable reconstruction in communities by only focusing on some of them? Are the structural points of the model applicable to the situation on
the ground? What are the constraints, which will change from place to place? What can be done locally and what is transferable? Is it possible to engage the community and in what fashion, and so on. The SCOPE Model tries to present itself as a strategic and innovative approach to effectively conceptualize and design policies, programs and projects that efficiently address post-disaster communities. Its approach is an integrated and inter-disciplinary one that presents a way to reap benefits of developing a policy initiative, which is economically viable, social and spatially compatible, politically acceptable while being technologically state-of-art and environmentally friendly. This model can offer versatility and flexibility, which are most necessary for it to be applied to varied scenarios and situations. It can also offer a comprehensive platform for a sound policy initiative development and foster cross-fertilization and closer interaction within relevant fields to exploit synergies and to benefit from complementarities. SCOPE differentiates itself from conventional thinking as it bases itself on the principle that it is not solely economic and political factors that matter in a successful policy initiative. It believes that in a complex arena of human settlements arising from crisis situations, no one aspect by itself can result in success of an initiative. A model like SCOPE could further assist in the crisis situations offering a possibility to enhance impact on ground. The categories are comprehensive enough to cover all the important causations, variables, and linkages in the system, but at the same time few enough that they are easily remembered. SCOPE does not suggest how it should be done, or who should do it, but rather what is at stake – what needs to be done. In pure essence this framework of post-conflict reconstruction could enable or assist us to ‘map-out’ a complex real world situation, to highlight crucial factors, and to illustrate the possible relationships and connections among factors that matter most to effectiveness of the whole system (Anderson and Woodrow, 1998).

The Kosovo “Standards” and Progress

Although much of the progress has been made, physical infrastructure re-built, democratic institutions established and good governance practices being carried out since the arrival of UNMIK, there still lies a long road ahead to meeting international standards on human rights, rule of law and protection and freedom of all irrespective of ethnicity, religion or gender. Addressing to this, Standards for Kosovo Plan were launched on 10 December 2003 by the UN Special Representative of Secretary General in partnership and consultation with the Kosovo Government, to pave a road ahead (they were subsequently endorsed by the UN Security Council in its statement of December 12, 2003). This plan is considered a step forward for the development of Kosovo offering clear guide to the tasks they the Kosovo Society has to accept to move ahead. “Standards” for Kosovo (Box 1) aspire for: “A Kosovo where all – regardless of the ethnic background, race or religion – are free to live, work and travel without fear, hostility or danger and where there is tolerance, justice and the peace for everyone” (KSIP, 2004). These standards reinforce Kosovo’s parallel progress towards European standards in the framework of EU’s Stabilization and Association Process, based inter alia on Copenhagen criteria [Membership criteria of the European Union]. In short, a truly multiethnic, stable and democratic Kosovo, which is approaching European standard is the focus. In this regard, the standards process is in harmony with Kosovo’s

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8 Kosovo Standards Implementation Plan (KSIP); 31 March 2004. The Kosovo Standards Implementation Plan (KSIP) sets out the actions and policies to reach the standards set out in the document “Standards for Kosovo” published in Pristina on 10th of December 2003 and subsequently endorsed by the UN Security Council in its statement of 12 December. The “Standards for Kosovo”, and in particular its introduction, establish the legal foundation and guiding principles for this implementation plan.
parallel *European Stabilization and Association Process Tracking Mechanism* (STM). The “Standards” for Kosovo remains the target for Kosovo. Progress against this target will be the basis for any review in mid-2005 to begin consideration of Kosovo’s final status. The upsurge of ethnic violence in March 2004 in Kosovo bluntly illustrates that, despite a multitude of efforts by the international community, Kosovo still has a long way to go before becoming multi-ethnic and democratic. In the light of these tragic events, the standards become all the more important and need to be met by all for a stable Kosovo. The immediate priority is the establishment of the rule of law, prosecution of perpetrators and public respect for law and order (KSIP, 2004) There need to be steps taken, led by political leaders, to begin to effect reconciliation between the communities. In longer run, it remains vital that progress be made in all areas of standards (Box 1).

**Box 1: Standards for Kosovo**

**Source:** World Bank, April 2004.

The self-described goal of the *Standards for Kosovo* is to set out the minimum requirements for “a Kosovo where all – regardless of ethnic background, race or religion – are free to live, work and travel without fear, hostility or danger and where there is tolerance, justice and peace for everyone”. The Standards set out minimum requirements under eight broad headings:

1. Functioning democratic institutions.
2. Rule of law.
4. Sustainable returns of displaced people and respect for the rights of all communities and their members.
5. A competitive market economy.
6. Fair enforcement of clear property rights.
7. Constructive and continuing dialogue between the PISG and Belgrade on technical issues.
8. The transformation of the Kosovo Protection Corps into a civilian emergency operation that represents all communities in Kosovo.

A key theme throughout the Standards is the need for Kosovo to move toward European standards. Senior policy-makers in Pristina recognize that Kosovo’s future is likely to depend on greater European integration. Like the rest of the Western Balkans, European Union policy to Kosovo is anchored in the Stabilization and Association Process (SAP), with a joint technical working group including UNMIK, PISG and European Commission officials regularly tracking Kosovo’s progress under the SAP.

The Standards for Kosovo were prepared by UNMIK in close consultation with the PISG and all major political parties in Kosovo, including representatives of the Serb communities. Working Groups are anticipated to prepare work plans for the implementation of the Standards. Despite some initial caution from Belgrade and Kosovo Serb representatives, the first meetings of the Working Group on Energy and the Working Group on Missing Persons were held in Pristina in early March 2004, and meetings of other Working Groups are anticipated shortly.

**Conclusions and Discussion: Complexities of the Future**

The 1990s saw a series of wars and conflicts in various parts of the world, which left many countries both physically and socially destroyed. The eruption of ethnic conflict and civil war in countries such as Rwanda and the former Yugoslavia also focused the world’s attention on the issue of how lack of access to land and resources can cause conflict within countries. Political changes in the 1990s and the eruption of conflicts in
several countries around the globe gave a new dimension to post-disaster recovery programs. Several reconstruction and rehabilitation programs were initiated in countries as diverse as Cambodia, Guatemala, Afghanistan, Somalia, Rwanda, Iraq, Kosovo and East Timor. Humanitarian tragedies in these places catalyzed international support for relief and rehabilitation. The political relevance and complexity of these situations fixed global attention on the programs designed for recovery.

Cooperation, partnership and team spirit to work towards a common goal defined the early phases of the UN Mission in Kosovo. Policy and donor coordination has improved over the last year (lessons have been learned from Bosnia and Herzegovina) and the agencies involved work together to tap synergies and avoid duplication. A model like SCOPE in such scenarios could be considered as a valuable and advantageous tool to achieve an integrated, coordinated and systematic planning, implementation and monitoring of emergency and development activities on the ground. Such an approach is vital for guidance, as one knows that in times of crisis, a lot can go wrong and there is a little time to begin to plan and arrange coordination. It is also critical as it assist in looking beyond the immediate and considering the holistic view in post-conflict reconstruction and development. In the case of Kosovo, despite all odds, ethnic hatred, war destruction, power cuts, water shortages, logistical difficulties, infrastructure and communication failures and a host of others, the international community has come up a long way to deliver a strong supporting hand towards sustainable social and economic development of Kosovo, enabling it citizens to live free from fear in peace and democracy in future. The “Standards” for Kosovo open a new direction and a door for a better future of Kosovo. SCOPE Model already highlights the criticality of modern governance in its political portfolio and tries to integrate with the rest of social, economic and other vital portfolios. Realizing the nature, scope, depth and variety of topics that one needs to deal with in an integrated fashion to address any post conflict crisis, be it in Kosovo or Bosnia, a need for systematic generic guidance model is advantageous. SCOPE attempts to highlight the various sectors that call for attention enabling the formulation of policy, programs and projects that can bear maximum impact on the ground and can bring substantial results.

One of the main criticisms to the civilian component of peacekeeping was the lack of planning. The international organization are seldom prepared for the worst, missions are planned hurriedly, and support for them is insufficient long after their initial deployment (Caplan, 2000). What is required is an approach that integrates and facilitates cooperation among various relevant fields, actors and professionals to deliver effective and successful results. We need to think in terms of dynamic models that are inviting of transformations, responsive to change, synthetic, made up of systems and provide good linkages between the desired goals of people, communities and governments (Hamdi, 1996).

We have tried to stress, giving ample space to the discussion on governance, that the international community must continue to insist (not in a ‘repressive’ and forced way) on standards of democracy, a market economy, and civil and liberty (minority) rights, while at the same time acknowledging that these standards are best achieved when the future status of Bosnia and Herzegovina and Kosovo are very clear, stable and fixed. Another important point is that States cannot be just built from outside and above approach. They have to worked-out as well from inside and below. For restoration of social capital and ethnic inclusion, a stable economic structure (sound economic agendas in operation) must exist as well clear-cut political resolution and solution. Without that the assumption that multiethnic societies can be restored over night is
nothing more then just wishful thinking. As Ryan Watson observes in a period of post-conflict reconstruction, the (new) government’s interaction with all the citizens of the country must move from coercion to cooperation, while the economic systems must move from recession to reconstruction and the political ones must transform from repression to representation (Watson, 2003). One thing to bear in mind is that solely importing and implementing democracy from outside (like in the case of Bosnia and Herzegovina) is very hard without accepting, respecting and taking out the best practices from the culture and history of each nation. These two aspects should shape in synergy the (transparent and accountable) post-conflict governance system.

The contribution of this paper centered on the proposed conceptual working model, SCOPE, one that goes beyond the standardized approach of the donor agencies involved in the reconstruction process. It becomes clear that for each different category presented there, a whole different set of approaches must be applied but in a way of strategic project management and systems thinking. Realizing the nature, scope, depth and variety of topics that one needs to deal with in an integrated fashion to address any post disaster crisis, be it in Bosnia, Kosovo or in Africa or Middle East, a need for systematic generic guidance model is advantageous. SCOPE attempts to highlight the various sectors that call for attention enabling the formulation of policy, programs and projects that can bear maximum impact on the ground and can bring substantial results. We have also discussed in this paper the political aspects, which lie in the background and represent the key solution to a more sustainable reconstruction and human development, especially looking into the case of Bosnia and Herzegovina. In that respect the achievement of sustainable (justifiable) governance [as opposed to unjustifiable and undemocratic] and elimination of social and ethnic exclusion pose themselves as two extremely important issues. The discussion took a closer look into the Kosovo Capsule and challenges and successes of the reconstruction program. The paper also contributes to the ongoing discussion on the post-disaster reconstruction in a way that it draws attention to important issues of holism and integration. Finally, we think this paper bears relevance for, practitioners, researchers as well as decision makers and actors involved in the current and ongoing reconstruction process and development on the ground in Bosnia and Herzegovina and Kosovo. Reconstruction in this part of the Balkans still leaves much undone while the US and the International community are engulfed in the uncertain situation in Afghanistan and the emerging challenges of complex issues surrounding the reconstruction of Iraq.

The broad range of complex emergency concerns has prompted states to refer to the United Nations for the mediation of conflicts in Haiti, Liberia, Somalia, Nagorno-Karabakh, Rwanda, Somalia, East Timor and former Yugoslavia. Currently there is still no viable involvement in Congo9 and in the post-conflict environments of Afghanistan and Iraq (largely due to specific security and chaotic political reasons) and the situation and prospects for lasting peace in the Middle East looks very gloomy. United Nations has also been the umbrella for all the post-conflict reconstruction programs around the globe. Aside from the UN leadership, United States has been one of the strongest aid

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9 A total of 4.7 million people have died as a direct result of the Democratic Republic of Congo's civil war in the past four and a half years, according to a report released today by the International Rescue Committee, a leading aid agency. By the IRC's methodical calculations, Congo's convoluted war - one barely mentioned in the western media - has claimed far more lives than any other conflict since the WWII. That's half a Holocaust in a single country. [IRC, 2003]
donors and peacekeepers (builders) in the post-Cold War era. The legacy of the Marshall Plan (WWII post-conflict reconstruction program in Europe) has been at least in that respect carried out fully. US leadership (as the only remaining superpower and the largest contributor to the UN) is needed to support programs that achieve sound economic governance and address the immediate needs of countries emerging from conflict. The ideas that effective measures to start economic engines in post-conflict areas will ultimately prevent future conflicts and help restore social capital have a sound basis. Unfortunately the reality is much more complex and demanding, with a dark side to it all. Michael Ignatieff explores both sides of what he sees as a new global empire (the imperial and the humanitarian) and argues that the international community has failed to engage intelligently with the problems of nation building in the aftermath of apocalyptic events. According to Ignatieff, Western powers, led by the United States, are banding together to rebuild state order in war-torn societies for the sake of global stability and security. This presents humanitarian agencies with the dilemma of how to keep their programs from being suborned to imperial interests (Ignatieff, 2003). The interesting aspect here (which has high relevance in the light of recent and ongoing ‘post-conflict efforts’ in Afghanistan and Iraq) is in the understanding (and studying) of the state collapse phenomenon of state failure in the developing world and other conflict ridden areas coupled with the gradual emergence of, as Ignatieff calls it, an US-led humanitarian effort empire.

In looking at the big picture, the same scenario and lack of long-term viable vision for Bosnia and Herzegovina is being replicated in Iraq, where the failure to plan ahead has resulted in massive civil and religious unrest, complete disarray and dissolution of society on all levels and impossibility of governance systems to function in place. Closer reflection comes vis-à-vis the Kosovo case where the change was not inaugurated from within, but from violent outside intervention (which seemed the only solution at that time). This is a damaging factor especially when the ‘protectors and colonizers’ have no appreciation of the subtleties at work in local political, cultural, religious, ethnic and social relationships. This results in the late realization of the fact that the Western principles of democracy and self-determination are extremely hard to implement and adapt in a context like Afghanistan or Iraq. What is needed is a new vision of a just society and the political will to implement it. As the international community is faced with a disastrous post-war and stabilization situation in Iraq, lessons learned from what has transpired in Bosnia and Herzegovina and Kosovo over the last 8+ years becomes of paramount importance. Stabilizing post-conflict zones like Iraq also means not just having setting up a ‘democratic’ government, but also having a full participation and will of all people, and establishing respect for the rule of law – in addition to rebuilding a shattered infrastructure and hibernating economy. Unless future stake-holders in the revivification of Iraq or other future missions indulge in long-term and thorough research into the dynamics and collective as well as individual needs of the subject population, and formulate new research questions that may enhance the ability of policy-makers to make knowledgeable decisions, the post-conflict reconstruction will be still-born effort on the long run.
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References


## Paper V

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Sustainable Reconstruction of Post-war Cities:
The Case of Sarajevo
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ABSTRACT

The history of mankind has been plagued by an almost continuous chain of different kinds of armed conflicts (local, regional, national and global) that have caused horrendous damage to the social and physical fabric of the cities. The tragedy of millions deprived by war disasters still continues.

This paper focuses on sustainable reconstruction (rehabilitation) of war-damaged cities. It takes a holistic approach that considers the complexity of socio-economic, cultural, political and operational issues involved in shaping the damaged built environment and the rebuilding of social capital.

Therefore, the paper attempts to gain an insight into the socio-cultural, political and environmental conditions prior to disaster and look into the specific situations, which emerged after the destruction. It also briefly looks at the important role of media in a city conflict. The paper aims at a multi-disciplinary approach, not just in operation but also in thinking (planning) by the way of systems approach, where issues are looked at in an integrated fashion. The paper gives some ideas about the complexities of reconstruction in city zones and why, sometimes new methods are needed in these crisis situations.

Although some of the ideas presented here could have a wider application, the focus is on post-conflict zone of former Yugoslavia. Namely, this will be illustrated by means of a Case Study of the city of Sarajevo in Bosnia and Herzegovina. There is a dire need of developing sound approaches (ones that will work better) to reconstruction in the aftermath of wars. Even if for all the wrong reasons, new and even more favourable opportunities could emerge. Finally, the paper presents concrete strategies and recommendations (as a model representation) and gives some general conclusions.

KEYWORDS

Social Capital; Reconstruction; Sustainable City; Media; Models; Governance; Systems Approach;

Figure 1. ‘War in Sarajevo’ by Mersad Berber: Original Airbrush - 142cm x 196cm.
INTRODUCTION

Wars result in devastation and defragmentation of spatial, economic and social systems and networks. Cities in that respect become the focus of urban warfare and the loci of armed violence, political struggle and territorial and ethnic gain. The destruction has left many cities in complete ruins, the surrounding countryside scarred, and the inhabitants killed, dislocated and/or traumatized. Another aspect is the destruction of cultural capital in cities. Urbicide is the name given to the total destruction of the cultural heritage of the city. We have seen that happen throughout the history of mankind. Recent examples of cities like Vukovar and Dubrovnik (Croatia), and Sarajevo (Bosnia and Herzegovina) have all fallen victim to urbicide. This destruction of cities, especially those that were the symbols of multicultural life, like Sarajevo, goes together with the destruction of spatial, economic, social and wireless communication networks which represent the basis for civic society. All of this indicates the role of cities as key elements in the modern urban warfare and subsequent central places of post-war civic society and antiwar ideology. The war in Bosnia and Herzegovina was a unique combination of contemporary urban conflict: a civil war, ethnic violence, multi-sided war, factional fighting, inter-state war/dispute, independence struggle, and resistance to ethnic and armed oppression, separatist violence and sectarian strife. Rarely has a country in/at war seen such an array of interior and exterior conflict. A heavy toll was put on Sarajevo, an example of the most horrendous destruction of cities after the World War II and the Middle Eastern conflict. Beirut and Sarajevo [Jerusalem is another example, fortunately one that is still intact but bleeding] were both structured as cosmopolitan cities where multi-ethnic relations had long been sound and harmonious. It was a unique triumph of human variety, a healthy mixture of creativity and common understanding. Yet this was almost destroyed. But cities are often indestructible phenomena, as we have seen in the recent examples of Grozny, Chechnya and Kabul, Afghanistan. Sarajevo has shown us that an exemplary situation that this city presented in terms of social caring, interrelatedness, tolerance and pluralism can survive, with necessary changes, in spite of everything. What was the background of all of this, what changes it has brought and what are the ways of looking at a more positive future are some of the questions tackled in this paper.

THE BACKGROUND SETTING AND WAR IN SARAJEVO

By the time of independence in 1991, the basic economic and social infrastructure in Bosnia and elsewhere in Yugoslavia compared favorably with what was available elsewhere in Eastern Europe, though systemic weaknesses in economic management and inflationary macroeconomic policies weakened the growth performance of ex-Yugoslavia in the 1980s. Under the political structure
of the time all citizens were entitled to adequate housing. However, urbanization caused by an inflow of people to the cities from rural villages, was characterized by very complex problems. High government investments in the building sector and the subsequent construction of housing were not accompanied by adequate solutions of urban infrastructure and the environmental problems escalated. The period from 1975 to 1990 (in the republic, as well as in the rest of Yugoslavia) was characterized by overall economic and social crisis. Foreign debt was increasing, with a drastic reduction of investments in the housing sector. The whole centrally planned economic system collapsed, causing enormous deterioration of living standards, high rates of inflation, unemployment, social misery, growing ethnic tensions, and a ‘brain drain’ of the professionals (Hasic and Roberts, 1999).

The siege of Sarajevo lasted from 1992 to 1996. In March 1992, Bosnia and Herzegovina declared its independence from the former Yugoslav federation. This brought about an internal ethnic conflict, which was a combination of civil war and external aggression. In that conflict cities suffered a great deal of physical, social, economic and environmental damage. Most of the towns in Bosnia and Herzegovina fell, and were damaged or destroyed in the process. The siege (Figure 2) of Sarajevo has been termed as ‘the worst in Europe since the end of World War II’. In the process around 10,000 civilians were killed in Sarajevo and almost two thirds of population forcefully dislocated.

Siege of the city (as one of the oldest forms of total war for control of territory) had its aim in the destruction and expulsion of non-combatants and not just the destruction of physical structures, but also of human spirit and social capital (Johnson, 1996). Medieval siege and barbaric destruction of Sarajevo brought an almost complete degeneration of economic systems in place. It is important to mention that the economic situation in Bosnia and Herzegovina was at its lowest before the war. The failure of centrally planed pre-war economy and market reforms resulted in an overall impoverishment of the population as well as becoming an excellent foundation for boiling ethnic tensions and nationalist tendencies. In terms of a functioning economic unit, Sarajevo as a city ceased to
exist in the conflict. Most industries collapsed or faded toward extinction. During the war only small fragments of pre-economic production, output and employment were maintained. Urban economies were damaged to such a level that even the rural (at time safer) areas produced more and remained operative, though on a subsistence level with mostly small market farming. The result was that even towns and cities that were not destroyed, ethnically cleansed or occupied suffered or fell apart because of the impact. By ruralization (deurbanization) we mean large-scale immigration of rural refugees and displaced (ethnically cleansed) from small towns and villages into the cities. These people who (for all the wrong reasons) replaced the ‘emigrated’ urban city population. The environment took a heavy toll too – pollution and degradation of natural resources were enormous. According to the World Bank (which became one of the key players in the later reconstruction) the direct toll of the war in Bosnia and Herzegovina (at the time when hostilities ceased) on the population has been enormous: 250,000 killed, more than 200,000 wounded, 13,000 permanently disabled, youths bearing a large share of the burden and more than 1 million refugees that left the country during and after the war. The presence of landmines and unexploded ordnance (1.5 to 4 million, 1997) in many areas continues to extract a heavy toll on the population (World Bank, 1996, 1997 and 2000).

INTERNATIONAL COMMUNITY AND THE ROLE OF THE MEDIA

In Bosnia and Herzegovina the primacy of a nation united by bonds of blood, has been amply demonstrated by the violence, atrocities, mass murders and ethnic cleansing. This has lead to the mass neurosis of ‘integral nationalism’ to the conviction that the nation inevitably embodies the supreme values of a community and that this community is manifested in the ethnically pure state (Schulze, 1998). Furthermore, the proper response from the International community has also been lacking in the sense that the war, and even the siege of Sarajevo were portrayed in a very different and wrongly inverted light. Propaganda, exaggerations and lies were some of the fundamental weapons in this media war.

The war in Sarajevo seemed as a never-ending conflict, a succession of battles and precarious truces, and continuous bombings that produced a stream of human stories of tragedy and heroism. The media showed pictures that invoked heightened emotions of patriotism, fear, anger and euphoria and they involve winners and losers. When a nation is at war, newspaper sales increase, television and radio ratings go up, while extremes of popular and media support can reach new heights of intensity (Bolling, 1985 and Taylor, 1998). Often journalists and editors tend to select sources that reinforce their own perceptions. In many cases in conflicts they focus on personalities and concrete phenomena rather than ideas and abstract concepts (Lichter, Rothman and Lichter, 1986, Downing, Mohammadi and Mohammadi, 1990 and Sadkovich, 1996). Another aspect of the war, even in the city sphere, was the questions of atrocities. If it was not for the War Crimes Tribunal in Hague, once they were condemned, not
much action happened right after them. Lessons might have been learned from them, but was there time for lessons? If enough lessons haven’t been drawn from the historical horror story of the genocide of the European Jews during World War II in the Holocaust, what more was needed? Even with the full media coverage, there has been an enormous lack of will by the international community to seek out and arrest war criminals. This is also a key element in the issues of ethnic healing. In order for peace and reconstruction to continue in this region, it is crucial that the war crimes tribunal demonstrate that genocide, war crimes, and crimes against humanity cannot be committed with impunity. Establishing individual responsibility for crimes is essential to avoid the attribution of collective guilt as well as to begin ethnic reconciliation and healing, as there is no other alternative.

Philip Taylor remarks that regardless of whose war it is, the question of journalistic access remains critical. If a journalist is not present at an alleged defeat or massacre, it can only be reported second-hand which minimises the impact of the story. The absence of pictures minimises it still further. The converse is equally true. Modern communications technology facilitates increased access to scenes of horror and destruction that would have been inconceivable a century earlier. The increasing ability of the media to bring home such scenes has widened the arena of warfare beyond those directly involved in or directly affected by the fighting. The media make all wars that they can get access to a matter of wider public concern. Taylor’s remarks are crucial in regards to the case of Sarajevo (Taylor, 1998, 1999 and 2000).

DECONSTRUCTION OF REASON AND DISSOLVING SOCIAL CAPITAL

Several factors contributed to the emergence of this conflict: one was the struggle between mobilized identity groups for greater power, both for an equality within an existing entity or for the establishment of a fully independent entity. What we could see here is a history of intergroup antagonism, a pattern of ethnic domination and inequality, existence of exclusivist claims to authority over territory, existence of sponsorships or support for extremist politics, nationalistic-unifying and imperialistic tendencies and domination over other groups, electoral changes that bring nationalist forces to power and lack of long-democratic political system and history (Lake and Rotschild, 1998, Burg and Shoup, 1999, and Horowitz, 2000). In this respect religion reinforces the revival of ethnic identities (Huntington, 1997). The two basic elements of nationalism, the tendency to view one’s nation (people or race) as an extension and enlargement of one’s self, and the tendency to distinguish as sharply as possible between the members of one’s nation (people or race) and all other persons were quite obvious in this conflict (Koenigsberg, 1989 and Schoenfeld, 1996). The siege and destruction of Sarajevo (Figure 3, 4 and 5) has been a flagrant example of what I would like to call here ‘destruction of reason’.
One of the consequences of the war in Sarajevo is its continual dissolving social capital. Sarajevo’s immediate needs were to repair infrastructure, jobs, and enable the safe return of people to their homes. All of that has happened, though in a fragmented way, but the reconstruction of social capital has failed miserably, which is extremely dangerous for the development of civil society and democracy. Robert Putnam points to central roles of the links between democracy and civil society. For him the consolidation of democracy rests on the importance of a strong and active civil society. In that respect the concept of social capital becomes one of the paramount points in such a discourse. By social capital, Putnam means features of social life networks, norms, and trust that enable participants to act together more effectively to pursue shared objectives. He uses the term civic engagement to refer to people’s connections with the life of their communities, not only with politics (Putnam, Leonardi and Nanetti, 1994).

First, social capital allows citizens to resolve collective problems more easily. People often might be better off if they co-operate, with each one doing her share. Second, social capital greases the wheels that allow communities to advance smoothly. A third way, in which social capital improves our lot is by widening our awareness of the many ways in which our fates are linked (Putnam, 1995 and 2001). Robert Fullwinder points at the value of localism as opposed to the claims of national identity. It is about the best ways of cultivating certain democratic skills and civic virtues, and about the lost authority of institutions and communities that formerly established and enforced social norms (Fullwinder, 1999). The break-up and at times termination of social capital has had a negative impact on the development of democracy and civil society in Sarajevo and Bosnia and Herzegovina. How to build back the dissolved social capital is a huge task. The SCOPE model and its extended city framework put forward these issues in an integrated fashion.

Sustainable social capital must consist of active connections among people: the trust, mutual understanding, and shared values and behavior that bind the members of human networks and communities and make co-operative action possible (Cohen and Prusak, 2001). What we have seen in the aftermath of the war in Sarajevo, is a creation of a mono-ethnic delimited community which by itself is a antidote to devlopment of sustainable social capital. It is obvious and natural that this conflict has also produced disharmony within a community that
was formerly tolerant of a multiethnic population. Instead of an open city, Sarajevo is becoming an exclusive monoethnic, closed entity.

THE AFTERGROUND SETTING: RECONSTRUCTION EFFORTS

Seven years after the end of the war (open military confrontation in Bosnia-Herzegovina ended with the signing of the Dayton Peace Accords on the 14th of December 1995), the city of Sarajevo has made significant strides in solidifying peace and bringing about greater prosperity for its citizens, but it is still a long way off. The scars of this once proud and unique city that was a cultural, political and intellectual centre of the country, especially noted for its multi-cultural tolerance, will always remain. Its present population has decreased from 650,000 before the war to 220,000. It is coming slowly back to pre-war levels (ca 350,000) but with a completely different demographic structure.

Given Bosnia and Herzegovina’s exceptional needs and circumstances after the war (Sarajevo being in focus), the World Bank as the key player adopted a two-pronged strategy to support the country’s reconstruction and development. First, in the immediate post-war period, a wave of emergency projects was prepared to help jump-start the reconstruction effort. These projects were part of the overall strategy of funding a wide range of sectors including agriculture, de-mining, education, health, housing, micro-credit, power, public works, and transport (World Bank 1996 and 1997). Secondly with most of the necessary basic reconstruction works completed, the World Bank and other donor agencies, in close cooperation with the authorities, have shifted their efforts from reconstruction to fundamental structural reforms critical to the emergence of a market-based economy. Achievement of these reforms is predicated on social development and institutional strengthening (World Bank, 1996, 1997 and 2000 and European Commission 2002a and 2002b).

Even though a lot of criticism can be directed at the international community and their reconstruction efforts, it must be admitted that a lot has been achieved. Rehabilitation and new investments are happening across all infrastructure sectors, housing, and the education as well as health systems. Governance and judicial systems are in place, rather stable and being developed. Efforts at maintaining monetary stability, developing and implementing policies for renewal of economic activity and social welfare, social assistance and economic recovery and normalization of international financial relations are all under way. The problem is that things are moving too slowly and in a too fragmented fashion. Little has been done in the area of rehabilitation of the social capital and almost nothing in the ethnic healing. A lot more has to be done towards real democratisation of society, stable and sustainable patterns of local democracy and urban governance, participation, transparency of decision making, fight against corruption and more accent being put on the positive role and effects of communications (transport, telecommunications, electronic media, IT as anti-coagulators against hideboundness, ethnic closeness and divisions) in forming public life and public opinion and in local politics.
Projects during 1999-2001 included investment operations in health, education, community and municipal development, water utilities, protection of cultural heritage, support to export-oriented enterprises, micro-enterprises and the power sector, as well as a number of adjustment operations supporting privatisation, public sector and labour market reforms (World Bank, 2002). In economic matters, the Bosnian economy showed double-digit growth, and inflation remained low. But one has to remember that the post-war growth was fuelled heavily by a $5.1 billion reconstruction package and on Western aid. The aid will soon decrease and the city and country will have to sustain themselves. The international community urged Bosnian leaders for years to undertake major economic reforms in order to attract badly needed foreign investment. They also criticized the country’s politicians (as well as local politicians) over widespread corruption, tax evasion, and burdensome regulations. The return of refugees remains largely unrealised. The United Nations named 1998 as “The Year of Return,” hoping that as many as 50,000 of the estimated 1.8 million people displaced by the war would return to their homes in areas controlled by members of another ethnic group. Some have returned but close a million still remain outside the borders or internally displaced (World Bank, 2000, EC 2002a and 2002b).

**AT THE CROSSROADS: MODELS FOR PHOENIX RISING?**

The core idea of the SCOPE model (Diagram 1) (in the context of reconstruction of cities after wars) is a strategic and innovative approach in effective conceptualization and designing of policies, programs and projects that efficiently address post-conflict communities. The approach is an integrated and interdisciplinary one, which focuses on versatility and flexibility, which are most necessary for it to be applied to varied scenarios and situations. The idea of Scope differentiates itself from conventional thinking as it bases itself on the principle that it is not solely economic and political factors that matter in a successful policy initiative for reconstruction and development (Hasic, 2002a). The key ingredient of this model is represented in the seven tiers – foundation structure, areas of reconstruction and rehabilitation. Each of these system areas includes respective subsystems. One of the novelties here is that they all need to function and operate, in what we can introduce and call here ‘parallel dynamics’. So all these seven areas: spatial, economic, social, political, technological, environmental, and intellectual are the foundation around which the framework is build. The model is a qualitative one using the *Grounded Theory* approach in an interdisciplinary manner (Hasic and Bhandari, 2001 and Hasic, 2002b).

Systems thinking and strategic management tie up everything and include practical and contemporary planning tools (from various fields that can be used here) such as project management models, logical framework approaches, enhanced post disaster models, etc. The point to make here is that strategic planning and management in post-conflict reconstruction must move towards synthesis, which means towards the systems thinking approach (Haines, 2000...
and Hasic 2002b). This strategic model and planning framework require a multi-disciplinary approach and cooperation amongst different actors. Complex problems have to be tackled by various disciplines and experts moving into a systems view of intrinsically dealing with holistic issues. In the city SCOPE strategic framework for cities (Diagram 2) the focus is on developing a post-conflict sustainable city model. The components and relations between them are summarized around the discussion so far. The diagram is meant to bring all the key aspects from the discussion into a comprehensive network and framework for planners and decision makers. Even with the European Commission documents on strategy for Bosnia and Herzegovina (and with that Sarajevo) from 2002 to 2006 [EU-CSP 2002-2006 and EU-COM 2002-163] there is still a lack of integrated understanding of dealing with key issues in a parallel fashion.

Diagram 1: The SCOPE (Sustainable Communities in Post-Conflict Zones) Model: A Strategic and innovative approach to effectively conceptualize and design policies, programs and projects that efficiently address post-conflict communities. Its approach is an integrated and inter-disciplinary one.

Social capital is one of the keystones for sustainable development on the long run. Therefore it is important to restore people’s self-confidence and morale within the broken social capital. This is where the SCOPE model has its strong emphasis. The basic premise is that interaction enables people to build communities, to commit themselves to each other, and to knit the social fabric. A sense of belonging and the concrete experience of social networks (and the relationships of trust and tolerance that can be involved) can, it is argued, bring great benefits to people (Lin, 2001). None of that will be possible if Sarajevo does not regain its multi-ethnic and pluralist status. Three things are crucial: stopping the enormous human (brain) drain, returning the refugees and displaced (population already on its way of becoming a diaspora) and starting the process of ethnic healing on ‘equal justice for all’ foundation. For that to happen a whole new set of development and action criteria must be set forth and enabled. In adopting a multi-methods systems thinking where all issues are related to each other, we might truly begin to create a real reconstruction (rehabilitation) strategy and what is even more important a full strategy for the development of this city and region. Then, as the framework shows, after doing things in an integrated fashion the ‘final’ goals should materialize in developing a truly democratic society with cities (like Sarajevo) that are cores of sustained economic growth and as sustainable beacons of rule of law and human rights.

Diagram 2: SCOPE City Framework for Strategic Reconstruction. Reconstruction of cities enters the field of long-term development and becomes concerned with a socio-political-economic transformation in the direction of broad national and regional goals. Strategy formation and long-term strategic systems planning become the most urgent components in a post-conflict sustainable city development.
Reconstruction and rehabilitation programs have to identify the needs, issues, opportunities, difficulties and constraints in a much more dynamic, proactive and systematic way. There is more need for collaboration, standard set of rules and actions (methodology) and systems approach in dealing with projects. Without a holistic view of all issues and aspects, as those taken up in the model (political, economic, social, environmental, etc.) the reconstructions efforts are still born on the long run (Hasic and Bhandari, 2001).

CONCLUSIONS: TOWARDS A SUSTAINABLE CITY

The creation and achievement of a post-conflict sustainable city is at the same time a challenging and also a daunting task. Throughout history, cities have been and are the most complex products of humankind. They always stood as the centers of human endeavor and cultural excellence (Hall, 1998). Cities are visible artifacts of information society, technological change, economic growth and cultural transformation (Friedman, 1996). During the last century cities have become *global environmental parasites* (processing food, fuel, energy and consuming resources well beyond their boundaries). They have also become centers of political struggles, arenas for urban warfare and places of ethnic cleansing and atrocities. Cities like Mogadishu, Beirut, Sarajevo, Vukovar, Grozny, Kabul and others have been witnesses to that. In the new century, cities must function in very different ways or they will undermine their own survival and that of their inhabitants. In this respect to recognize the links between a city and the surrounding hinterland becomes apparent and, by extension, the links between urban quality of life and the well being of the hinterland ecosystems. It is important to look at this task as holistic, in a systems thinking manner where the relationships between the elements are important, not just the individual parts.

Cities are the engines of nations economic growth, the centers of social discourse and the living deposits of human cultural achievement (Mumford, 1968 and Hall, 1998). But in ecological terms they are also nodes of pure consumption, the entropic black holes of industrial society. This means, paradoxically, that while there is no hope for the city *per se* to achieve sustainability independent of its vast and scattered global hinterland, it is in cities
that the greatest opportunities exist to make the changes necessary for general sustainability (Rees, 1999). Cities are concentration of exchange opportunities, not just in physical, but also in social sense. Human habitation is probably one of the most complex issues on the planet. To maintain a high quality of life and sustained economic competitiveness, cities and regions need to address environmental, economic, political and social issues in a holistic manner. Any plan that fails to consider all of these elements will not survive over the long-term (Hasic and Roberts 1999). Public transit, workforce training (capacity building), city revitalization and renewal strategies, preservation of green spaces, and the creation of governance systems must be considered in the light of their combined impact on the quality of life for all people. Sustainability principles provide an organizing framework for these approaches.

There is no doubt that today ethnicity is in ill repute. This is particularly the case because of the currency of the notion of ethnic cleansing in the formerly multicultural and multinational former Yugoslavia. It is unfortunate, however, that the fear of aggressive ethnicity of the Yugoslav kind is often seen as a reason for opposing minority ethnicities in Western European democratic states (Rex, 1996). The common European Union response to the crisis and tragedy in former Yugoslavia and the questions of national identity and nation state building has been lacking to a large extent because of the domestic political problems that have been burning for long time in Great Britain (Northern Ireland), France (Corsica), Spain (Catalonia) and Italy (South Tyrol) respectively.

When considering the reconstruction of war-torn cities, the protracted deep-rooted nature of today's urban conflicts must be taken into account. These conflicts generally involve former neighbors and fighting is based on grievances and perceived injustices that have been kept in the background, but never resolved. These types of conflicts are not easily settled through bargaining and negotiated agreements at the state level. Dealing with the demands and consequences of ethnic polarization is probably the most difficult moral dilemma that faces actors in the reconstruction (Barakat, 1998). Building good governance and civil society must be viewed within the issues of community, enablement and participation which are all fundamental to action planning of cities – politics of decision making (transparency and participation), redistribution of power and creation of an enabling framework (Hamdi and Goethert, 1997).

The recommendations offered throughout this paper and materialized in the proposed integrated and systems approach SCOPE city model framework, are synthesised ideas that were discussed in previous works (Hasic and Roberts, 2000, Hasic and Bhandari, 2001, Hasic, 2002a and 2002b). They suggest approaches and actions that would contribute to the reconstruction of cities, in this case, the city of Sarajevo. A holistic and systems view of things can enable and nurture a new outlook on a multiethnic society. This can become, if done properly and on stable ground, a new symbol of defiance to those who attempted to prevent the growth of ethnic tolerance. The real reconstruction of the public realm can foster a community that maintains its rich cultural heritage, deals with the tragedy of the past and the repercussions of conflict in a productive way, and is also able to step confidently into the future. Unfortunately wars will always take
place and contemporary wars are wars of cities. Forces of destruction will threaten from outside as well as from within. The challenge is to find ways of preparedness of renewing the foundations of cities and finding the most positive elements in the social capital, the elements that will undermine the causes of war and enable a true sustainable revitalisation of cities and society. In order for the spatial reconstruction to succeed, continual ethnic, religious, socio-economic and political tensions need to be better understood and tackled. One of the answers to continued peace and reconciliation in Sarajevo rest in the provision for future generations, in particular the younger members of today’s Sarajevo community. It is important that those growing up in the city be instilled with the sense of tolerance, which their parents will have to impart and education systems in place will have to learn. New generations can only live in an environment of reconciliation and openness (if there is to be a true sustainable Sarajevo), growing up without the prejudices that were rekindled during the conflict. Sarajevo must exist as an open city, where just multiculturalism and equitable multiethnicty (Figure 6 and 7) can become new, revived guiding principles. Keeping Sarajevo as a mono-ethnic and closed city with only an artificial sense of openness will not result in anything. In this regard the second heading from the Sarajevo Summit Declaration of 1999 could be an appropriate reminder at the end of this discourse.

2. Sarajevo is a city, which has taken its place in the history of our century. It is a symbol of the will to emerge from the depths of conflict and destruction as well as a symbol of multi-ethnic, multi-religious and multi-cultural respect and tolerance. From Sarajevo, we affirm our determination to work together towards the full achievement of the objectives of democracy, respect for human rights, economic and social development and enhanced security to which we have subscribed by adopting the Stability Pact. We reaffirm our shared responsibility to build a Europe that is at long last undivided, democratic and at peace. We will work together to promote the integration of South Eastern Europe into a continent where borders remain inviolable but no longer denote division and offer the opportunity of contact and cooperation [SARAJEVO SUMMIT DECLARATION 1999, Heading 2].

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REFERENCES


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The Reconstruction Business: Economic Agendas and Regional Strategy in Post-conflict Bosnia and Herzegovina

Abstract

Post-conflict reconstruction efforts in the last decade have been focused on the four distinct pillars of reconstruction: senses of security, justice and reconciliation, social and economic well-being and governance and participation. Significant progress has been achieved in understanding the social, political and economic factors underlying the civil and ethnic wars but the complexity and connectedness of these factors in post-war situations and there inter-dependency on each other has been comparatively neglected. This paper looks at the post-conflict economic reconstruction of Bosnia and Herzegovina and the economic agendas put in place. It takes a stance that solely pursuing economic issues without a proper ‘parallel follow-up’ of social, political and other relevant issues cannot bring about a sustainable reconstruction. Discussion strives for consistency and urgency of dealing with issues in a systems manner and for policy relevance in both their analysis and their prescriptions. A special case of post-war neo-gray economy, the Arizona Market and its current transformation into an ‘economic oasis’, is analyzed. This paper also draws attention to the importance of innovation, knowledge creation and proactive strategies for achieving a competitive post-conflict society. Finally, paper considers the importance of the regional context and competitive (dis) advantages of Bosnia and Herzegovina.

Keywords

Economic reconstruction, regional integration, foreign direct investment, innovation, Arizona Market, loss of identity, competitive advantage, complexity, uncertainty;

Introduction

Civil war is a sufficiently devastating phenomenon that it is likely to have large effects on both the level and composition of economic activity (Collier, 1999). There are a number of similar negative features of war-torn economies. Jonathan Haughton has identified the following as being important: GDP per capita falls, population is forcefully moved, peace and security are fragile, infrastructure is devastated, rate of inflation is very high, financial and fiscal systems are weak, property rights, trust and other services are undermined, industrial sector is diminished and so on (Haughton, 1998). This has proven to be the case in Bosnia and Herzegovina too. Almost eight years after the war the country still faces formidable challenges towards reaching and securing some kind of sustainable economic development. Although partly decreased, continued mass population displacement still presents a huge problem. The quality strata of society has been internally displaced or externally dislocated as refugees and limbo Diasporas. The situation has been made even worse by the fact that the war in former Yugoslavia has brought about a total collapse of traditional markets, the demise of old state owned companies and the centrally planed socialist economy. In addition to that the war heavily damaged industries and infrastructures in Bosnia and Herzegovina. This led to a drastic fall in all industrial output, almost up to 90% of all pre-war levels. Standards of living have fallen down and are still down while the rate of unemployment is high as 40%.

Humanitarian donor aid resources have not been streamed properly into real-time reconstruction (immediate revitalisation of economy, return of professionals, major infrastructure works, knowledge creation, etc.) but more channelled towards a forceful transition and privatisation, selling off of state owned enterprises and a series of uncoordinated, isolated ubiquitous projects with often hidden agendas behind it. Key indicators for the period from 1998-2002 are a vivid example of country’s slow economic revival (Table 1). This paper stresses the need for urgent thinking in real-time terms, thinking
for a future competitive society, one that will be able to free itself from the bonds of (economic) dependency. In that respect much more attention needs to be given to innovation, knowledge creation, productivity and human capital. Integration and return of refugees and displaced populations plays a pivotal role here.

Table 1: Key Indicators: The Economy of Bosnia and Herzegovina (Population 2001, estimate: 3.8 million)

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
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<tbody>
<tr>
<td>Total estimated GDP (billion €)</td>
<td>3.8</td>
<td>4.3</td>
<td>4.8</td>
<td>5.2</td>
<td>5.4</td>
</tr>
<tr>
<td>GDP per capita (USD)</td>
<td>1089</td>
<td>1105</td>
<td>1042</td>
<td>1100</td>
<td>1263</td>
</tr>
<tr>
<td>Gross Investment (in % of GDP)</td>
<td>25.9%</td>
<td>21.0%</td>
<td>21.2%</td>
<td>19.4%</td>
<td>19.2%</td>
</tr>
<tr>
<td>Gross National Savings (in % of GDP)</td>
<td>17.7%</td>
<td>12.8%</td>
<td>8.8%</td>
<td>3.9%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>GDP change %</td>
<td>13%</td>
<td>10%</td>
<td>-5%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Economic growth rate %</td>
<td>18%</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>Unemployment rate %</td>
<td>35%</td>
<td>31%</td>
<td>40%</td>
<td>40%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Average net salary (USD)</td>
<td>182</td>
<td>164</td>
<td>172</td>
<td>186</td>
<td>247</td>
</tr>
<tr>
<td>Annual inflation rate %</td>
<td>7.9%</td>
<td>6.5% *</td>
<td>2.0% *</td>
<td>1.7% *</td>
<td>0.2%</td>
</tr>
<tr>
<td>Frozen Foreign Currency Savings (million USD)</td>
<td>37.0</td>
<td>32.5</td>
<td>29.1</td>
<td>26.7</td>
<td>25.7</td>
</tr>
<tr>
<td>Money supply (million USD)</td>
<td>735</td>
<td>1028</td>
<td>1171</td>
<td>2334</td>
<td>2672</td>
</tr>
<tr>
<td>Import (million USD)</td>
<td>2853.7</td>
<td>2854</td>
<td>2908</td>
<td>3074</td>
<td>4367</td>
</tr>
<tr>
<td>Export (million USD)</td>
<td>678.6</td>
<td>800</td>
<td>1035</td>
<td>1084</td>
<td>1122</td>
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</table>


The paper draws attention to the importance of these issues as well as the need for a clear proactive vision of the future in Bosnia and Herzegovina. It also looks into some current economic trends and outlooks in the country, economic agendas put in place as well as the state of Foreign Direct Investment (FDI) as it stands today. The case of ‘Arizona Market’ grey economy and its transformation into an efficient commercial centre is reflected upon in the paper as a unique example of post-conflict economic activity and a by-product of a misguided economic reconstruction process. Finally regionalism is stressed at the end of the paper as an important segment of development coming more and more into the limelight of current debate and discussions in this area. Economic reconstruction, state of the nation and the state of the overall reconstruction and (sustainable) development has to be looked within a wider context of regional issues.
Visions of Bosnia and Herzegovina development (and of the capital Sarajevo for that matter) are not going in the direction of systems thinking, a dynamic proactive vision of integrated issues. Instead too much focus has been given (driven by international community) solely to economic reconstruction. Focus on other aspects (social, political, technological, etc.) must follow at the same pace. Bosnia and Herzegovina has made a slow but in some aspects a steady progress over the past years in making the transition to a market economy. International donors and moneylenders, aside from a still insecure political situation, see no future in reviving outdated and rusting industrial works and mega socialist projects, unless private investors want to buy them. But without an influx of foreign capital, alternative sources of employment are difficult to find - other than in what is euphemistically termed as ‘the gray economy,’ which covers everything from smuggling goods to not declaring employees to the tax authorities. What needs to be done is to consider proactive measures to train in developing a market style economy on all levels, where educational issues including the exchange of personnel and academic resources should play a vital role. There should be proper institutional controls of channeling aid and safeguards to insure transparency and public scrutiny. Maybe the biggest problem right now is the ‘brain drain’ (that all former Yugoslav states are experiencing but in a lesser extent than B&H), which affects and undermines the economic foundation and stability of the country. This trend needs to turn around and instead of the exodus of young professionals and an uncertain economic future the shattered economy needs to be rebuilt in such a way to offer a stable ground for the future.

**Economic Trends and Outlooks for Bosnia and Herzegovina and Sarajevo**

Bosnia and Herzegovina (B&H) was ranked next to The Former Yugoslav Republic of Macedonia as the poorest republic in the old Yugoslav Federation. Although agriculture is almost all in private hands, farms are small and inefficient, and the republic traditionally is a net importer of food. Industry has been greatly overstaffed, one reflection of the socialist economic structure of Yugoslavia. The former president of Yugoslavia, Josip Broz TITO, had pushed the development of military industries in the republic with the result that B&H hosted a number of Yugoslavia’s defense plants. The bitter interethnic warfare in B&H caused production to plummet by 80% from 1990 to 1995, unemployment to soar, and human misery to multiply. With an uneasy peace in place, output recovered in 1996-99 at high percentage rates from a low base, but output growth slowed in 2000-02. Since the signing of the Dayton Peace Accords at the end of 1995, the country has faced the triple challenge of recovering from the war, merging three ethnically-based economies still influenced by separatist agendas and overcoming 50 years of communist rule. While the post-war reconstruction phase is now largely completed, the economy is still in the midst of a transition that began in 1996. As a result, the economy continues to be heavily dependent on international aid, despite an influx of more than five billion U.S. dollars in aid since the end of the war.

Per capita GDP in 2001 stood at about $1,100 and with a total estimated GDP of less than $5 billion, BiH output is at only about half its prewar level. Strong post-war economic growth reflected more the infusion of donor assistance than increases in domestic production or private investment. As assistance levels have fallen in recent years, GDP has fallen in tandem. In 2001, the IMF estimated economic growth at 5.6%, and during the next several years, even assuming more aggressive implementation of economic reforms, GDP is projected to plateau

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1 Material and data presented in this section originates from various sources as well as from authors own research [European Bank for Reconstruction and Development (EBRD), European Commission (EC), The Ministry of Foreign Trade and Economic Relations, Office of the High Representative (OHR), International Monetary Fund (IMF) Central Intelligence Agency (CIA), The Bosnian Business Service (BBS) and Serecon – Economic Reconstruction and Development in South East Europe (www.seerecon.org).
at six percent. With donor assistance decreasing, B&H must necessarily increase private sector investment in order to maintain GDP growth. Inflation is under control in Bosnia and Herzegovina thanks to the adoption of a currency board in 1997 legally mandating that the local currency (the Convertible Mark) be fully backed by hard currency or gold. Deposits in the Central Bank stood at more than one billion German marks in November 2001, reflecting growing confidence in the banking system. Previously, a relatively large inflation differential existed between the two entities, however, because of a faster-than-expected deceleration in inflation in the RS, rates equalized at around two percent in the last quarter of 2001. Official statistics show unemployment at 35-40% statewide. That figure has fallen significantly from the 70-80% levels in the aftermath of the war. However, with a significant gray economy, unemployment figures are misleading. Since labor costs for employers are high, many hire employees off the books. According to a recent World Bank study, actual unemployment is likely closer to 20%. There is little doubt, however, that the job market remains weak and young people in particular have difficulty finding jobs. Bosnia has run high trade deficits because with low domestic production, imports have satisfied demand for goods. However, the gap between imports and exports has been narrowing steadily. In 1997 the ratio of imports to exports was 4-to-1, but in 2001 the ratio is about 2.5-to-1. For the first half of 2001, exports (led by clothing, furniture and leather goods) rose by 20%, while imports fell by nearly 5%. At present B&H’s imports are covered by only 26% of the exports and the country loses some 11 million KM every day (5.5 million €). What is even worse B&H is ‘branded’ as a country of corruption, violence, organized crime, human trafficking and goods smuggling. One of the reasons for this lies in slow policy measures for economic reconstruction.

| Table 2: Key Policy Measures in Speeding the Reconstruction of War-Torn Economies |
|-------------------------------------------------|-------------------------------------------------|
| **Early measures (years 1-2)** | **Later measures (years 3-5)** |
| **Population** | Return and settle refugees. | Reversing the trend of ‘Brain Drain’ and utilizing the Diaspora |
| Security | Demobilize. | |
| | Professionalize police, army. | Professionalize police, army. |
| **Infrastructure** | Open and secure main ports, roads, rail and airports. | Plan long-term investment and maintenance. |
| | Develop capacity to appraise & manage projects. | Strategy for regional cooperation and connectedness. |
| **Macroeconomics** | Cut inflation below 20%. | |
| | Restrain lending by state-owned banks. | Develop banking rules and oversight capacity. |
| | Liberate exchange rate. | |
| | Establish exchange rate convertibility. | Have stable currency. |
| **Fiscal System** | Introduce cash budgeting. | Increase revenue mobilization. |
| | Set up payments system. | Develop data collection. |
| | Suspend debt servicing. | Renegotiate debt. |
| | Seek foreign aid to support budget. | Civil service reform. |
| | | Fiscal decentralization. |
| **Political System** | Secure stability and Rule of Law. | Fight against corruption and bridging the political divide. |
| | Eliminating obstacles to peace. | |
| | Free and transparent elections. | Referendum possibilities. |
| | Judicial and security systems in place. | Democratic and Just Governance. |
Jonathan Haughton has showed that key policy measures in speeding up the reconstruction of any war-torn economy (Table 2) need a great deal of attention and do not only encompass the macroeconomic and fiscal systems (Haughton, 1998). A revised table of key policies measures is given above. In terms of fiscal policy, both entities in B&H have faced the challenge of keeping spending under control. At the state level, new expenditures have arisen as B&H builds up its central institutions. At the entity levels, spending pressures grow out of increasing demands to widen the safety net for pensioners and war veterans. With an army to maintain in each entity, military spending is the highest in the region, at 6% of GDP. Both entities are taking measures to cut the military, but while this will save resources in the long term, the entities will need to fund expensive severance packages in the short term. On the revenue side, tax collection has been inefficient. Annually, the entities lose 30% of their annual revenue from customs evasion. Additionally, unpaid sales tax cost entity governments approximately 1.5 million U.S. dollars per month. Smuggling of cigarettes alone deprives government of an estimated KM 500 million (1KM=0.5 EUR) in customs revenues. With assistance from the international community, the entity governments have been taking steps to create more efficient tax administrations and to grant greater powers to officials to collect taxes. The public sector continues to maintain a heavy hand in economic activity. Despite several years of attempted market reforms, the private sector’s share of the economy is a mere 35%. According to World Bank transition indicators, Bosnia and Herzegovina lags behind its neighbors in every category of economic reform: governance and enterprise restructuring, competition policy, trade and foreign exchange systems, and banking reform/interest rate liberalization. Additionally, the pace of large-scale privatization has been disappointingly slow.
There is an obvious crisis of identity (Castells, 1997) amongst the citizens of Bosnia and Herzegovina and its capital Sarajevo. On one side we have a slow and at times failed reconstruction that has been going on for more than seven years now. There are very few systemic results on the ground to show for this. On the other side we have a crisis of institutions of society – political representatives, governance tools, etc. Uncertainty and crisis are interwoven into every aspect of society topped by the fact that the country is de facto governed as a protectorate and where the government in place is not responsive to human needs. This loss of identity reflects itself directly into the economic, political and social sphere of society on the whole. Culture of dependency (after prolonged donor aid) is just a byproduct of this. All of this accelerates the already evident exclusion, segregation and defragmentation in society, creating large groups that feel threatened and lost in such a post-war defragmented situation as well as opposing the forceful (often unjust) socio-economic and political changes that the institutions of the protectorate bring about. People feel trapped and humiliated, especially with the lack of democratic governance. All this negative phenomena has created the loss of personal identity, creativity and building of networks (loss of social capital included) all of which undermines the future of one’s country and society (Castells, 2002). Manuel Castells is right when he argues that societies change through crisis. Unfortunately that change in Bosnia and Herzegovina and Sarajevo has been a negative one for all the wrong reasons. Inability of a post-conflict society to be evolutionary beyond a certain point of crisis has manifested itself clearly in B&H and Sarajevo. To build a modern network society and knowledge economy (Castells, 1996) will take much more than protracted protectorate without a proactive vision of the post-conflict future.

The capital of Sarajevo is representative more or less of the whole situation in Bosnia and Herzegovina. An aspect of normalization of post-war situation would be the normalization and functioning of economy. That is where Sarajevo doesn’t fulfill the normalization picture (Figure 1). A huge percentage of economic activity revolves around the countless international agencies that have grown like fungus to aid in the reconstruction. The changing economic order naturally changes the social order as well. One of the consequences of the war in Sarajevo is its continual dissolving social capital. Sarajevo’s immediate needs were to repair infrastructure, jobs, and enable the safe return of people to their homes. There has been a shift of Sarajevo’s economic demography for the worse. Two main aspects are dominant. Firstly the city has been converted from a highly urban centre to a post-semi rural one. By this
ruralization (deurbanization) we mean large-scale immigration of rural refugees and displaced (ethnically cleansed) from small towns and villages into the cities. This population has replaced the ‘emigrated’ urban city population (Hasic, 2002). Secondly the city is compounded by the fact that many younger, educated people left during the war and are still waiting in large numbers to leave the country. Brain drain is one of the consequences of war and failed reconstruction.

Sarajevo has received many refugees from other parts of Bosnia and Herzegovina. The social order is completely altered, but after nearly four years of war destruction, how could it not be? There is an understandable fatalism when it comes to anything pertaining to money. Most people lost their life savings during the war. While banks have returned, they are privatized now, a new idea in a formerly socialist country. There is very little faith in them. People spend money with little regard for the future, and after the war, this does not come as a surprise. The stream of money from the international community is slowing to a minimum now. Sarajevo is no longer a top humanitarian concern and such organizations are leaving as contracts expire. Economic stagnation, corruption and governmental mismanagement are facts of the moment now. Sarajevo feels like a capital of a country lingering in a limbo state. After enduring a forty three months long siege, the city is slowly healing but only on the surface, even though a number of buildings and homes remain in ruins. Reconstruction is much more that just rebuilding the destroyed facilities and properties particularly in a country which was the epitome of communist central economy planning and failed mega smokestack industry projects. Another huge problem that is undermining the economic regeneration in Sarajevo is the division within and along its ethnic lines. Sarajevo has become a largely mono ethnic community where a large number of qualified professionals have never returned and where the remaining brain drain is apparent. All of this is coupled by the fact that the country is de facto split into two semi-autonomous halves by the Dayton peace accords, governed at all levels by unwieldy combinations of Muslim, Serb and Croat nationalists, and utterly reliant on international aid and oversight and governed by the protector or proconsul institution of the international community, the OHR. What little sound and regenerated economic activity the city and country have, all the negative aspects that remain drown it. Retailers, investors and traders from neighboring Slovenia, Croatia and Serbia have started to move into the B&H market. But investors from Western Europe see very few incentives and too much risk and uncertainty, except for economic oasis projects (often driven by ‘foreign sharks’) that are spreading everywhere and have only have single thing in mind - profit (Italproject – Arizona Market, Mercator world class shopping centers, and others) and are becoming sort of “Wal-Marts” of Bosnia and Herzegovina.

**Economic Agendas and Foreign Direct Investment (FDI)**

The international community involved in the reconstruction of the country has set very high goals with a strategic approach that sounds straightforward: building a market economy based on the rule of law and privatizing state assets to attract foreign investment that can create jobs. This has proved to be a grueling task, a financial black hole since its inception. Billions of dollars have flowed into Bosnia and Herzegovina, sustaining so many overlapping and endless international missions that officials are unwilling to guess exactly how much has been spent to rebuild the economy. Estimates by economist and analysts vary from $5.1 billion to about $15 billion, where humanitarian aid, resettlement of a million refugees and stationing of international armed stability forces is not included. As the figures in Table 1 show, there is still much to do in Bosnia Herzegovina (B&H) to get the country back on its feet again. The Dayton Agreement, that many see as a failed and contradictory project (Chandler, 2000 and Bose, 2002) put an end to that war but it did not manage to lay down the real foundations of a
eight years to democratically elected government, seven years later, true national reconciliation and the healing process still has not yet been completed. Despite the plans and strategies from the OHR, European Commission and the World Bank, Bosnia’s complex legal and regulatory framework, weak judicial structures and corrupt public administration system continue to discourage any real foreign investment. The country is ranked amongst the last in the region in terms of foreign direct investment (FDI). However, B&H authorities are keenly aware of the country's economic shortcomings, recognizing that economic reform and rule of law are crucial ingredients for both growth and poverty reduction. Their action plans are aimed at moving the reform agenda forward more vigorously.

FDI stands for Foreign Direct Investment, a component of a country’s national financial accounts. Foreign direct investment is investment of foreign assets into domestic structures, equipment, and organizations. It does not include foreign investment into the stock markets. Foreign direct investment is thought to be more useful to a country than investments in the equity of its companies because equity investments are potentially ‘hot money’ which can leave at the first sign of trouble, whereas FDI is durable and generally useful whether things go well or badly (Moran, 1998 and Estrin, Richet and Brada, 2000). Bosnia and Herzegovina has a high potential of hydroelectric power facilities, as well as natural resources of iron ore, coal, manganese and bauxite. Many traditional industries also remain intact including forestry, furniture manufacture, food processing, animal husbandry and meat processing. As with its neighbor Croatia, Bosnia and Herzegovina can also look to tourism as a possible major industry.

In 2001, after six years of relative peace and calm, the economic situation was described as ‘dire’ with the weak rule of law and lack of just democratic governance with little sense that a genuine multi-ethnic state was being created (Pugh, 2001). There is a clear tendency of the ruling political structures interfering in the work of local courts and other legal and civil institutions whereas their work and capability to deal with problems is hindered even more. Weak central government with ongoing strong ethnic divisions and OHR’s forced protectorate policies is functioning poorly and spending resources and funds in a very inefficient way. In many cases Foreign Direct Investment and Aid often have its own agenda. For example, some countries have spent more than $500 million dollars on humanitarian and religious projects, where the money could have been spent in a more sound way (education, capacity building, small economic revival, etc.). Due to the lack of dynamic privatization, United States suspended its financial support in December of 1999. After that there was a period of stabilization and improvement through investments of foreign companies in the local banking sector, trading sector and food and beverages industry. Unfortunately the ever growing pains have remained, such as strong and outdated bureaucracy, prolonged registration of companies and businesses, restrictive labor laws all interwoven with deficiencies of weak political governance and corruption. A large portion of the economic sector still focuses on the gray and black markets.

B&H is still a poor country where just about 13.2% of population earns more than 4$ per day. On the overall, the economy is still under the control of the political elite, which hinders real openness and transparency. Due to the rise of inter-entity exchange of goods and services the economy is showing some signs of rehabilitation. B&H has made a considerable progress in macroeconomic stabilization and some progress in transition in the past two years. Inflation is low, fiscal discipline has improved and economic growth stands at around 4% per annum, which is however a slow-down compared to the post-war reconstruction years, reflecting the lack of new sources of investment. Small-scale privatization is almost complete in both Entities (Federation and RS), but large-scale enterprise privatization is lagging behind. The privatization of the banking sector is nearing completion, and in the Federation, a sound
banking system has taken roots. Progress has been made towards privatization of telecommunications in the RS, while a sound regulatory framework has been developed at State level.

In 2001, unofficial estimates show foreign direct investment at around $160 million, slightly up from the $150 million in 2000 (Table 3 and 4). While dwarfed by the billions in FDI going into neighbors Croatia and Slovenia, Bosnia’s FDI is at least moving in the right direction. Official economic statistics present a sobering picture: per capita GDP stands at $1,100 and total GDP of less than five billion euros represents only half of prewar levels. Unemployment officially averages 35-40%, though according to World Bank, the actual figure may be closer to one-half that value. Exports remain at only about one-third of their pre-war levels, far from adequate to generate the hard currency revenues needed to compensate for projected declines in donor assistance over the next several years. The most recent export figures (January-June 2001) are more encouraging, showing sharp gains in exports of clothing, furniture and leather goods. FDI in Bosnia and Herzegovina according to different sectors between 1994 and 2002 was distributed amongst the following sectors: Manufacture 55.5%, Banking 16.5%, Services 6.8%, Trade 6.2%, Transport 0.9% and Tourism 0.7%. The Central Bank of B&H (CBB&H) has been created, followed by the introduction of new, internally and externally fully convertible currency, the Convertible Mark (KM) connected to the Euro, by ratio: 1KM = 0.51 Euro.

Table 3: Foreign Direct Investment (FDI) in Bosnia and Herzegovina* and List of countries that have invested most in the period from 1994 to 2002.

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-1997</td>
<td>Croatia</td>
<td>233</td>
</tr>
<tr>
<td>1998</td>
<td>Kuwait</td>
<td>220</td>
</tr>
<tr>
<td>1999</td>
<td>Slovenia</td>
<td>186</td>
</tr>
<tr>
<td>2000</td>
<td>Germany</td>
<td>174</td>
</tr>
<tr>
<td>2001</td>
<td>Austria</td>
<td>173</td>
</tr>
<tr>
<td>2002</td>
<td>Serbia and Montenegro</td>
<td>128</td>
</tr>
<tr>
<td>Total</td>
<td>Holland</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>Switzerland</td>
<td>90</td>
</tr>
</tbody>
</table>

*Note: In year 2002 35% of the total FDI in Bosnia and Herzegovina was realized; The increase of FDI in year 2002 in comparison to year 2001 accounts to about 120%; Source: The Ministry of Foreign Trade and Economic Relations 2002 and Bosnian Business Service (BBS) 2003. **BAM (International Banking Code for this currency. Value: 1 KM (BAM): 0.51EUR. **The FDI was distributed in entities (1994-2002) as: Bosnian Federation: 1.147.356.000 KM and Republic of Srpska: 566.558.000 KM

Table 4: Largest FDI in Bosnia and Herzegovina (1994-2002)

<table>
<thead>
<tr>
<th>Foreign Company*</th>
<th>Investment Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>KCIC</td>
<td>Kuwait</td>
<td>Steel Industry</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>Holland</td>
<td>Food and Dairy Industry</td>
</tr>
<tr>
<td>Heidelberg Zement</td>
<td>Germany</td>
<td>Building Construction Materials</td>
</tr>
<tr>
<td>Dubai I.B., A.I.B. and Islamic Development Bank</td>
<td>United Arab Emirates and Saudi Arabia</td>
<td>Banking and Finance</td>
</tr>
<tr>
<td>Finvest Corporation</td>
<td>Croatia</td>
<td>Pulp Industry</td>
</tr>
<tr>
<td>Gama</td>
<td>Slovenia</td>
<td>Machinry</td>
</tr>
<tr>
<td>V.I. Sports consulting</td>
<td>Belgium</td>
<td>Services</td>
</tr>
<tr>
<td>Hypo Alpe Bank</td>
<td>Austria</td>
<td>Banking</td>
</tr>
<tr>
<td>Zagrebacka Banka</td>
<td>Croatia</td>
<td>Banking</td>
</tr>
<tr>
<td>Lemano Trading Company</td>
<td>Switzerland</td>
<td>Textiles</td>
</tr>
</tbody>
</table>

Source: The Ministry of Foreign Trade and Economic Relations 2002 and The Bosnian Business Service (BBS) 2003. *Note: Foreign investors have the same property rights in respect to real estate as the citizens and legal entities of Bosnia and Herzegovina.
With regards to FDI, the current economic situation of Bosnia Herzegovina is an ominous indicator of the critical state of affairs of the country. Therefore a series of key areas of intervention have been identified by the international community, such as: facilitation of foreign direct investment, improved balance between State and Entity institutions, realization of a single economic space in B&H and re-establishment of economic ties with neighboring countries. Three difficult problems remain for attaining a more, massive FDI: growing corruption, widespread phenomenon of grey labor (economy) and overall political insecurity.

The Case of ‘Arizona Market City’ (Neo-Gray) Economy

The creation of Arizona Market ‘neutral space’ has introduced a new economic, social and spatial structure in the post-conflict environment of Bosnia and Herzegovina. With its ethnically mixed population, the “Arizona Market,” became the largest black-market in Bosnia (Figure 2), established in 1997 by American SFOR (stabilization force) troops. This in turn has resulted in the creation of the abstract Arizona Road: another unique urban phenomena of the largest black market in the Balkans. The Brcko District (the market lies between two entities) has seen the greatest ‘benefits’, where this operation has already drawn substantial investment. Initially established as a free trade centre, the market is now a joint venture between Brcko District and an Italian consortium (Italproject). They are redeveloping this site into a legal commercial enterprise. The Brcko district government has moved to implement the redevelopment contract by closing down unauthorized businesses and expropriate property in the name of public interest. The consortium is turning this wild-west-Dodge-City-Third-World-Bazaar into a first-world shopping center, but for whose benefit?

![Figure 2: Market Arizona. Source: Composite Photos courtesy of BBSR, 2003.](image)

How did Arizona Market come about? The new political, social, economic and urban conditions that have surfaced after the war in Bosnia and Herzegovina have given excellent foundation for the creation of such a micro enterprise. Aside from the fact that this was a flourishing ground for private and informal economy (gray and black) as an answer to the ‘dysfunctionalism in the official economy’ (Schierup, 1999), the market reflects some other important characteristics. The peculiarity of the it’s position and layout, the dynamics of its (illegal) development, its function as a vehicle of hope for the preservation of peace (multiethnic gathering place), as well as the fierceness of war, the special geo-political status of the region (the District of Breko connecting two entities), the concentration of foreign relief...
organizations and armed forces, and the injustice and conflicts present in all social spheres, has created a hallmark of B&H post-war society. Resulting from a chain reaction of paradoxical conditions and governmental interventions, new wild and unplanned spatial configurations of the Arizona Market have spilled along the federal highway (this the term Arizona Road). The master plan, developed by the government of the Brcko district, has proposed to eliminate these forms and impose a higher order on all urban planning and architectural development. In its variety of ways of life and mixture of nationalities and its wildly grown building forms that range from slums to extravagant palaces, Arizona Road fascinates with its urban/rural chaos, order and variety. Some 3,000 wooden kiosks that make up the Brcko District’s sprawling Arizona Market in northeast Bosnia form a creative improvisation in the organization of private and public spaces, as well as an explosive growth of the “trading” area.

This strange hybrid of a peculiar shopping paradise and an unintentional spectacle is a unique phenomenon. As the political economy of transition stands and is balanced on a fulcrum at this juncture in time, the ‘informal structures of bartering, patrimonialism and the black economy are essential life support for the battered welfare of the people supported by diasporas and other transitional networks’ (Pugh, 2001). Regardless of the Arizona Market ongoing transformation, the very existence of it for so many years stands as a dark memento to the failed reconstruction process of the international community in the country. The growing pains of post-war period have become the adult viruses that are hard to get rid of here. Illegal trafficking is consistent with the high level of organized smuggling in Bosnia, particularly cars, tobacco, coffee, alcohol and most horrific of all – human trafficking. Some time ago from this place the women were being sold to the nightclubs and brothels, which have sprung up all over B&H, not least in the capital Sarajevo.

Judged solely on the number of traders who flock to it, Arizona has been a dramatic success. Evaluated just on its economic contribution alone, the market has proved to be a disaster, an unregulated economic venture where businessmen on both sides complained that it opened the door to cheap imported goods from Croatia and Serbia and thus undermining their own local efforts to increase productivity and create jobs. This in turn weakened the already unstable economy and presented a dangerous shift in the Bosnian post-war economy away from production to retailing. Probably the most serious problem lies in the fact that the Arizona market became sort of a surrogate substitute to the coordinated international policy to remove the obstacles that face businessmen as they struggle to rebuild their pre-war trading links. On the other hand, the new redevelopment project, a concession given to the Italin-B&H consortium for the period of 20 years, which offers a ‘dream location’ and ‘perfect business environment’ according to its developers, gives indication of how the economic reconstruction is going and will continue to do so: on the lines of pure profit. Namely the developers will earn some 60 million Euros (planning, development and the sale of the property) on this project, as the real investors are the future buyers of the different premises and the users of the market. Some of the lessons learned from this unique economic experiment case could be:

- Peacebuilding process and its injection of aid resources can introduce new structures such as privatization, marketization, etc., which not only fail to empower vulnerable sections of the population but are also either readily evaded or penetrated by war elites (Pugh, 2001). Crime thrives on low detection and poor justice systems as well as the lack of real and penetrable economic agendas and policies (Collier, 2000). Lack of economic development under the rule of law can create greater possibility for rule of crime, corruption, human trafficking and general insecurity.
For international agencies trying to foster reconciliation and healing between former ethnic adversaries, it is critical to recognize the potential value of such neutral spaces like the Arizona Market, especially those driven by economic activity and freedom of movement (Feit and Morfit, 2002). Neutral (economic) zones such as the Arizona Market can be catalysts in the process of ethnic tensions towards the process of healing and reconciliation on the short and medium run. On the long run though, viable economic development and forces should take over and provide a natural transition to reconciliation and cooperation.

The interests of particular groups that developed during conflict and profited from it need to be weakened as soon as possible and their criminal activity completely discontinued (Collier, 2000). Uncontrolled ‘wild’ economic enterprises, with no authority control and weak international assistance can cause disruption and failure of one economic system, especially when they become places of modern slave trade, organized crime, cluster of brothels and supporters of prostitution. There is a need for a balance between freedom and short-term economic vitality vs. regulation and long-term sustainable development.

The redevelopment of such projects as Arizona Market must be integrated into the overall economic reconstruction and strategy of the country. Regardless of the fact that development of modern shopping centers and retail markets in a new economy is important, they have little value in a post-conflict setting if they are done as ‘pure profit based economic oasis’ and not as part of economic development of clusters. These projects cannot solve economic problems if the fundamental foundations for economic revival, such as low productivity, high imports, low exports, low GDP, unemployment, etc. are ubiquitous in Bosnia and Herzegovina.

**Innovation, competitive advantage of nations and proactive strategies**

For building a knowledge economy and putting the country such as Bosnia and Herzegovina on a sustainable path of development, having a proactive vision and strategy of the future is a *sine qua non* for any post-conflict zone. Without such an economy B&H does not have a formidable chance to become a competitive nation in economic terms, nor fulfill its need on the long run. Developing network technology, innovation and increasing productivity is not possible without a stable society and human capital possibilities. Education, health care, infrastructure, human capital, inclusion of diaspora, stable social relations, restrain of brain drain are some of the underpinning elements of a competitive society, where flexibility and adaptability of the technologies, industries and the overall economic sector is essential.

Innovation is becoming more crucial for competitiveness on domestic and international markets, especially for post-conflict zones. A complex co-evolutionary process linking firms, technology, and national institutions is vital for the creation of innovation and competitiveness (Mytelka, 1999 and Murmann, 2003). A system of innovation consists of a network of economic agents together with the institutions and policies that influence their innovative behavior and performance (Lundvall, 1992 and Nelson, 1993). Competence building and innovation are crucial for economic growth and competitiveness in the current era (Lundvall, 1992). There is also a strong belief that technological capabilities of a nation’s companies and economic driving forces are a key source of their competitive process, with a belief that these capabilities are in a sense national, and can be built by national action (Nelson, 1993). The essence of innovation argument can be summarized as the new ways of delivering customer value and building a competitive position where markets and competition are looked upon in new ways, the ways of proactive strategy (Bhandari, 2000). To face the
complex challenges of today each nation's economy, and for that matter economies that are going through painful post-conflict revival, must survive and sustain itself with the continuous development of new technologies through innovation, research and development. Michael Porter points out that aside from attaining and extending best practices a creation of unique and sustainable competitive positioning through innovation is pivotal (Porter, 1998).

![The Diamond of National Advantage](image)

**Figure 3:** The Porter Diamond of National Advantage. **Source:** Michael Porter, 1990.

The four determinants of competitive advantage (Figure 3) according to Michael Porter (1990) include:

(1) **Factor Conditions:** the economy's position in factors of production such as skilled labor, physical resources, capital or infrastructure necessary to compete in a given industry [the costs and quality of inputs];

(2) **Demand Conditions:** the nature of the local demand for the industry's product or service [the sophistication of local customers];

(3) **Firm Strategy, Structure and Rivalry:** the conditions in the economy governing how companies are created, organized, and managed, and the nature of domestic rivalry [the nature and intensity of local competition]; and

(4) **Related and Supporting Industries:** the presence or absence in the economy of supplier industries and related industries that are highly competitive [the local extent and sophistication of suppliers and related industries].

Two factors influence the development of these determinants:

- **Chance:** acknowledging the extent to which an industry competitiveness is related to its historical path of development; and
- **Government:** the ability of governments to manage the determinants of advantage to the benefit of their constituent industries.

Porter's Diamond Theory stresses how these above mentioned elements combine to produce a dynamic stimulating and intensely competitive business environment (a competitive advantage environment). For example a cluster is the manifestation of the diamond at work. Proximity, the co-location of companies, customers and suppliers – amplifies all of the pressures to innovate and upgrade. While his original thesis was applied to nations as a whole, Porter recognized that the majority of economic activity takes place at the regional level. Thus, his ideas are commonly applied to cities and regions. This model can be extended.

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2 According to Michael Porter clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Many clusters include governmental and other institutions—such as universities, standards-setting agencies, think tanks, vocational training providers, and trade associations—that provide specialized training, education, information, research, and technical support [Michael Porter, *Clusters, Geography, and Economic Development*, Harvard Business School Press 1998].
and adapted in its scope and reach to the developing countries as shown in research done by Michael Fairbanks and Stace Lindsay (Fairbanks and Lindsay, 1997) and to post-conflict zones passing through the painful process of transition.

There is a clear need for a competitive business environment in order for a post-conflict nation to achieve competitive advantage and a path towards sustainable economic development. In many of the Balkan regions this refers to anti-trust regulations, cheap labor, resources and currency. But what contemporary competitiveness means in this context is slightly different and is based on:

- Innovation, (foundation for competitiveness)
- Clustering (of key industries and services),
- Uniqueness (of goods and services offered),
- Quality (of the products delivered),
- Rivalry as a business strategy (competitive advantage),
- Low transaction costs that promote flexibility (as background factor),
- Strategic thinking as seeing (proactive vision)

Innovation carries the momentum and drive towards success provided it moves with a well-defined strategy (Bhandari, 2000). The union of innovation (new ways of delivering customer value) and strategy (defensible competitive advantage) coupled with knowledge (research and development) evolves in strategic thinking for success (O’Hare, 1989). Therefore new strategic thinking, or as in Henry Mintzberg’s words – ‘strategic seeing’, needs to be one of a visionary nature, but firmly grounded and one that results in a synthesis of emerging issues, problems, patterns and opportunities (Mintzberg, 1996). This way of looking at the future has been lacking in Bosnia and Herzegovina. Strategic innovations can be an ongoing processes in which a specific niche, activity, company, etc, (not following an ‘industry recipe’, copying a competitor’s strategy, retaining a status quo or just simply doing business as usual) can synthesize industry foresight and insight and position itself in a competitive way with the introduction of new products, services and technologies. This can enable profits, growth, competitiveness and better accessibility to emerging (local, national, regional and international) markets, especially for a place like Bosnia and Herzegovina that needs to find its competitive niche in order to sustain its economy and get the wheels of development rolling in the right direction. Therefore the strategy needs to be a visionary one, one of strategic seeing (Figure 4 and 5).

Figure 4: Strategic Thinking as Seeing. Source: Henry Mintzberg Model in Bob Garratt’s Book on Developing Strategic Thought, 1996 McGraw-Hill, London. Figure 5.8, Page 83

Figure 5: Strategic Thinking as Seeing. Henry Mintzberg’s model possible application to a post-conflict environment (the case of Bosnia and Herzegovina in this example).
Some Conclusions: Regional Integration and Complexities of the Unknown

Not all regions are equally capable of exploiting the new opportunities that are provided by the new emerging globalized economy and the rapid expansion and transformation of communicative and creative possibilities (Andersson and Andersson, 2000). What of the regional context of countries ravished by civilian wars or other conflicts and disasters? What implications will it have in a more sustainable development of a post-conflict zone such as Bosnia and Herzegovina? The whole region has suffered during the war in former Yugoslavia (one that has stretched itself from the aggression in Croatia through the Macedonian ethnic conflict). Destroyed bridges over the Danube River have hit hard trade and export industries in neighboring countries of Hungary, Bulgaria and Romania. In Croatia, tourism has suffered immensely and still struggling to get back from the near-collapse during the homeland war. Kosovo is suffering the worse growing pains of post-conflict reconstruction with a highly unstable and uncertain geo-political future. Macedonia’s economic output has been plummeting, while Albania is poorer than ever before, and private enterprise in Bosnia and Herzegovina continues to be in dire straits. Serbia and Montenegro’s economy, meanwhile, is near comatose state remaining in a sort of Balkan black hole. On the regional scale all the countries suffer from similar problems: relatively large agricultural sectors, redundant industrial capacity, a surplus of labor and a decaying infrastructure. Not only do they have little to offer to each other, but also they actually compete with each other for the same Western capital resources (for the markets in EU). In order to survive, these countries need to work closer together, taking advantage of their proximity, if they are to become stronger economies. Strong (transport) infrastructure means better transportation and logistic links, which can improve trade, foreign direct investment, tourism and regional integration. As far as the case of Bosnia and Herzegovina goes, the paper has tried to point out some of the important issues. There are also some general conclusions and observations that we can make.

Firstly, in the aftermath of the Bosnian conflict and throughout the Kosovo campaign, the international community spearheaded by NATO and US promised a new Marshall Plan for the Balkans, very reminiscent of the effort made at the end of WWII in reconstructing Europe. The pros and cons of the Marshall Plan have been discussed in research related to post-conflict (economic) reconstruction (Lake, 1990 and Carbonnier, 1998). The Marshall Plan came directly after all the aims of WWII have been accomplished and fulfilled. Germany was not merely defeated, but was actually effaced from the European map - to be revived and reconstructed in accordance to the vision of war’s victors and on the basis of western democracy (Hogan, 1987). The situation in the post-conflict Balkans is different than in post-conflict Germany. Bosnia and Herzegovina remains as divided as ever along ethnic lines while Kosovo and Macedonia linger in a geo-political, ethnic and economic limbo state. The original Marshall Plan was done in a completely different atmosphere, one where the new frontiers in Europe were fixed and the immediate menace of Nazi Germany was completely removed (Hogan, 1987). Even with the strong support of the United States and its allies, the German economy still took years to get back on track.

Secondly, some of the development trends of innovation, cluster building, networks, and others that we discussed in the paper as important ones for this zone of the Balkan Peninsula, will inevitably have an impact in the future and will also contribute to the shaping of regional cooperation and integration. Maybe the most difficult thing and obstacle to regional cooperation (especially between the former Yugoslav states) are of socio-psychological nature. Reconciliation and healing between former (foes) communities and regions will obviously be an important consideration for some time to come (Figure 6). Ethical and environmental issues, rapidly changing technologies, knowledge creation and the increasing importance of global strategic alliances are emerging issues for future research and discussions in this region. Social regeneration, revival of social capital and demographic trends (aging,
immigration, etc) will play a pivotal role in the long-term (regional) projections. Economic reconstruction needs to follow the systems approach, intertwined variables, multidisciplinarity and focus on key policy measures for long-term regeneration, not just ad-hoc privatization and profit schemes as seen in the case of the Arizona Market.

Thirdly, the *international community* persistence on imposing (forced) solutions under the false lure of multiculturalism have completely avoided the real discussion of realities and constraints in reconstructing livelihoods in such a volatile political, economic and social situation. *Forceful encouragement* of the Balkan countries to sign treaties of mutual cooperation and integration cannot provide an *ad hoc* long-lasting solution. While there is no single root cause of slow or failed (economic) reconstruction, the results over the past five-six years suggest that negative results are most visible in the social sphere. Alienation, insecurity, perceived humiliation, lack of political and economic opportunities, outflow of professionals, rising crime, weak institutions of the state, strong military presence, corruption, etc. make young people (foundations for building a knowledge competitive society) susceptible to all kinds of negative things, loss of identity, powerlessness, distrust in the structures of society, extremism, etc. Economic weakness and fallout can evolve easily into violence when government institutions are weak (Schierup, 1999). Situation prior to the outbreak of the war in Former Yugoslavia was a testimony to that.

![Figure 6: Under Fire in Sarajevo (Motta Photography Series), Smithsonian Institution Press. Source: Photo by Tom Stoddart. This exclusive photo courtesy of Tom Stoddart 2003 © Creative Photographers New York, N.Y. USA](image)

*Finally*, the reassurances that these post-conflict areas will eventually become members of the European Union and of NATO seem to be the biggest contributions that the Western countries are making aside from the ‘spilled’ donor aid. Unfortunately they seem blank promises that no one is currently willing to guarantee. Western democracies have always been better at rising to the immediate challenge of a war, rather than dealing with the often tedious and interminable details required in consolidating peace (Eyal, 1999). The Marshall Plan’s hallmark was the requirement that European countries work together to devise a plan for postwar reconstruction and the goal was not only to rebuild Europe but also to encourage former adversaries to form partnerships that could endure after United States assistance ended (Dulles, 1993). Although there are strong assurances that the Balkan states have nothing to fear, the area’s leaders and population instinctively regard regional co-operation as inferior to European integration. Finding a delicate balance between these issues and finding an appropriate and sustainable solution for this part of Europe is the challenge ahead of us. It is crucial now to link the various actors, decision makers, approaches, research and disciplines in order to develop a more integrated and systems approach and analysis to problems at hand.
Acknowledgments

The author would like especially to thank Dr. Jonathan Haughton (Suffolk University in Boston, and The Harvard Institute for International Development, Cambridge-Boston) for taking the time to read the article and for his deep insight into the problematic, to Professor Henry Mintzberg (McGill University, Montreal) for graciously taking the time to read a portion of this paper and for sharing some of his views, to Prof. Paola Somma (School of Architecture, University of Venice, Italy) for her valuable suggestions and critical remarks and to The Bosnian Business Service, particularly to Mr. Ekrem Celik (Malmo, Sweden) for his kind assistance with statistics and latest economic indicators for Bosnia and Herzegovina.

References


Appendices
Appendix A1
Paper VII*

Title: Economic Agendas, Strategy and Proactive Planning in Post-Conflict Reconstruction of Bosnia and Herzegovina

Author(s): Tigran Hasic
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*Edited, modified version of paper VI
Economic Agendas, Strategy and Proactive Planning in Post-Conflict Reconstruction of Bosnia and Herzegovina

“The long-term prospects for growth and poverty reduction are critically dependent on a country’s ability to attract and retain domestic as well as foreign investments.”

—Franco Passacantando, Executive Director, World Bank Group

Abstract

This paper looks at the post-conflict economic reconstruction of Bosnia and Herzegovina and the economic agendas put in place. It takes a stance that the international assistance in reconstruction planning needs to focus on the overall framework and on the systems context where all the segments play a crucial and equal role and where all the issues are regarded as dynamic and treated as interconnected.

Post-conflict reconstruction efforts in the last decade have been focused on four distinct pillars of reconstruction: senses of security, justice and reconciliation, social and economic wellbeing and governance and participation. Significant progress has been achieved in understanding the social, political and economic factors underlying the civil and ethnic wars but the complexity and connectedness of these factors in post-war situations and there inter-dependency on each other has been comparatively neglected.

Effective strategies and new ways of foresight planning and thinking should consider planning and regional development in a much more integrated and systemic way. Planning needs to identify, respond and influence the changes in the environment. Discussion strives for consistency and urgency of dealing with issues in a systems manner and for policy relevance in both their analysis and their prescriptions. This paper also draws attention to the importance of innovation, knowledge creation and proactive strategies for achieving a competitive post-conflict society. What seems to emerge from the analysis is the fact that achieving a real-time reconstruction is very difficult without a holistic approach and real systems planning. The paper makes some concrete suggestions vis-à-vis the outlook for planning of the future. Finally, paper considers the importance of the regional context and competitive (dis) advantages of Bosnia and Herzegovina.

Keywords

Economic reconstruction agendas, regional integration, foreign direct investment, innovation, competitive advantage, complexity, uncertainty, proactive planning, strategic management.

Introduction

Civil war is a sufficiently devastating phenomenon that it is likely to have large effects on both the level and composition of economic activity (Collier, 1999). There are a number of similar negative features of war-torn economies. Jonathan Haughton has identified the following as being important: GDP per capita falls, population is forcefully moved, peace and security are fragile, infrastructure is devastated, rate of inflation is very high, financial and fiscal systems are weak, property rights, trust and other services are undermined, industrial sector is diminished and so on (Haughton, 1998). This has proven to be the case in Bosnia and Herzegovina too. Almost eight years after the war the country still faces formidable challenges towards reaching and securing some kind of sustainable economic development. Although partly decreased, continued mass population displacement still presents a huge problem. The quality strata of society has been internally displaced or externally dislocated as refugees and limbo Diasporas. The situation has been made even worse by the fact that the

* This paper has been presented at the 2nd International Conference, An Enterprise Odyssey: Building Competitive Advantage at the University of Zagreb, Graduate School of Economics & Business, Croatia June 17-19, 2004. Some portions of this work are published in another paper entitled: The Reconstruction Business - Economic Agendas and Regional Strategy in Post-conflict Bosnia and Herzegovina, IN At War With the City, Urban International Press 2004, Newcastle [Editor Professor Paola Somma, University of Venice, Newcastle].
The war in former Yugoslavia has brought about a total collapse of traditional markets, the demise of old state-owned companies and the centrally planned socialist economy. In addition to that, the war heavily damaged industries and infrastructures in Bosnia and Herzegovina. This led to a drastic fall in all industrial output, almost up to 90% of all pre-war levels. Standards of living have fallen down and are still down while the rate of unemployment is high as 40%. Humanitarian donor aid resources have not been streamed properly into real-time reconstruction (immediate revitalisation of economy, return of professionals, major infrastructure works, knowledge creation, etc.) but more channelled towards a forceful transition and privatisation, selling off of state-owned enterprises and a series of uncoordinated, isolated ubiquitous projects with often hidden agendas behind it. Key indicators for the period from 1998-2002 are a vivid example of country’s slow economic revival (Table 1). This paper stresses the need for urgent thinking in real-time terms, thinking for a future competitive society, one that will be able to free itself from the bonds of (economic) dependency. In that respect much more attention needs to be given to innovation, knowledge creation, productivity and human capital. Integration and return of refugees and displaced populations plays a pivotal role here.

Table 1: Key Indicators: The Economy of Bosnia and Herzegovina (Population 2001, estimate: 3.8 million)

<table>
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<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
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<tbody>
<tr>
<td>Total estimated GDP (billion €)</td>
<td>3.8</td>
<td>4.3</td>
<td>4.8</td>
<td>5.2</td>
<td>5.4</td>
</tr>
<tr>
<td>GDP per capita (USD)</td>
<td>1089</td>
<td>1105</td>
<td>1042</td>
<td>1100</td>
<td>1263</td>
</tr>
<tr>
<td>Gross Investment (in % of GDP)</td>
<td>25.9%</td>
<td>21.0%</td>
<td>21.2%</td>
<td>19.4%</td>
<td>19.2%</td>
</tr>
<tr>
<td>Gross National Savings (in % of GDP)</td>
<td>17.7%</td>
<td>12.8%</td>
<td>8.8%</td>
<td>3.9%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>GDP change %</td>
<td>13%</td>
<td>10%</td>
<td>-5%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Economic growth rate %</td>
<td>18%</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>Unemployment rate %</td>
<td>35%</td>
<td>31%</td>
<td>40%</td>
<td>40%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Average net salary (USD)</td>
<td>182</td>
<td>164</td>
<td>172</td>
<td>186</td>
<td>247</td>
</tr>
<tr>
<td>Annual inflation rate %</td>
<td>7.9%</td>
<td>6.5% *</td>
<td>2.0% *</td>
<td>1.7% *</td>
<td>0.2%</td>
</tr>
<tr>
<td>Frozen Foreign Currency Savings (million USD)</td>
<td>37.0</td>
<td>32.5</td>
<td>29.1</td>
<td>26.7</td>
<td>25.7</td>
</tr>
<tr>
<td>Money supply (million USD)</td>
<td>735</td>
<td>1028</td>
<td>1171</td>
<td>2334</td>
<td>2672</td>
</tr>
<tr>
<td>Import (million USD)</td>
<td>2853.7</td>
<td>2854</td>
<td>2908</td>
<td>3074</td>
<td>4367</td>
</tr>
<tr>
<td>Export (million USD)</td>
<td>678.6</td>
<td>800</td>
<td>1035</td>
<td>1084</td>
<td>1122</td>
</tr>
</tbody>
</table>

The paper draws attention to the importance of these issues as well as the need for a clear proactive vision, especially in planning of the futures in Bosnia and Herzegovina. It also looks into some current economic trends and outlooks in the country, economic agendas put in place as well as the state of Foreign Direct Investment (FDI) as it stands today. Regionalism is stressed at the end of the paper as an important segment of development coming more and more into the limelight of current debate and discussions in this area. Economic reconstruction, state of the nation and the state of the overall reconstruction and (sustainable) development has to be looked within a wider context of regional issues.

Bosnia and Herzegovina has made a slow but in some aspects a steady progress over the past years in making the transition to a market economy. International donors and moneylenders, aside from a still insecure political situation, see no future in reviving outdated and rusting industrial works and mega socialist projects, unless private investors want to buy them. But without an influx of foreign capital, alternative sources of employment are difficult to find - other than in what is euphemistically termed as ‘the gray economy,’ which covers everything from smuggling goods to not declaring employees to the tax authorities. What needs to be done is to consider proactive measures to train in developing a market style economy on all levels, where educational issues including the exchange of personnel and academic resources should play a vital role. There should be proper institutional controls of channeling aid and safeguards to insure transparency and public scrutiny. Maybe the biggest problem right now is the ‘brain drain’ (that all former Yugoslav states are experiencing but in a lesser extent than B&H), which affects and undermines the economic foundation and stability of the country. This trend needs to turn around and instead of the exodus of young professionals and an uncertain economic future the shattered economy needs to be rebuilt in such a way to offer a stable ground for the future (Figure 1 and 2).

![Figure 1 and 2: ‘Microeconomic activity on the streets of Sarajevo’ and Rebuilding the main post office in the Bosnian capital. Source: Courtesy of ‘Rädda Barnen and Peter Hoelstad, DN and BBC News Network.](image)

**Foreign Direct Investment (FDI) and Economic Agendas**

The international community involved in the reconstruction of the country has set very high goals with a strategic approach that sounds straightforward: *building a market economy based on the rule of law and privatizing state assets to attract foreign investment that can create jobs.* This has proved to be a grueling task, a financial black hole since its inception. Billions of dollars have flowed into Bosnia and Herzegovina, sustaining so many overlapping and endless international missions that officials are unwilling to guess exactly how much has been spent to rebuild the economy. Estimates by economist and analysts vary from $5.1 billion to about $15 billion, where humanitarian aid, resettlement of a million refugees and stationing of international armed stability forces is not included. As the figures in Table 1 show, there is still much to do in Bosnia Herzegovina (B&H) to get the country back on its feet again. The
Dayton Agreement, that many see as a failed and contradictory project (Chandler, 2000 and Bose, 2002) put an end to that war but it did not manage to lay down the real foundations of a democratic and just state, and seven years later, true national reconciliation and the healing process still has not yet been completed. Despite the plans and strategies from the OHR, European Commission and the World Bank, Bosnia’s complex legal and regulatory framework, weak judicial structures and corrupt public administration system continue to discourage any real foreign investment. The country is ranked amongst the last in the region in terms of foreign direct investment (FDI). However, B&H authorities are keenly aware of the country's economic shortcomings, recognizing that economic reform and rule of law are crucial ingredients for both growth and poverty reduction. Their action plans are aimed at moving the reform agenda forward more vigorously.

FDI stands for Foreign Direct Investment, a component of a country’s national financial accounts. Foreign direct investment is investment of foreign assets into domestic structures, equipment, and organizations. It does not include foreign investment into the stock markets. Foreign direct investment is thought to be more useful to a country than investments in the equity of its companies because equity investments are potentially ‘hot money’ which can leave at the first sign of trouble, whereas FDI is durable and generally useful whether things go well or badly (Moran, 1998 and Estrin, Richet and Brada, 2000). Bosnia and Herzegovina has a high potential of hydroelectric power facilities, as well as natural resources of iron ore, coal, manganese and bauxite. Many traditional industries also remain intact including forestry, furniture manufacture, food processing, animal husbandry and meat processing. As with its neighbor Croatia, Bosnia and Herzegovina can also look to tourism as a possible major industry.

In 2001, after six years of relative peace and calm, the economic situation was described as ‘dire’ with the weak rule of law and lack of just democratic governance with little sense that a genuine multi-ethnic state was being created (Pugh, 2001). There is a clear tendency of the ruling political structures interfering in the work of local courts and other legal and civil institutions whereas their work and capability to deal with problems is hindered even more. Weak central government with ongoing strong ethnic divisions and OHR’s forced protectorate policies is functioning poorly and spending resources and funds in a very inefficient way. In many cases Foreign Direct Investment and Aid often have its own agenda. For example, some countries have spent more than $500 million dollars on humanitarian and religious projects, where the money could have been spent in a more sound way (education, capacity building, small economic revival, etc.). Due to the lack of dynamic privatization, United States suspended its financial support in December of 1999. After that there was a period of stabilization and improvement through investments of foreign companies in the local banking sector, trading sector and food and beverages industry. Unfortunately the ever growing pains have remained, such as strong and outdated bureaucracy, prolonged registration of companies and businesses, restrictive labor laws all interwoven with deficiencies of weak political governance and corruption. A large portion of the economic sector still focuses on the gray and black markets.

B&H is still a poor country where just about 13.2% of population earns more than 4$ per day. On the overall, the economy is still under the control of the political elite, which hinders real openness and transparency. Due to the rise of inter-entity exchange of goods and services the economy is showing some signs of rehabilitation. B&H has made a considerable progress in macroeconomic stabilization and some progress in transition in the past two years. Inflation is low, fiscal discipline has improved and economic growth stands at around 4% per annum, which is however a slow-down compared to the post-war reconstruction years, reflecting the lack of new sources of investment. Small-scale privatization is almost complete in both
Entities (Federation and RS), but large-scale enterprise privatization is lagging behind. The privatization of the banking sector is nearing completion, and in the Federation, a sound banking system has taken roots. Progress has been made towards privatization of telecommunications in the RS, while a sound regulatory framework has been developed at State level. In 2001, unofficial estimates show foreign direct investment at around $160 million, slightly up from the $150 million in 2000 (Table 3 and 4). While dwarfed by the billions in FDI going into neighbors Croatia and Slovenia, Bosnia’s FDI is at least moving in the right direction. Official economic statistics present a sobering picture: per capita GDP stands at $1,100 and total GDP of less than five billion euros represents only half of prewar levels. Unemployment officially averages 35-40%, though according to World Bank, the actual figure may be closer to one-half that value. Exports remain at only about one-third of their pre-war levels, far from adequate to generate the hard currency revenues needed to compensate for projected declines in donor assistance over the next several years. Some fairly recent export figures (January-June 2001) are more encouraging, showing sharp gains in exports of clothing, furniture and leather goods. FDI in Bosnia and Herzegovina according to different sectors between 1994 and 2002 was distributed amongst the following sectors: Manufacture 55.5%, Banking 16.5%, Services 6.8%, Trade 6.2%, Transport 0.9% and Tourism 0.7%. The Central Bank of B&H (CBB&H) has been created, followed by the introduction of new, internally and externally fully convertible currency, the Convertible Mark (KM) connected to the Euro, by ratio: 1 KM = 0.51 Euro.

**Table 3:** Foreign Direct Investment (FDI) in Bosnia and Herzegovina* and List of countries that have invested most in the period from 1994 to 2002.

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-1997</td>
<td>Croatia</td>
<td>233</td>
</tr>
<tr>
<td>1998</td>
<td>Kuwait</td>
<td>220</td>
</tr>
<tr>
<td>1999</td>
<td>Slovenia</td>
<td>186</td>
</tr>
<tr>
<td>1996</td>
<td>Germany</td>
<td>174</td>
</tr>
<tr>
<td>2000</td>
<td>Austria</td>
<td>173</td>
</tr>
<tr>
<td>2001</td>
<td>Serbia and Montenegro</td>
<td>128</td>
</tr>
<tr>
<td>2002</td>
<td>Holland</td>
<td>115</td>
</tr>
<tr>
<td>Total</td>
<td>Switzerland</td>
<td>90</td>
</tr>
</tbody>
</table>

*Note: In year 2002 35% of the total FDI in Bosnia and Herzegovina was realized; The increase of FDI in year 2002 in comparison to year 2001 accounts to about 120%; Source: The Ministry of Foreign Trade and Economic Relations 2002 and Bosnian Business Service (BBS) 2003. ** BAM (International Banking Code for this currency. Value: 1 KM (BAM): 0.51EUR. **The FDI was distributed in entities (1994-2002) as: Bosnian Federation: 1.147.356.000 KM and Republic of Srpska: 566.558.000 KM

**Table 4:** Largest FDI in Bosnia and Herzegovina (1994-2002)

<table>
<thead>
<tr>
<th>Foreign Company</th>
<th>Investment Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>KCIC</td>
<td>Kuwait</td>
<td>Steel Industry</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>Holland</td>
<td>Food and Dairy Industry</td>
</tr>
<tr>
<td>Heidelberg Zement</td>
<td>Germany</td>
<td>Building Construction Materials</td>
</tr>
<tr>
<td>Dubai I.B., A.I.B. and Islamic Development Bank</td>
<td>United Arab Emirates and Saudi Arabia</td>
<td>Banking and Finance</td>
</tr>
<tr>
<td>Finvest Corporation</td>
<td>Croatia</td>
<td>Pulp Industry</td>
</tr>
<tr>
<td>Gama</td>
<td>Slovenia</td>
<td>Machinery</td>
</tr>
<tr>
<td>V.I. Sports consulting</td>
<td>Belgium</td>
<td>Services</td>
</tr>
<tr>
<td>Hypo Alpe Bank</td>
<td>Austria</td>
<td>Banking</td>
</tr>
<tr>
<td>Zagrebacka Banka</td>
<td>Croatia</td>
<td>Banking</td>
</tr>
<tr>
<td>Lemano Trading Company</td>
<td>Switzerland</td>
<td>Textiles</td>
</tr>
</tbody>
</table>

Source: Ministry of Foreign Trade and Economic Relations 2002 and Bosnian Business Service (BBS) 2003. *Note: Foreign investors have the same property rights in respect to real estate as the citizens and legal entities of Bosnia and Herzegovina.
FDI serves to reestablish valuable links to international markets and provide an impetus for improving the rules, regulations, and procedures (Richet and Brada, 2000) to help improve investment climates in post-conflict countries. The employment created by successful foreign direct investment has a major impact in stimulating economic growth. In the case of B&H it can also act as an incentive for peace as it can reintegrate former soldiers, displaced and refugees socially and economically, and bring a sense of hope, stability and trust to those who have experienced war destruction, fear and desperation. FDI furthermore has an important effect of encouraging private domestic investors outside (diaspora) and international investors that the country is suitable and safe as an investment destination. With regards to FDI, the current economic situation of Bosnia Herzegovina is an ominous indicator of the critical state of affairs of the country. Therefore a series of key areas of intervention have been identified by the international community, such as: facilitation of foreign direct investment, improved balance between State and Entity institutions, realization of a single economic space in B&H and re-establishment of economic ties with neighboring countries. Three difficult problems remain for attaining a more, massive FDI: growing corruption, widespread phenomenon of grey labor (economy) and overall political insecurity.

**Innovation, competitive advantage of nations and proactive strategies**

For building a knowledge economy and putting the country such as Bosnia and Herzegovina on a sustainable path of development, having a proactive vision and strategy of the future is a *sine qua non* for any post-conflict zone. Without such an economy B&H does not have a formidable chance to become a competitive nation in economic terms, nor fulfill its need on the long run. Developing network technology, innovation and increasing productivity is not possible without a stable society and human capital possibilities. Education, health care, infrastructure, human capital, inclusion of diaspora, stable social relations, restrain of brain drain are some of the underpinning elements of a competitive society, where flexibility and adaptability of the technologies, industries and the overall economic sector is essential.

Innovation is becoming more crucial for competitiveness on domestic and international markets, especially for post-conflict zones. A complex co-evolutionary process linking firms, technology, and national institutions is vital for the creation of innovation and competitiveness (Mytelka, 1999 and Murmann, 2003). A system of innovation consists of a network of economic agents together with the institutions and policies that influence their innovative behavior and performance (Lundvall, 1992 and Nelson, 1993). Competence building and innovation are crucial for economic growth and competitiveness in the current era (Lundvall, 1992). There is also a strong belief that technological capabilities of a nation’s companies and economic driving forces are a key source of their competitive process, with a belief that these capabilities are in a sense national, and can be built by national action (Nelson, 1993). The essence of innovation argument can be summarized as the new ways of delivering customer value and building a competitive position where markets and competition are looked upon in new ways, the ways of proactive strategy (Bhandari, 2000).

To face the complex challenges of today each nation's economy, and for that matter economies that are going through painful post-conflict revival, must survive and sustain itself with the continuous development of new technologies through innovation, research and development. Michael Porter points out that aside from attaining and extending best practices a creation of unique and sustainable competitive positioning through innovation is pivotal (Porter, 1998).
The four determinants of competitive advantage (Figure 3) according to Michael Porter (1990) include:

(1) **Factor Conditions**: the economy's position in factors of production such as skilled labor, physical resources, capital or infrastructure necessary to compete in a given industry [the costs and quality of inputs];

(2) **Demand Conditions**: the nature of the local demand for the industry's product or service [the sophistication of local customers];

(3) **Firm Strategy, Structure and Rivalry**: the conditions in the economy governing how companies are created, organized, and managed, and the nature of domestic rivalry [the nature and intensity of local competition]; and

(4) **Related and Supporting Industries**: the presence or absence in the economy of supplier industries and related industries that are highly competitive [the local extent and sophistication of suppliers and related industries].

Two factors influence the development of these determinants:

- **Chance**: acknowledging the extent to which an industry competitiveness is related to its historical path of development; and
- **Government**: the ability of governments to manage the determinants of advantage to the benefit of their constituent industries.

Porter's Diamond Theory stresses how these above mentioned elements combine to produce a dynamic stimulating and intensely competitive business environment (a competitive advantage environment). For example a cluster is the manifestation of the diamond at work. Proximity, the co-location of companies, customers and suppliers – amplifies all of the pressures to innovate and upgrade.\(^1\) While his original thesis was applied to nations as a whole, Porter recognized that the majority of economic activity takes place at the regional level. Thus, his ideas are commonly applied to cities and regions. This model can be extended and adapted in its scope and reach to the developing countries as shown in research done by Michael Fairbanks and Stace Lindsay (Fairbanks and Lindsay, 1997) as well as to post-conflict zones like B&H passing through the painful process of transition.

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\(^1\) According to Michael Porter clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Many clusters include governmental and other institutions—such as universities, standards-setting agencies, think tanks, vocational training providers, and trade associations—that provide specialized training, education, information, research, and technical support [Michael Porter, *Clusters, Geography, and Economic Development*, Harvard Business School Press 1998].
There is a clear need for a *competitive business environment* in order for a post-conflict nation to achieve competitive advantage and a path towards sustainable economic development. In many of the Balkan regions this refers to anti-trust regulations, cheap labor, resources and currency. But what contemporary competitiveness means in this context is slightly different and is based on:

- Innovation, (foundation for competitiveness)
- Clustering (of key industries and services),
- Uniqueness (of goods and services offered),
- Quality (of the products delivered),
- Rivalry as a business strategy (competitive advantage),
- Low transaction costs that promote flexibility (as background factor),
- Strategic thinking as seeing (proactive vision)

Innovation carries the momentum and drive towards success provided it moves with a well-defined strategy (Bhandari, 2000). The union of innovation (new ways of delivering customer value) and strategy (defensible competitive advantage) coupled with knowledge (research and development) evolves in strategic thinking for success (O'Hare, 1989). Therefore new strategic thinking, or as in Henry Mintzberg’s words – ‘strategic seeing’, needs to be one of a visionary nature, but firmly grounded and one that results in a synthesis of emerging issues, problems, patterns and opportunities (Mintzberg, 1996). This way of looking at the future has been lacking in Bosnia and Herzegovina. Strategic innovations can be an ongoing processes in which a specific niche, activity, company, etc, (not following an ‘industry recipe’, copying a competitors strategy, retaining a *status quo* or just simply doing business as usual) can synthesize industry foresight and insight and position itself in a competitive way with the introduction of new products, services and technologies. This can enable profits, growth, competitiveness and better accessibility to emerging (local, national, regional and international) markets, especially for a place like Bosnia and Herzegovina that needs to find its competitive niche in order to sustain its economy and get the wheels of development rolling in the right direction. Therefore the strategy needs to be a visionary one, one of strategic seeing (Figure 4 and 5).

![Figure 4: Strategic Thinking as Seeing. Source: Henry Mintzberg Model in Bob Garratt’s Book on Developing Strategic Thought, 1996 McGraw-Hill, London. Figure 5.8, Page 83.](image)

![Figure 5: Henry Mintzberg’s Model Applied to a Post-Conflict Environment. Complexity of socio-economic, cultural, political and operational issues involved in shaping the damaged built environment and the rebuilding of social capital must be strategically ‘seen’.](image)
Visioning the Complexities of Planning Futures

It seems that we are faced with a new planning paradigm. Changes that we are witnessing today are not just happening in political philosophy, technology, communications, infrastructure, but also those changes that are indirectly created by the processes of globalization, urbanization and extreme divisions of societies. These changes bring extreme negative aspects of nationalism, civil strife, transnational crime and terrorism to name just the important ones. All of this affects the spatial and aspatial infrastructures of our society, as well as shifts in attitudes and behavior of people. This directly affects the decision-making processes and urban governance. Planning needs to rise to the occasion if it will deal with this. The time of complexity, change and chaos begs for a paradigm change. Viewed in Kuhn’s terms such a paradigm shift is open-ended in the sense of opening and proposing new fields, questions, redefining the old ones and opening doors for further dynamic exploration, discovery, experimentation and synthesis (Kuhn, 1996 and Sanders, 1998). The planning process so far has become hampered by political impasses and at the same time that it has grown more deeply entrenched in endless data collection procedures. Planners and strategist need to question the limits of these approaches to planning the future and uncertainty in places like post-conflict zones, and to experiment with new, more comprehensive approaches. If we combine new thinking into a systems whole we might get nearer a planning system that can start to cope with risk, uncertainty, vulnerability and the unstoppable dynamics of change. In this case planning needs to be seen as one in the context of ‘strategy making or seeing’ (Mintzberg, 1996).

Henry Mintzberg analyses comparatively formal definitions of planning: planning as - future thinking, as controlling the future, as decision making, as integrated decision making, and as formalized procedure to produce an articulated result, in the form of an integrated system of decisions. He looks at ‘planning as a formalized procedure to produce an articulated result, in the form of an integrated system of decisions’ (Mintzberg, 1994). Thinking about and attempting to control the future are important components of planning according in Mintzberg’s reasoning. Strategy formation and emergent strategy are the keywords. Eden and Ackermann note that strategy provides a framework within which ‘everyday’ issues and problems are dealt with. Strategic management then is a way of regenerating the organization or agency or operator through continuous proactive process vision (seeking to change the organization, stakeholders and context within its operations). It involves creating and molding the future, along with making sense of the past, constructing rather than predicting and responding to some predetermined future reality. Key ingredient is the development of capabilities for long-term flexibility, dynamics and process parallelism and strategic opportunism, rather then making and sticking to long-term plans and conventional thinking (Eden and Ackermann, 2000).

We need to make a distinction between conventional planning and strategic planning. Conventional planning tends to be oriented toward looking at problems based on current understanding and knowledge, or an inside-out mind set, while strategic planning requires an understanding of the nature of the issue, and then finding of an appropriate response, or an outside-in mind set (Rowley, et al 1997). Mintzberg argues that the problem lies in the ‘fundamental fallacies of strategic planning’ saying that ‘because analysis is not synthesis, strategic planning is not strategy formation’. First, he establishes a definition of planning: ‘A formalized procedure to produce an articulated result, in the form of an integrated system of decision’. One of the problems, according to him was the planners were obsessed with predicting the unpredictable, and then hastily reacting when events did not turn out to be as they expected (Mintzberg, 1994). Most of the planning models we have out there were formulated in a very different economic, political and social climate than exists today. As we
can see today, the business, government and corporate world (engulfed in the process of globalization) is going through a revolution in the way it receives, handles, and communicates information and makes decisions. From all of this it seems that new systems models for planners are needed in order to reflect and rise up to these changes and challenges. What is crucial here is that in comparison with traditional and common used analysis, one, which focuses on separate individual segments, systems thinking looks at how the matter (in focus) being studied interacts with other parts of the system. This takes larger and larger numbers of interactions into account instead of isolating it into smaller and smaller parts (Haines, 2000). In that light we must view the complex problems and issues on the desk of any strategic planner, analyst, etc. as a system in the way of systems thinking.

Systems thinking can deal with complex problems that involve many actors in order to see the ‘big picture’, and not just ‘their very own’ part of it, recurring problems or those that have been made worse by past attempts to fix them, issues where an action affects the environment surrounding the issue and problems whose solutions are not so obvious (Senge, 1993). In recent years, planners have focused increasing attention on means of representing the future, namely on evoking images of the future that serve as heuristic or rhetorical guides for action (Myers and Kitsuse, 2000). The most prominent representational methods that have emerged are Visioning, Foresight, Scenario-writing, and FutureScape. These methods help stimulate discussions about desired futures, while preparing planners to address the future with authority, and persuade others to adopt a particular plan for the future. If combined in a systems way, they can become even a stronger tool in combating the problems of today’s tomorrows (Figure 12 and 13).

Figure 12: Systems Approach in Post-Conflict Environments – SCOPE Model
Figure 13: Planning and Visioning for Uncertainties of the Future: Understanding the complexities and dynamics and using new tools in a Systems Approach Manner. Source: Revised and Adapted from Irene Sanders 1998.

Kees van der Heijden uses scenarios as a powerful tool and approach to strategic planning. The purpose of scenario planning is not to predict the future, but rather, to show how different (social, economical, technological, environmental and political) forces can manipulate the future in different directions. Scenario writing is especially useful to planners as a way of sensitizing themselves to the various possibilities of the future, which can then be planned for or against (van der Heijden, 1996). In the scenario-building process, planners invent a number of stories about equally plausible futures, study the implications of each future for their organization, then strategize their organization’s response as though each of these scenarios had in fact come to pass (Myers and Kitsuse, 2000). The objective of the scenario-building process is not to decide on the likeliest future, or even a normative one, but to make strategic decisions in the present that will serve all plausible futures. In Peter Schwartz’s conception, the value of scenario-building lies not in predicting the future but in preparing planners to
respond intelligently to whatever the future holds in store (Schwartz, 1997). Kees van der Heijden makes an important comment here:

Our life is a lot more uncertain than it used to be. Part of that is in ourselves, and due to the way we are increasingly fragmenting human knowledge, and so less able to understand what is going on. Fragmentation does not happen by accident, it is the only way to deal with the exponentially increasing amount of knowledge, if we want to continue to pay some attention to the truth-value of what we are saying. We cannot do anything else than increasingly specialize. Combine this with living closer and closer together, spatially and communication-wise, and the resulting information overload, and you have the root-causes of humanity's current predicaments: bigger and more encompassing problematique and shrinking more specialized knowledge compartments. We must learn to do better in cutting through these fragmented knowledge compartments if we want to create some levers for change in the larger systems we are dealing with. But the systems are too complex for just systems analysis to make a serious contribution. This is where scenarios come in. They allow you to cut through a large number of disciplines, and link them together by means of causality. They don't give you the whole reality, but they do provide entirely new perspectives that do not start from a narrow disciplinary point of view. With increasing uncertainty there is less room for planning, strategic or otherwise. With increasing uncertainty we need to live in systems that are increasingly adaptive and can adjust to whatever we find when we get there. Indeed, today planning is more a process than a way to design a blueprint. The process is the important thing. It has to take account of the planning that is done in the subsystems of the overall system it looks at. Individual people will plan and build, and the planning system has to worry about whether it all together makes a beautiful city (or whatever we are concerned about). Economists call this looking after the externalities. Planners should limit themselves to that. They should set rules (and enforce these) that will make sure that individuals will account for the externalities when they do their own 'provincial' (sub-system) thinking [Kees van der Heijden – Correspondence with Professor Kees van der Heijden, Fall 2002].

Visions are statements of the aspirations of a given group, which are accompanied by a strategy for achieving goals. Visions, scenarios, and other similar methods demystify the future by reducing complexity while at the same time bringing multiple perspectives into consideration. A vision is an optimistic picture of what might be achieved within available capacities and resources. Visioning is ostensibly a goal-oriented process that provides ‘a framework for identifying concerns, developing and prioritizing actions, and measuring results’ (Helling, 1998 and Myers and Kitsuse, 2000). Foresight is a family of processes intended to capture the dynamics of change by placing today’s reality within the context of tomorrow’s possibilities. It is a process by which one comes to a fuller understanding of the forces shaping the long-term future, which should be taken into account in policy formulation, planning and decision making. Foresight involves qualitative and quantitative means for monitoring clues and indicators of evolving trends and developments and is best and most useful when directly linked to the analysis of policy implications (Martin and Irvine, 1989) Foresight, as opposed to forecasting that attempts to estimate or predict the future, implies more an active approach to the future. It reflects the belief that the future can be created through actions we choose to take today. It is not either vision building. It does not rely on the definition of a desirable future as a starting point. It can propose a variety of futures - some of which may not be preferred options. In this way it is quite different to strategic planning processes (Fahey and Randall, 1997).

Fundamental shifts in the way we view change are happening now. We need to study its relationships to the future and our ability to influence what is emerging. Irene Sanders offers a new model of strategic thinking, based on chaos and complexity that breaks down the process into two components: insight about the present and foresight about the future. Both of these require ‘visual thinking’. This lies in the core of the FutureScape method and approach. By engaging the ‘mind's eye’ through the use of visual thinking, the method offers insight about the present and foresight about the future, thereby allowing us to see, understand and
influence the future as it is emerging (Sanders, 1998). It is reflected within a new planning paradigm that accepts the new context of the global environment – one of change, uncertainty and risk, as well as adopting the science of complexity and chaos. Therefore new strategic thinking, or as in Mintzberg’s words – ‘seeing’, (Mintzberg, 1996) within planning needs to be one of visionary nature, but firmly grounded and one that result in a synthesis of emerging issues, problems, patterns and opportunities.

Some Conclusions: Regional Integration and Complexities of the Unknown

Not all regions are equally capable of exploiting the new opportunities that are provided by the new emerging globalized economy and the rapid expansion and transformation of communicative and creative possibilities (Andersson and Andersson, 2000). What of the regional context of countries ravished by civilian wars or other conflicts and disasters? What implications will it have in a more sustainable development of a post-conflict zone such as Bosnia and Herzegovina? The whole region has suffered during the war in former Yugoslavia (one that has stretched itself from the aggression in Croatia through the Macedonian ethnic conflict). Destroyed bridges over the Danube River have hit hard trade and export industries in neighboring countries of Hungary, Bulgaria and Romania. In Croatia, tourism has suffered immensely and still struggling to get back from the near-collapse during the homeland war. Kosovo is suffering the worse growing pains of post-conflict reconstruction with a highly unstable and uncertain geo-political future. Macedonia’s economic output has been plummeting, while Albania is poorer than ever before, and private enterprise in Bosnia and Herzegovina continues to be in dire straits. Serbia and Montenegro’s economy, meanwhile, is near comatose state remaining in a sort of Balkan black hole. On the regional scale all the countries suffer from similar problems: relatively large agricultural sectors, redundant industrial capacity, a surplus of labor and a decaying infrastructure. Not only do they have little to offer to each other, but also they actually compete with each other for the same Western capital resources (for the markets in EU). In order to survive, these countries need to work closer together, taking advantage of their proximity, if they are to become stronger economies. Strong (transport) infrastructure means better transportation and logistic links, which can improve trade, foreign direct investment, tourism and regional integration. As far as the case of Bosnia and Herzegovina goes, the paper has tried to point out some of the important issues. There are also some general conclusions and observations that we can make.

Firstly, in the aftermath of the Bosnian conflict and throughout the Kosovo campaign, the international community spearheaded by NATO and US promised a new Marshall Plan for the Balkans, very reminiscent of the effort made at the end of WWII in reconstructing Europe. The pros and cons of the Marshall Plan have been discussed in research related to post-conflict (economic) reconstruction (Lake, 1990 and Carbonnier, 1998). The Marshall Plan came directly after all the aims of WWII have been accomplished and fulfilled. Germany was not merely defeated, but was actually effaced from the European map - to be revived and reconstructed in accordance to the vision of war’s victors and on the basis of western democracy (Hogan, 1988). The situation in the post-conflict Balkans is different than in post-conflict Germany. Bosnia and Herzegovina remains as divided as ever along ethnic lines while Kosovo and Macedonia linger in a political, ethnic and economic limbo state. The original Marshall Plan was done in a completely different atmosphere, one where the new frontiers in Europe were fixed and the immediate menace of Nazi Germany was completely removed (Hogan, 1987). Even with the strong support of the United States and its allies and its central European position, the German economy still took years to get back on track.
Secondly, some of the development trends of innovation, cluster building, networks, and others that we discussed in the paper (as important trends for this zone of the Balkan Peninsula), will inevitably have an impact in the future and will also contribute to the shaping of regional cooperation and integration. Maybe the most difficult thing and obstacle to regional co-operation (especially between the former Yugoslav states) is of socio-psychological nature. Reconciliation and healing between former (foes) communities and regions will obviously be an important consideration for some time to come (Figure 6). Ethical and environmental issues, rapidly changing technologies, knowledge creation and the increasing importance of global strategic alliances are emerging issues for future research and discussions in this region. Social regeneration, revival of social capital and demographic trends (aging, immigration, etc) will play a pivotal role in the long-term (regional) projections. Economic reconstruction needs to follow the systems approach, intertwined variables, multidisciplinarity and focus on key policy measures for long-term regeneration, not just ad-hoc privatization and profit schemes.

Thirdly, the international community persistence on imposing (forced) solutions under the false lure of multiculturalism have completely avoided the real discussion of realities and constraints in reconstructing livelihoods in such a volatile political, economic and social situation. Forceful encouragement of the Balkan countries to sign treaties of mutual co-operation and integration cannot provide an ad hoc long-lasting solution. While there is no single root cause of slow or failed (economic) reconstruction, the results over the past five-six years suggest that negative results are most visible in the social sphere. Alienation, insecurity, perceived humiliation, lack of political and economic opportunities, outflow of professionals, rising crime, weak institutions of the state, strong military presence, corruption, etc. make young people (foundations for building a knowledge competitive society) susceptible to all kinds of negative things, loss of identity, powerlessness, distrust in the structures of society, extremism, etc. Economic weakness and fallout can evolve easily into violence when government institutions are weak (Schierup, 1999). Situation prior to the outbreak of the war in Former Yugoslavia was a testimony to that.

Fourthly, although the future might seem ominous and our levels of preparedness might seem completely inadequate to the rising forces of risk and uncertainty, there is still very much light at the end of the tunnel. It is true that we can just imagine what the consequences, if any at all, might be from the continuing acts of civil strife, armed conflict and terror attacks on the planning practice and public expectations with respect to urban space in particular. But from all of that it is certain that even a greater need may arise in understanding and practicing planning that can deal with complexity, uncertainty and chaos in a much more adequate manner than the planning of the past and present has done. What we need is foresight
planning at a systems dynamic level, planning which will be a synthesis of skills, innovation and knowledge one which will understand better the dynamics of human change. We also need stronger, and clear-cut planning theories, new paradigms and procedures for dealing with the uncertainties of the future. Yet, maybe the most important conclusion would be that most of our real-world problems do not fit into the domain of one discipline. To solve this and break the traditional boundaries, new cross-disciplinary, collaborative and integrated approaches need to be done. The task of integration is a crucial one for the future (Coveney and Highfield, 1995). Ilya Prigogine noted once that ‘we cannot predict the future, but we can be prepared for it’. If (integrated) planning can be better prepared for the challenges of the future, while recovering from weaknesses of the past, maybe we could have a better understanding of the complexities of the present.

Finally, the reassurances that these post-conflict Balkan areas will eventually become members of the European Union and of NATO seem to be the biggest contributions that the Western countries are making aside from the ‘spilled’ donor aid. Unfortunately they seem blank promises that no one is currently willing to guarantee. Western democracies have always been better at rising to the immediate challenge of a war, rather than dealing with the often tedious and interminable details required in consolidating peace (Eyal, 1999). The Marshall Plan’s hallmark was the requirement that European countries work together to devise a plan for postwar reconstruction and the goal was not only to rebuild Europe but also to encourage former adversaries to form partnerships that could endure after United States assistance ended (Dulles, 1993). Although there are strong assurances that the Balkan states have nothing to fear, the area’s leaders and population instinctively regard regional cooperation as inferior to European integration. Finding a delicate balance between these issues and finding an appropriate and sustainable solution for this part of Europe is the challenge ahead of us. It is crucial now to link the various actors, decision makers, approaches, research and disciplines in order to develop a more integrated and systems approach and analysis to problems at hand.

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References


Appendix A2
1. At the invitation and under the chairmanship of the High Representative, Ambassador Carlos Westendorp, the United States Presidential Envoy Ambassador Robert Gelbard, and European Commission External Relations Principal Adviser Mr. Herman de Lange, members of the Presidency of Bosnia and Herzegovina and other senior government officials, members of the Peace Implementation Council Steering Board, diplomatic and consular representative offices in Sarajevo, the Special Envoy of the United Nations High Commissioner for Refugees, other representatives of the Reconstruction and Return Task Force and other key international and local organizations and institutions, met in Sarajevo on 3 February 1998.

**GENERAL PRINCIPLES**

The participants agreed that the following general principles must underpin Sarajevo’s status both as the capital of the Federation and of Bosnia and Herzegovina, and as a model of co-existence and tolerance for the rest of the country:

2. Sarajevo must be a truly multiethnic canton, open in itself and to the outside, as envisaged in the Annex 7 of the General Framework Agreement on Peace, and subsequent communiqués.

3. Sarajevo will guarantee equal treatment for all groups in every aspect of civic and economic life. There must be full freedom of movement of persons, goods and services within and between the Federation and the Republic of Srpska. The protection of the human rights of every individual in Sarajevo must be guaranteed, and the provisions of the Sarajevo Protocol fully implemented in accordance with the guidelines developed in co-operation with the Office of the High Representative.

4. Sarajevo should lead the country by example by taking the concrete steps set forth in this Declaration to enable the return of at least 20,000 minority pre-war residents in 1998, as proof of its determination to act as a model for reconciliation, multiethnicity, freedom of movement and the unconditional right to return throughout Bosnia and Herzegovina.

5. Just as displaced persons and refugees from Sarajevo must be able to return, so people who have taken refuge in Sarajevo must be able to return to their homes. The international community will redouble its efforts to promote return to all other parts of Bosnia and Herzegovina - including Banja Luka, Mostar, Central Bosnia and eastern Republic of Srpska - and to neighboring countries. Economic assistance will be linked throughout the region to progress in the return of pre-war inhabitants to their homes of origin.
6. The international community will lend its full support to the people of Sarajevo in their efforts to promote returns and achieve a truly multiethnic society. The international community will condition continuation of assistance for Sarajevo on fulfillment of the benchmarks set out in this Declaration and on adequate progress toward meeting the 1998 goal of at least 20,000 minority returns.

The following concrete steps were agreed:

LEGISLATIVE ISSUES

7. Housing and property legislation in the Federation continues to block returns, including returns to Sarajevo. Despite the November 1997 commitment of the Federation Forum to adopt laws in accordance with Annex 7, none of the three laws have been adopted in accordance with the High Representative’s proposals. Most significantly, the Law on the Cessation of the Application of the Law on Abandoned Apartments has not been considered by the government or submitted to Parliament.

8. This is unacceptable. International assistance programmes will be directly affected if the following steps are not taken:
   o The Law on the Cessation of the Application of the Law on Temporary Abandoned Real Property Owned by Citizens must be finally adopted by 17 February 1998; and must include provisions for an oversight mechanism and compliance with the European Convention on Human Rights in cases where claims to reoccupy property are not fulfilled within 90 days.
   o The Law on Taking Over the Law on Housing Relations must be finally adopted no later than 17 February 1998; and
   o The Law on the Cessation of the Application of the Law on Abandoned Apartments must be presented to Parliament no later than 17 February 1998, and must be adopted by 1 March 1998, in a form acceptable to the High Representative.

If the Federation should fail to meet these deadlines, non-compliance measures will be imposed.

9. Federation authorities reiterated their undertaking not to apply the Law on the Sale of Apartments with the Occupancy Right until the Federation’s property and housing laws are brought into compliance with Annex 7 of the Peace Agreement.

10. Recognizing the significance of amnesty for the return process, participants called on relevant authorities to take immediate steps through mass media and other channels to ensure that returnees, and all citizens, are made aware of the existence of the Federation Law on Amnesty and that this Law is fully implemented and applied without discrimination. Participants also noted that military conscription holds important implications for the peaceful, phased, and orderly return of individuals to their pre-war homes, and called upon the competent authorities to ensure that returnees shall be exempted from military service for a minimum period of 5 years. In addition, both Entities should adopt legislation on alternative service which is consistent with international standards and, until such legislation is implemented, should respond favorably to requests for exemption from military service for persons who are in the minority where they live and for conscientious objectors.

11. The Sarajevo authorities will ensure free and fair access for all residents to official public records, such as birth and death certificates, citizenship, matriculation, employment,
pension, and housing records. All returnees shall be provided with necessary documentation for their full re-integration into civil society and the labour market within one week of registration. Returnees who do not receive their documents within this time frame should notify UNHCR and UNHCR will take appropriate measures, including requesting intervention by the Sarajevo Return Commission. All municipalities in Sarajevo Canton will adopt standardized and simplified registration procedures for returnees by 1 March 1998.

**HOUSING ISSUES**

12. The Conference welcomed the establishment of the Sarajevo Housing Committee (SHC). Participants pledged their full support for its efforts to bring housing allocation decisions for all socially-owned apartments in Sarajevo into compliance with Chapter 1 of Annex 7 of the Peace Agreement.

13. The Conference welcomed initial efforts by the Sarajevo authorities to catalogue and verify cases of multiple occupancy, through regular public appeals and examination of existing official records, as well as their pledge to intensify these efforts. The Cantonal Ministry for Spatial Planning will provide the Sarajevo Housing Committee with the addresses and names of pre-war residents of 2,000 such illegally occupied dwellings by 30 June 1998, with the first 500 of these by 1 April 1998.

14. All socially-owned apartments which are undergoing or planned for reconstruction, vacant or illegally occupied must be allocated henceforth through the SHC mechanism.

15. The international community will intensify its efforts to raise funds for reconstruction of vacant apartments in Sarajevo Canton, parallel with and tied to progress in the implementation of the SHC mechanism.

16. The Sarajevo authorities will take appropriate further measures to facilitate the return of pre-war owners and lawful possessors of privately owned housing in Sarajevo. To this end, the Sarajevo authorities will strengthen their support to the implementation of binding decisions of the Commission for Real Property Claims of Displaced Person and Refugees.

17. The Reconstruction and Return Task Force will work with the competent authorities to identify alternatives for those people potentially displaced as a result of returns, as recommended by the November 1997 Federation Forum.

**EDUCATION ISSUES**

18. Education is one of the basic elements in support of the sustainable return of refugees and displaced persons to Sarajevo, the Federation and the state of Bosnia and Herzegovina. The education system in Bosnia and Herzegovina, the Federation, and in Sarajevo specifically, must ensure that all children are educated in a manner that promotes tolerance and stability between people of different ethnic groups and fosters understanding and reconciliation. It should be in accordance with the European Convention on Human Rights and other international and European standards. Education in Sarajevo will serve as a model for education throughout Bosnia and Herzegovina. The Sarajevo cantonal and city educational authorities will work with the Federation Ministry of Education and with relevant international organizations to develop the principles of an education programme that addresses the needs of children of different ethnic and religious groups in a non-discriminatory manner. These basic principles should be agreed upon by 30 June 1998 and the development of a programme incorporating these principles should be initiated during the 1998/1999 school year.
19. Sarajevo educational authorities will nominate for consideration appropriate officials to participate in working groups at the Federation level which will deal with the issues of curricular content (proposed UNESCO study) and text book evaluation (proposed CIVITAS study), and will continue to cooperate with the Council of Europe initiative to introduce democracy and human rights teaching in schools. By 1 March 1998, Sarajevo educational authorities will also establish a multi-ethnic Education Working Group (to include representatives of the Sarajevo educational authorities, university professors, members of the Sarajevo pedagogical academy and teachers faculty, the teacher training institute, selected school directors, teachers, representatives of relevant local and international organizations, and parents) to develop projects which foster democracy and ethnic tolerance among children.

20. Sarajevo educational authorities, under the supervision of the Education Working Group, shall list and review all textbooks currently in use or anticipated for introduction for review by 30 June 1998. The Sarajevo educational authorities will ensure that those texts judged to contribute to ethnic hatred and intolerance are withdrawn from all schools as soon as possible, and in any event no later than 1 September 1998.

21. Sarajevo educational authorities, under the supervision of the Education Working Group, shall review charges of discrimination against or harassment of children in the school system. Any measures taken in the field of education that have resulted in discrimination against children should be reversed and remedied. The right of parents to choose the nature of the education their children receive must be respected, and compelling children to attend particular classes or schools in contravention of that right shall not be allowed. Sarajevo educational authorities undertake to make all necessary legislative changes and devote all necessary administrative and technical resources to achieving these goals in advance of the new school year 1998/99. This will include provisions to ensure non-discrimination in the recruitment and training of teachers, and to promote the hiring of minority teachers in at least equal proportion to the number of minority students.

22. Sarajevo educational authorities shall use their best efforts to provide basic furniture, equipment and educational materials for all students and to ensure that all schools have sufficient trained and qualified teachers. This process should be completed by the beginning of the 1998/99 school year. The international community will do its utmost to support the authorities in this endeavor. The development of youth and cultural centers should be also encouraged, resources permitting. The Sarajevo educational authorities will provide a transparent budget to the Education Working Group and work with it to ensure that educational resources are distributed equitably throughout the canton and city, regardless of the predominant ethnicity of municipalities and school populations.

23. Information for returnees about educational opportunities and reintegration assistance shall be provided by the Sarajevo educational authorities in cooperation with competent local and international non-governmental organizations. Remedial assistance for returnee children and validation of foreign and other educational qualifications will also be addressed by these authorities.

24. Sarajevo Canton education authorities should co-operate with entity authorities in the sphere of higher education, particularly encouraging enrollment of students from throughout Bosnia and Herzegovina and cooperating with the entity authorities on the issue of financing and other issues. In this field, they should ensure academic freedom and self-government of institutions, promote the adequate graduation of trained professionals, and encourage the role of universities as a locus of peaceful inter-group dialogue.
EMPLOYMENT ISSUES

25. A critical aspect of facilitating returns to Sarajevo is expanding employment opportunities. Municipal, Cantonal and Federation officials must work together to accelerate economic reform and to create an attractive climate for foreign and domestic investment to allow for the creation of jobs. To this end, the competent authorities will develop a comprehensive initiative by March 1 to remove barriers to trade and investment in the Sarajevo area and also:

- work to liberalize the business legal environment and reform the business and employment tax structure to facilitate the development of a market-based economy;
- work with donor agencies that offer programmes for business development and retraining and employment services to promote employment creation for all the residents of the Canton;
- work to facilitate the development of affirmative action programmes which promote the concept of an open community, facilitate the return of minorities, and the integration of the community;
- initiate small public infrastructure projects, such as beautification of parks, refurbishment of neighborhoods and derelict sites, and general municipal maintenance programmes to provide temporary employment for Canton residents.

Bosnian leaders also commit to move quickly to meet the remaining requirements of an IMF agreement so Bosnia and Herzegovina can continue to access and, if possible, expand investment by the international financial community.

26. Recognizing the importance of fair labor standards, the Federation Ministry of Social Affairs, Displaced Persons and Refugees will work with other relevant authorities and the International Community to expeditiously put in place anti-discrimination laws and employment regulations, along with the institutional capacity to enforce them. These will include a legal-administrative infrastructure to deal with employment related rights, such as discrimination on any basis (including national or ethnic origin, religion, age, gender, political opinion, disability) and unfair termination.

27. In addition, a Cantonal Employment and Return Commission will be established by March 1, 1998, chaired by the Cantonal Minister of Labor, Social Policy and Refugees, with suitable international representatives as well as from the Federation Ombudsmens’ Office and the Sarajevo City Government, to accelerate progress towards integrating returnees into the Sarajevo workforce and economy. The Commission will work in close cooperation with relevant Federation authorities, with the objective of serving as a model for a Federation-wide Commission.

28. The Commission will:

- set up rules, policies and procedures to address discrimination in the workplace and disseminate this information widely to the public;
- develop an anti-discrimination code of employment practice and promote its adoption by local public and private enterprises;
- review the status of employment cases resulting from the 1996 transfer of authority in the Sarajevo suburbs;
- monitor progress in meeting the employment goals set out in the Sarajevo Protocol and other Federation agreements on minority employment with equal opportunity for all nationalities in cantonal and city governments, as well as in the cantonal
work with relevant international organizations to enhance job creation, promote business development, provide retraining and employment services programmes in pursuit of sustainable reform.

PUBLIC ORDER AND SECURITY ISSUES

29. Local police must guarantee the security of all citizens and give special attention to returnees. They must work immediately to incorporate more ethnic minorities into the police force and appoint officers responsible for maintaining contact with the returnee population. Sarajevo police are responsible for responding to threats to public order, ensuring the safety of returnees, and enforcing duly authorized housing-related orders.

30. The Sarajevo cantonal police, with advice from the IPTF, will develop a detailed strategy by 1 March 1998, setting out how they will meet these responsibilities and prepare cantonal police forces for enhanced return-related security roles. The police will initiate public relations and information campaigns to keep the public informed.

31. The IPTF will monitor the implementation of the strategy and seek donor support for the cantonal police with training and equipment, specifically for dealing with return-related public disorder. IPTF will maintain close and constant contact with the cantonal police and be informed of all problems and proposed actions to solve housing and return-related issues.

32. The Federation Mine Action Centre, with UN support, will develop by 15 March 1998, a detailed plan for accelerated de-mining in Sarajevo Canton, in support of returns and in consultation with the Sarajevo Housing Committee. The UN and the Sarajevo authorities will vigorously seek funds to implement this plan.

33. Free and responsible media is essential in the creation of the necessary conditions for returns. The Federation, cantonal, city and municipal authorities will accelerate their efforts to implement the confidence-building spelled out in Annex 7 of the Peace Agreement, and inform the Office of the High Representative of their plans to develop an appropriate media plan to this effect.

RETURN IN SPECIFIC CASES

34. Sarajevo Canton will resolve by 1 April 1998, outstanding return requests which have been presented to the UNHCR, cantonal and municipal authorities. Specifically, the remaining 4 cases of identified pre-war tenants prevented from return to their UNHCR-reconstructed apartments, and the 96 pending return requests lodged with the cantonal authorities since the summer of 1997, shall be resolved by the Cantonal Ministry for Spatial Planning in cooperation with the Cantonal Ministry for Labor, Social Policy, and Refugees by 1 April 1998. Any expenses associated with the resolution of these cases will be borne by the Canton, unless otherwise established by court proceeding.

35. The Republic of Srpska authorities will ensure full freedom of choice and movement for displaced persons who wish to return from Brcko to Sarajevo and vice versa, and publicize this commitment widely in the media. The Federation authorities will give particular attention to the speedy reinstatement into pre-war homes of returnees from the Brcko area.

36. Responsible authorities will accelerate the process of returning to their homes Jewish families whose cases are the subject of the November 1992 agreement between the Jewish community and Sarajevo authorities. The Cantonal Ministry of Spatial Planning and the
Cantonal Ministry for Labor, Social Policy and Refugees, working with their city and municipal counterparts, shall ensure that the 29 priority cases in which members of the Jewish community are already waiting to reoccupy their pre-war homes are resolved by 1 April 1998. The remaining 147 cases already agreed between the Jewish Community and the Sarajevo authorities must be given urgent consideration; they should all be resolved within 90 days of the date upon which the pre-war occupant/owner gives notice to the Sarajevo Housing Committee of an intent to return.

IMPLEMENTATION

37. The High Representative will establish, by 17 February 1998, a Sarajevo Return Commission (SRC), responsible for implementing the provisions of this Declaration. The SRC shall include relevant officials responsible for displaced persons and refugees, housing, education, employment, and public security as well as representatives of displaced Bosnian Serbs, Bosnian Croats, and Bosniacs, Sarajevo civic leaders and key members of the international community, including the UNHCR. The High Representative will designate the Commission chair. The SRC shall supervise the work of the Employment and Return Committee, the Education Working Group, and the Sarajevo Housing Committee.

38. The co-chairs of the Sarajevo Return Conference will periodically review progress in achieving the specific benchmarks set out in this Declaration as well as progress toward the goal of at least 20,000 minority returns in 1998.

39. The Reconstruction and Return Task Force will assume responsibility for supporting the Sarajevo Return Commission, for resource allocation guidance in support of return and for co-ordinating implementation of the principle of conditionality.

40. International agencies involved in the implementation of this Declaration are invited as well to refer documented cases of abuse and obstruction of Annex 7 implementation by specific local officials to the SRC. The Commission will, collectively or drawing upon the resources and competencies of individual members, take appropriate corrective action.
ANNEX 1

The Sarajevo Conference was attended, among others, by the Co-Chairmen of the Presidency of Bosnia and Herzegovina, Presidents Alija Izetbegovic and Kresimir Zubak, Bosnia and Herzegovina Minister for Civil Affairs and Communications, Spasoje Albijanic, Bosnia and Herzegovina Deputy Minister for Civil Affairs and Communications Nudzeim Recica, Bosnia and Herzegovina Deputy Minister for Civil Affairs and Communications Milan Krizanovic, Federation President Ejup Ganic, Federation Vice-President Vladimir Soljic, Republika Srpska Prime Minister Milorad Dodik, Federation Prime Minister Edhem Bicakcic, Republika Srpska Minister of Refugees Miladin Dragicevic, Federation Minister of Social Affairs, Refugees, and Displaced Persons Rasim Kadic, Federation Deputy Minister of Social Affairs, Refugees, and Displaced Persons, Damir Ljubic, Sarajevo Canton Governor Midhat Haracic, Sarajevo Canton Deputy Governor Mladen Bevanda, Sarajevo Canton Assembly President Mirsad Kebo, Sarajevo City Mayor Gacanovic, Principal Deputy High Representative Ambassador Jacques Paul Klein, Deputy High Representative Ambassador Andy Bearpark, United States Ambassador to Bosnia and Herzegovina Richard Kauzlarich, United States Deputy Assistant Secretary of State for Population, Refugees and Migration Marguerite Rivera-Houze, USAID Director Bryan Atwood, European Commission Representative to Bosnia and Herzegovina Ambassador Donato Chiarini, United Kingdom Secretary of State for International Development Claire Short, Special Representative of the United Nations Secretary General Elizabeth Rehn, United Nations High Commissioner for Refugees Special Envoy Carrol Faubert, COMSFOR General Erik Shinseki, and Ambassador Robert Barry of the Organisation for Security and Co-Operation in Europe

Office of the High Representative

Sarajevo, 3 February 1998

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Bosnia and Herzegovina

A future with Europe
1. Consolidating peace

The war left Bosnia and Herzegovina totally ravaged. More than half its population was displaced and more than 1.2 million citizens had to flee abroad. The complete destruction of infrastructure, high unemployment, huge numbers of displaced people and worthless economy seriously threatened the region’s stability. Since the signing of the Dayton/Paris Peace Agreement, the European Union (EU) has been in the forefront of helping Bosnia and Herzegovina along the road to consolidation of peace, democracy and a viable market economy. It has become today the country’s principal partner, having pledged one billion EURO for the 1996-1999 reconstruction period and a further one billion EURO in humanitarian aid since the start of the conflict in 1992.

The European Commission (EC) is responsible for the implementation of the EU aid programmes in Bosnia and Herzegovina. It is permanently present in Bosnia and Herzegovina through the Delegation of the European Commission in Sarajevo and its two Representation offices in Mostar and Banja Luka.

EU reconstruction aid to Bosnia and Herzegovina is mainly given in the form of grants with no obligation other than the political commitment of the beneficiary to comply with the Peace Agreement.

By the scale of its interventions and the great diversity of its aid programmes, the European Union and the European Commission in particular have become indispensable partners of Bosnia and Herzegovina (BiH), despite the fact that the Dayton/Paris accords gave them no mandate. Nevertheless, the EC works very closely with the Office of the High Representative (OHR) in charge of supervising the implementation of the civil aspects of the accords, as well as with other organisations such as the United Nations Mission to Bosnia and Herzegovina (UNMIBH), the United Nations High Commissioner for Refugees (UNHCR), the NATO-led Stabilisation Force (SFOR) and the Organisation for Security and Co-operation in Europe (OSCE).

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1. Preparing tomorrow’s Europe

The EU’s assistance to Bosnia and Herzegovina is designed for the long term. The aid is not intended solely to restore conditions to what they were before the war. Most of the projects are long term investments with the aim of providing a new state with solid democratic foundations and a viable market economy, and to develop Bosnia and Herzegovina’s administrative and legislative institutions in order to bring them closer to European standards, so that the country can take its place in the construction of the future Europe. The launch of the Stabilisation and Association process represents a major step in this direction.

Key steps in the relations between the EU and BiH

1997 : Regional Approach

The EU Declaration on Bosnia and Herzegovina of June 1998 represents an important step in the bilateral relations. It emphasises that the future of Bosnia and Herzegovina is in Europe and provides the framework for closer co-operation. The EU and BiH Consultative Task Force (C.T.F.) were established to ensure the effective implementation of these conditions based on the regional approach will lead to improvement of relations.

At present Bosnia and Herzegovina benefits from autonomous trade preferences by the European Community.

1998 : EU Declaration

The Stabilisation Pact for South-Eastern Europe, adopted on 10 June 1998 in Sarajevo, is an European Union initiative. Its aim is to bring peace, stability and economic development to the region. Sarajevo successfully hosted the Stabilisation Pact Summit on 29 and 30 July 1999. The EU’s main contribution to the Stabilisation Pact is the new Stabilisation and Association Process.

1999 : Stabilisation and Association process

In the context of the stabilisation of the countries of South-Eastern Europe, the European Commission proposed, on May 26, 1999, the creation of a Stabilisation and Association process for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia (FRY), the Former Yugoslav Republic of Macedonia (FYROM) and Albania.

By proposing a new Stabilisation and Association Process (SAP) for these five countries, the EU reaffirms its resolve to take up the challenge and responsibility to contribute to the stability of the region, this time by offering a perspective of integration, based on a progressive approach adopted to the situation of the specific countries.

The SAP offers stronger incentives to these five countries, but also places more demanding political and economic conditions on them. The need for regional co-operation is stressed particularly strongly. In return for compliance with the relevant conditions, the EU will offer a new kind of contractual relationship to the five countries, namely Stabilisation and Association Agreements (SAAs).

These SAAs will draw the region closer to the perspective of full integration into EU structures. They would be tailor-made, i.e. taking account the individual situation of each country, while the timing for the start of negotiation for such agreements will be differentiated according to the countries compliance with the relevant conditions (established by the EU under the Regional Approach which remains valid).

2. The Stabilisation and Association process at a glance

What is in it?

The Stabilisation and Association process will include, as appropriate:

A. Stabilisation and Association Agreements: a new kind of contractual relationship offered by the EU — in return for compliance with the relevant conditions — to Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia, the Former Yugoslav Republic of Macedonia and Albania. This represents a new dimension in the relations with these five countries, offering for the first time a clear prospect of integration into the EU’s structures;

B. Autonomous Trade Measures and other economic and trade relations;

C. economic and financial assistance, inter alia PHARE assistance, OBIJNOVA assistance, budgetary assistance and balance of payment support;

D. assistance for democratisation and civil society;

E. humanitarian aid for refugees, returnees and other persons of concern;

F. co-operation in justice and home affairs; development of a political dialogue.

What is it?

The European Union’s (EU’s) main contribution to the Stabilisation Pact for South-Eastern Europe.

Enhancement of the Regional Approach, which has until now provided the framework for the development of relations between the EU and Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia, the former Yugoslav Republic of Macedonia and Albania.

Stronger incentives for the region, but also more demanding conditions regarding political and economic development and regional co-operation.

A tailor-made, progressive approach that takes into account the individual situation of each country. Some countries can progress faster than others.

3. Co-ordinating the donor community

Hardly a week after the signature of the peace accords on December 21st and 22nd 1995, The European Commission, together with the World Bank, organised the first donors conference.

Under the Chairmanship of the World Bank and the European Commission, regular donors conferences have been organised since then, and a joint World Bank / European Commission Office for South-East Europe has been set up in Brussels.

Effective co-ordination is best organised at local level in BiH through the Economic Task Force, the Return and Reconstruction Task Force (RRTF) and other more specific Task Forces run by the Office of the High Representative. More than half of the OHR’s running costs are funded by the European Commission.
Main areas of support

1. Reconstruction of infrastructures

In its reconstruction policy, the EU is not simply carrying out emergency repairs to restore conditions to what they were before the war. Most of the projects are long-term investments. In addition to reconstruction work, the projects include training in management in order to make the different sectors economically viable and compatible with current practice in the EU.

Transport

Mostar and Banja Luka airports are open again. Rail links have been re-established. Kilometre after kilometre of roads have been repaired. And major bridge-rebuilding projects have been launched. All in all the EC has dedicated over 80 million EURO to these major infrastructural works, which aim to reconnect Bosnia’s populations with each other and with their neighbouring countries, and to ensure a better circulation and freedom of movement in the country. Reconstruction works also have a knock-on effect of stimulating economic recovery as the work is increasingly being put in the hands of local enterprises.

Telecommunication

Thanks to work financed by the European Commission, direct telephone links between Bosnia’s two Entities became operative again at the end of 1997 for the first time in five years. Since 1996 the EC has committed over 16 million EURO to the reconstruction process of the telecommunications network in the country. The European Bank for Reconstruction and Development (EBRD), which leads the Telecommunications Task Force in Bosnia and Herzegovina, has developed a master plan for this sector. The basic aim of the rehabilitation programme is to unify the country, provide the people from different regions with the possibility of communication, and provide an incentive for the return of refugees. In addition to the repair and the reinforcement of the network, the EC assistance also allows operators to be trained in the commercial management of this public service.

Water and waste

Much of the country’s water and waste facilities suffered damage during the war. The loss of financial support during that period and the lack of maintenance led to a general deterioration of the water supply networks. Training and enforcement of the network, the EC assistance also allowed operators to be trained in the commercial management of this public service.

2. Significant transport projects funded by the EU:

- the reconstruction and rehabilitation of the Sarajevo, Mostar and Banja Luka airports
- The rebuilding of seven major bridges (among them the Samac, Karuse, Raca, Gradiska and Brcko bridges)
- The rehabilitation of the Sarajevo-Mostar-Capljina rail line and the Sarajevo- Zenica-Nov Grad railway line
- The repair of the Kljuc-Ilijas and Prijedor-Banja Luka-Derventa roads

3. Rebuilding Mostar

The administration of the city of Mostar was entrusted to the European Union following the Washington agreement of 1994, which put an end to the conflict between Croats and Bosniaks. This is very much a unique experience for the EU, and a first in the framework of the Union’s Common Foreign and Security Policy. The European Union administration of Mostar (EUAM) started on 23 July 1994, just after the end of the hostilities, in a city divided by a confrontation line between Croats and Bosniaks. The level of destruction was startling: more than 5,000 buildings destroyed, industry and infrastructures devastated, 2,000 people killed, 26,000 refugees or displaced persons.

Starting from the principle that peace could only be consolidated by considerable economic aid, the Commission drew up a vast reconstruction plan for the city. The work undertaken has made it possible to rebuild the basic infrastructures in key sectors, such as water supplies, electricity, public transport, telephone networks, as well as completely renewing the hospital and health centres, and repairing more than 6,000 houses, 25 schools and eight nursery schools, the rebuilding of the airport and six bridges, including those of Carinski (144 metres), Hasen Brkic (112.5 metres) and Aviator (111 metres).

The European Administration of Mostar has also invested in the socio-cultural sector, which was totally devastated by the war. Families and children suffering from the trauma of their experiences have been able to obtain psychological help and elderly people without resources were given support. Artistic exhibitions, concerts and sports competitions have been organised to help rebuild the social fabric torn apart by the war.

4. Energy

Energy is vital to re-establish normal living conditions and allow factories and businesses to resume operations. In Bosnia and Herzegovina the main sources of energy come from hydro-power, generated by various rivers in the country, and thermo-power, fuelled by the country’s coal reserves.

Up to now the EC provided approximately 60.8 million EURO for energy rehabilitation. Power supplies are now more or less back to normal after having been severely disrupted during the war. The EC has renewed installations at the major power stations like the Tuzla thermo power station, the Kakan thermo power station, Elektroprivreda, Sarajevogas, and several coal mines in the country. Electricity distribution networks throughout the country were repaired, mainly in priority areas for return of refugees and displaced persons.

Europe for Sarajevo

Due to the extensive damage inflicted to Sarajevo after four years of siege, the EC has set up a specific “Europe for Sarajevo” programme worth 35 million EURO. The programme consists of house, school and health centre rehabilitation, restoration of water supply, repairing of the airport infrastructure and the preservation of civil and cultural landmarks like the Vijecnica National Library, several buildings of the University of Sarajevo, the rehabilitation of Kosevo Olympic Stadium, and rehabilitation of the Lukavica Presidency Building.
The estimated presence of three million mines and unexploded ordnance, and the number of accidents reported (35 people killed or injured every month) are clear evidence of the constant threat that this hidden enemy represents for the population of Bosnia and Herzegovina. Fields cannot be cultivated, many houses remain inaccessible, refugees are afraid to return home, and reconstruction projects cannot start until sites have been cleared.

Given that Bosnia and Herzegovina will have to face up to this threat for decades to come, it is of utmost importance that local experts are trained in demining. The Commission has therefore trained teams of Bosnian deminers, and assists BiH in the creation of National and Entity Demining and Explosive Ordnance Disposal (EOD) teams in and creating the appropriate institutions to deal with sustainable mine clearance in the future. So far the EC has dedicated 13 million EURO to this sector, in addition to de-mining components of a large number of EC-funded reconstruction projects.

2. Return of refugees and displaced persons

Helping Bosnia and Herzegovina’s many refugees and displaced persons return home is an absolute priority for the European Union. The war caused the displacement or exodus of half the population of Bosnia and Herzegovina, about two million people. At the height of the crisis, the European Union was sheltering more than two million people. At the height of the crisis, the European Union was sheltering more than two million people. At the height of the crisis, the European Union was sheltering more than two million people. At the height of the crisis, the European Union was sheltering more than two million people. At the height of the crisis, the European Union was sheltering more than two million people. At the height of the crisis, the European Union was sheltering more than two million people. At the height of the crisis, the European Union was sheltering more than two million people.

The main instruments of the European Commission's action to encourage return are ECHO (The European Community Humanitarian Office) and the OBNOVA programme (see p. 20). Both have adopted a complementary approach: ECHO concentrates on displaced persons in rural areas, and follows up on spontaneous return movements while OBNOVA finances larger scale return projects along the main return axes identified by the Reconstruction and Return Task Force (RRTF) chaired by the OHR.

Working with Non Governmental Organisations

Although the improvement in infrastructures has contributed in a general way to encouraging the return of refugees, the rehabilitation and reconstruction of houses goes hand in hand with a whole series of measures to improve living conditions. The Commission has therefore financed numerous housing projects together with the rebuilding of health centres and schools and the revival of small businesses. The Commission's privileged partners in this type of project are Non Governmental Organisations (NGOs). Because of their good field knowledge and the direct contact they have with municipalities, they can identify the rightful owners of houses that are to be rebuilt. Through personal contacts with families, they prevent tensions by proposing solutions which benefit both returnees and host communities.

Minority return

“Easy returns” are over. Those who were able to return to unoccupied or slightly damaged houses have already done so. Most who have yet to return come from areas where they will be in the minority and/or where their homes are already occupied by other displaced families. Finding a solution is more and more complex. Displaced families have to be re-housed before refugees can be brought back. The owners of each house have to be properly identified. It has to be made clear whether families whose homes are to be rebuilt actually intend to live in them. Problems are solved almost on a case by case basis.

With more than 270 million Euro allocated to return projects over the 1996-1999 period (*) by the European Commission, about 30,000 housing units (**) will have been rebuilt for more than 100,000 beneficiaries. But the figure will probably be double that because every family that returns to a house rebuilt by the EC vacates another home, meaning that yet another family can return. But the domino effect does not end there.

Developments over the past year demonstrate that when a small group of people returns thanks to an assisted programme, other people follow. Thus European Commission-sponsored projects act as a catalyst, sparking off the process and encouraging people to go back to their places of origin. In addition, the integrated projects contribute to improve the technical and social infrastructure of the receiving communities and they initiate job creation activities.

Housing credits

Given the enormity of damage to housing during the 1992-1995 war in BiH, it is simply impossible to provide financial support in the form of housing grants to all the affected families. In the Federation of BiH alone half of the houses were damaged and six percent of those were destroyed completely (in the Republika Srpska, 24% and 5% respectively). Other sustainable solutions needed to be found. This is why the European Union has set up a housing finance programme with the Kreditanstalt für Wiederaufbau (KFW). The housing loan programme has a double objective: to improve housing supply and at the same time to establish a sustainable financing system for housing construction in BiH. Given the limited experience of Bosnian banks in housing finance, and in order to limit the default risk, KFW consultants helped the selected commercial banks establish loan departments and train loan officers.

Establishing property rights

Property rights issues are one of the pivotal problems hanging over the refugee and displaced persons return process in Bosnia and Herzegovina. The Commission for Real Property Claims (CRPC), which is mainly funded by the European Commission, was set up under Annex 7 of the Dayton Peace Agreements to help people regain the property they lost during the war.

The CRPC has issued approximately 65,000 decisions on over 167,000 applications relating to over 185,000 properties. By issuing final and binding legal decisions on a case by case basis, the CRPC aims to develop the property law system in BiH by collecting a basis for reliable property records, many of which were lost or destroyed between 1992 and 1995. CRPC certificates may also be used by individuals as security for housing and reconstruction loans. Since 1996, the EC has allocated 5.7 million EURO to the operational costs of the CRPC.
Democratisation and Reform

Support for democracy and human rights in Bosnia and Herzegovina is essential for continued stability and the country's future integration into Europe. In addition to supporting the two bodies of the Commission on Human Rights — set up to pursue the fundamental rights and freedoms of the individual—, the EC also provides funding for projects that assist the strengthening of a democratic society. Funded projects include those that promote the rule of law, respect for human rights, protection of minorities, and political pluralism.

The EC allocated over eight million EURO to specific human rights projects such as support to torture victims, and support for the International Criminal Tribunal for the former Yugoslavia. A whole range of small scale human rights projects were also funded, which provided human rights protection groups with the financial support necessary to prevent violations by authorities, discrimination, threats to safety, and hindrance to independent civic life.

The Commission on Human Rights

Since 1996, the European Commission has given substantial financial support (nearly four million EURO) to the Office of the Ombudsman and the Human Rights Chamber, which together form the Commission on Human Rights — set up to pursue the fundamental rights and freedoms of the individual—. The EC also provides funding for projects that assist the strengthening of a democratic society. Funded projects include those that promote the rule of law, respect for human rights, protection of minorities, and political pluralism.

The Bosnian organization “Protector” believes in replacing ethnicity with humanity. The organisation has set itself the task of gathering accounts from people who helped or were helped by members of another ethnic group during the war. This EC-sponsored search for individual stories led recently to the publication of a book called “Light in the tunnel”, which is filled with accounts that are extraordinary and at the same time extremely simple: Catholic priests saved by Orthodox churches’ bells, a Croat actor who saved Serbs in Sarajevo, a Moslem woman whose two nephews were killed by Croats but who was saved by other Croats herself.

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Fighting discrimination

Among the cases handled by the Ombudsman is Mirjana M., a Bosnian Serb university professor, who was employed at Sarajevo’s College of Dental Medicine before the 1992-1995 war. On May 2, 1992, she had to stop working as Sarajevo was under constant shelling. Clearly the war prevented her from coming to work. Nevertheless the college terminated Mirjana’s employment on the basis of absence without leave for more than 20 working days. Mirjana tried to appeal the decision in July 1992, but received no response from the Dean of the College. Finally, four years later, on February 23 1996, Mirjana lodged a claim with the Ombudsmen of the Federation of Bosnia and Herzegovina. After investigating her complaint, the Human Rights Chamber decided that Mirjana Malic had been discriminated against on the basis of her ethnic origin. Effectively, since the war ended, the College had re-employed four Bosniak professors, but did not re-employ Mirjana, a Bosnian Serb.

On January 15, 1997 Mirjana’s case was referred to the Human Rights Chamber at the request of the Ombudsmen. In April 1998, the Human Rights Chamber decided that Mirjana Malic had been dismissed because of her ethnic origin. She was reinstated and since September has been teaching again at Sarajevo University.

Supporting independent media

The media was a catalyst to the outbreak of hostilities in Bosnia and Herzegovina. Prior to and during the war, the media in former Yugoslavia were heavily manipulated for one-sided coverage in order to incite nationalistic hatred and public paranoia. The media in Bosnia and Herzegovina has since been working to become free and fair in order to bring about pluralism, mutual trust, and help the transition into a fully fledged democratic society. As media were used as a tool for political propaganda in the past there is a certain level of public distrust. Many media are confined to their ethnic region of origin and have subsequent limited circulation. Many of the cross-Entity independent television networks remain under the control of ethnic nationalist groups.

Considering that freedom of the media plays a crucial role in the process of democratisation, the EC has developed a programme of assistance to independent media in the countries of the former Yugoslavia. Since 1996 the EC has allocated over 14 million EURO to this programme in BiH which focuses on media that seek to foster understanding, trust and co-operation between the different communities. The projects range from a journalism school in Sarajevo, to the setting up of an independent print house in Banja Luka and the purchase of equipment for numerous newspapers and magazines.

In order to allow as many people as possible to have access to independent sources of information, the EC made a substantial financial contribution to the Open Broadcast Network (OBN), the cross-Entity independent television network. The EC also supports the restructuring of the former State television TBiH into a modern public broadcaster.

Nationalist media that are politically selective with programming and distribution still exist in Bosnia and Herzegovina. Clearly defined media laws on radio and television frequencies, privatization, and freedom of information would prevent selective programming and illegally operating stations. Consequently, the EC committed 1.2 MEURO from its 1998 budget to the Independent Media Commission (IMC), which will later become the national licensing and standards institution.

Strengthening civil society

In order to help re-create a civil society in this ravaged country, the EC has supported a wide range of small projects aimed at breathing new life and energy into BiH’s associative life, e.g. women’s organisations, youth centres, children’s workshops, rehabilitation and counselling programmes, associations promoting inter-ethnic dialogue, cultural initiatives, and initiatives that help the development of a democratic and pluralist society. Since 1996, the EC has allocated over 12 million EURO to the funding of civil society initiatives in BiH.

The EC is also involved in the creation of a legal framework for Bosnian NGOs to develop their activities.

Healing Bosnian society

“We believe that our work can help to heal scars that are still too obvious in Bosnian society,” explains Protector’s Jedzimir Milosevic, who put together the book. “We need to highlight people who have never viewed things in terms of ethnicity and who have often resented their lives because of a simple desire to remain human. They are the real war heroes. This work of gathering stories has proved that there are normal people here who have human reactions.”

Jedzimir hopes his book will play a role in achieving the difficult goals of reconciling Bosnia’s still divided communities and restoring a feeling of confidence within the country. All of the accounts gathered have been verified and every chapter dedicated to someone who was helped is coupled with a comment from the person who came to their aid. The accounts were recorded on audio tape and can be listened to at the Protector information centre, so that there can be no doubt about the authenticity of what appears in the book.
**Education**

Prior to the war Bosnia and Herzegovina's education system was well developed, with most children attending primary school to the age of 14 and secondary school to the age of 18. In the 1980's secondary schools in former Yugoslavia began the directed education system which provided specialised vocational schools largely oriented to industry and economics. With the onset of the war many lecturers and teachers became soldiers or refugees, and the education infrastructure collapsed. Until now, the donor community (including the EC) has focused its attention on the material reconstruction of the education system, as many schools were damaged or destroyed. The necessary educational reforms, which have been ongoing for four to six years in other central and eastern European countries, have been postponed in BiH.

From the EC’s point of view, the time has come now to shift from physical reconstruction to in-depth policy reforms in the Bosnian education system. This is extremely difficult due to the impossibility to establish a national strategy in education (there are separate education ministries at the level of the Entities, and within the Federation Entity there is a responsibility for education at the level of the 11 cantons). The attempt of the European Commission to this regard is to put as many key local and international partners as possible together and have them decide on essential and easily conceivable orientations. A tangible success with the same approach was reached with the EC-funded Vocational Educational Training (VET) project aimed at reforming technical schools in BiH. A real inter-Entity cooperation has been developed via a working group of 40 key actors and partnerships with EU schools. The European Commission would like to build on this experience to help setting up a broader “Education Council” in BiH which would cover primary, secondary and technical schools and through which the Entities would elaborate a common approach towards reform of the school system.

At university level, the European Commission runs the TEMPUS inter-university co-operation programme in BiH which focuses on collaboration among BiH universities and with EU universities, and which offers mobility grants for students and professors. Since 1996, the EC has allocated nearly 15 million EURO to repair and reform the Bosnian education sector. In addition to this, hundreds of school buildings have been rehabilitated and refurbished in the framework of EC return programmes (ECHO alone has repaired 171 schools throughout BiH).

In 1996 the EC health programme focused—in close co-ordination with ECHO which provided emergency aid throughout the war—on emergency supplies and equipment. The 1997 health programme aimed to reduce the dependence on humanitarian assistance and to rebuild a sustainable health sector in Bosnia and Herzegovina with reform programme aiming to create self-sustainable management and financing systems. The health reform programme includes institutional support, health financing, assistance to the pharmaceutical sector, and primary health care development. The primary health care development project is being implemented in three pilot regions: Sanski Most (BiHac Canton), Vitez (Central Bosnia Canton), and Novi Grad (western Republika Srpska). The programme includes support to the development of local management capacities, training for doctors and medicines with a view to enable them to continue training at a local level, development of the General Practitioner curricula, development of a health database, the drafting of regulations for professional practice, and the establishment of a centre for continuing education.

Since 1996, nearly 20 million EURO have been allocated to the health sector in BiH, in addition to the emergency health programmes funded by ECHO since the war (see p.19).

**Health**

The war had a tremendous impact on the health sector in Bosnia and Herzegovina. In addition to the terrible physical and mental injuries suffered, poor living conditions and malnutrition have led to an increase in outbreaks of diseases and infant mortality rates. The health infrastructure suffered greatly from war damage, lack of maintenance, and much equipment and medical supplies were lost or destroyed. There is a lack of trained staff as many professionals left the country or were killed, and professional training ceased during the war.

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Establishing a uniform customs policy: CAFAO

Since 1996, the Customs and Fiscal Assistance Office (CAFAO) a programme funded by the EC has been assisting the State and Entity authorities of Bosnia and Herzegovina (BiH) to implement the customs and tax related provisions of the Dayton Peace Agreement. Since late 1997 the CAFAO programme expanded to include taxation.

The CAFAO programme, which includes assistance from approximately 30 European customs and tax experts, is contributing to the development of customs and tax systems in BiH based on modern European standards. It includes management, legal structural, procedural, computer, training and investigation support components.

Key items of customs policy and tariff laws are now all in place, and BiH has a single and uniform customs territory for the first time. The administration of customs and customs procedures is an Entity level responsibility and the CAFAO programme is therefore working with the Federation and Republika Srpska to draft identical Entity-level implementing legislation and regulations to reflect the State Customs Law. This is being simultaneously supported by the delivery of specialist training on each customs regulation to local customs officers. Such training follows general training delivered to all customs officers by the CAFAO programme.

The CAFAO programme is also focusing on assisting the Customs Services to enforce the law. A significant step forward in fighting customs crime was the creation during 1999 of Customs Enforcement sections within each Entity Customs Service. The CAFAO programme has provided the Sections with both classroom and on-the-job training, as well as all equipment necessary to enforce the Customs Law. The Sections will be further consolidated with the future introduction of Customs Enforcement legislation, including penalties, powers and offences for customs officers. The Customs Enforcement Sections’ activities are also supported through the recently introduced and CAFAO-initiated “Customs Hotline” in each Entity. This advertising campaign encouraged the people of BiH to assist in the fight against customs crime by reporting via a dedicated telephone line any information they believe could assist the Customs Services.

Action is also being taken to ensure that customs staff themselves uphold and enforce the law and prevent possible internal corruption, with the CAFAO programme assisting the authorities to introduce internal audit and management assurance functions.

The introduction of a countrywide customs computer system (ASYCUDA++) is the final and essential element in the modernisation and development of customs in BiH. Joint Entity project groups, supported by CAFAO, are currently developing a prototype of this computer system for future pilot testing and then full implementation in BiH. The system will handle all data associated with the clearance and movement of customs goods within BiH, while also assisting the authorities to selectively investigate suspected cases of customs crime.

Taxation

The CAFAO programme is also providing assistance in the taxation field, although this is essentially confined to the establishment of effective control and enforcement structures in each Entity tax authority. This includes the possible establishment of centralised headquarter-level specialist units to control larger traders throughout each Entity, and centralised headquarters-level tax investigation units to investigate cross-Cantonal, cross-Entity or internationally linked tax fraud. The CAFAO programme is also encouraging the introduction of more structured collection of identified tax liabilities, which to date has not been properly addressed by local authorities. These initiatives are intended to support the introduction of modern and efficient tax authorities aimed at maximising revenue collection and the generation of public revenue for BiH.

So far the EC has allocated 41 Million EURO to CAFAO activities.
has been focused on post war reconstruction. The challenge facing Bosnia today is therefore to move from reconstruction to sustainable economic development.

Economic policies need not only to create a stable currency and low inflation but also need to actually modernise and reform the fundamental structures of the economy. The priority structural policies that have been identified include:

- privatisation of state owned industries and development of the private sector;
- introduction of a modern banking and payments system;
- improving the business environment to attract foreign investment and stimulate growth of the private sector and small businesses;
- improving tax policy and tax collection.

In line with the efforts of the government of BiH and the donor community to support BiH's economic reform the European Commission (EC) is funding ambitious projects aimed at transforming BiH to a modern market economy.

**The Central Bank and the new currency**

Since June 22 1998 Bosnia and Herzegovina has its own single currency: the Convertible Mark (KM), which is pegged one to one to the German Mark. The new currency has successfully been introduced by the Central Bank of BiH: an independent, common State institution with sole responsibility for monetary policy. During the first six years of its existence, the Central Bank will be operating under the rules of a currency board, in order to create macroeconomic stability and promote trade and investment. The EC has helped put this new institution on track by providing technical support and training for the Central Bank's personnel, but also for the banking community in general in BiH. After the launch of the new currency, which was a challenge in itself, the new Central Bank has a difficult task ahead: re-inspire confidence in the banking system. The Bosnian economy is completely cash-based and the plastic money which is proliferating everywhere is virtually non-existent. This creates a vicious circle where the lack of confidence leads to a lack of liquidity which leads to paralysis in the industrial sector. By guaranteeing price stability, the Central Bank will contribute to restoring the confidence necessary to encourage domestic savings and thus to finance much-needed investment.

**Modernisation of the payments system**

The restructuring and modernisation of the Payments System is considered to be a critical area for the reform of BiH's financial sector. Under the present system payment operations, tax and statistics collection, treasury & cash management and accounting services are all carried out by a single central body - the Payment Bureaus. In effect the Payment Bureaus carry out all the functions that Banks, Clearing House, Ministry of Finance and Statistics would separately carry out in a modern economy. This system lacks transparency and accountability and undermines the banking system.

Modernisation of the Payments System will therefore involve transferring these functions to the relevant public and private agencies. Tax Collection and Treasury functions will be transferred to the Ministry of Finance, statistics to the Ministry of Statistics while payment operations will be undertaken by Banks and Clearing Houses.

The European Commission, together with other donors (World Bank, IMF, USAID) have formed an International Advisory Group to co-ordinate efforts to support the complex task of modernising the payments system. A strategic study was done outlining the different steps necessary for dismantling the payments system and also provides the basis for donor co-ordination. With a contribution of 700,000 Euros the European Commission is involved in two important aspects of this joint effort: transferring the statistical function to the Ministry of Statistics and providing a training programme to reintegrate the 2500 staff from the Payment Bureaus into both public and private organisations.

**Promoting business**

A critical pre-condition to promote sustainable economic growth is to put in place a conducive regulatory framework which encourages a businessman to actually do business. However, the business climate today in BiH is far from encouraging. The entrepreneur is confronted by a whole range of obstacles from high taxes, cumbersome and often contradictory business regulations, to time consuming and bureaucratic registration procedures.

The European Commission therefore aims to help improve the business environment in BiH by helping create a uniform Commercial Code between the two entities, thereby encouraging free movement of goods between the two entities, streamlining legislation to make it more user friendly to businessmen and helping set up the necessary institutions to enforce legislation.

**Attracting foreign investment**

No doubt political uncertainty and security risks have been major disincentives for foreign investment in BiH. But a number of other factors have been identified, which range from the high tax system, bureaucratic and cumbersome business regulations and an ineffective banking system. As part of an effort to attract foreign investment to BiH, the government, with the help of an EU expert, passed legislation to set up a Foreign Investment Promotion Agency called FIPA. This agency will be responsible for promoting BiH as a location for investment and helping potential investors once they are in the country. The European Commission supports the set up of this agency with a budget of one million Euros which will be used to prepare strategies and business plans, fund marketing and promotional activities abroad, train the personnel of the agency and help provide a service to potential investors.

**Industrial co-operation**

The European Commission believes that the private sector will be the real driving force in stimulating economic recovery in this new country. As such, European businessmen as opposed to public donors are best placed to help the development of Bosnia's embryonic private sector. The EC-funded Industrial Development Programme was set up along these lines.

Example: the wood sector. Wood and Furniture is one of the most promising sectors in BiH which fell apart during the war and now has to face up to the challenges posed by the transition to a market economy. So ten high ranking European experts in the wood sector, from five different European States are now involved in restructuring and developing this sector. Following an identification of most viable companies, a range of assistance was provided in finding potential joint ventures, training in product management, quality control and marketing and development of an Industrial Association. This project has had tangible results in attracting EU partners and so far five commercial arrangements have been made with EU companies. Because of the success of this project the EC will carry out similar projects in 2 other sectors: the agribusiness sector and the textile and leather sector.
Providing credits to SMEs

One of the major constraints facing the development of the Small and Medium Enterprises (SME) sector is the general shortage of capital in the banking system and lack of credit finance to SMEs. In response to this need, the Micro-Enterprise Bank (MEB) was established to on-lend to the SME and Micro-Enterprise Sector and has the European Bank for Reconstruction and Development (EBRD) as its largest shareholder and sponsor. Through an Investment Co-operation Fund set up between the EIB and the EBRD, the EC has provided 6 million EURO for loan finance and 1.2 million EURO to finance a management team. MEB bank has been effective in mobilising credit to this sector and so far has disbursed 1,300 loans to SMEs for a total volume of 9.6 million DMs.

MEB is now in the process of expanding its activities to reach more SMEs in new regions. Its goal is to develop its loan portfolio to DM 18.5 million by the end of the year 2000 and to grow by 15% from the year 2001.

Revising the rural economy

The war took a heavy toll on the Bosnian agricultural sector with an estimated 70% of farm equipment destroyed and more than 40% of livestock and crops lost. In addition to direct war damage and mined farmland, the displacement of the rural population has greatly affected the rural economy. Rehabilitation of the agricultural sector and its economy is essential to encourage refugees and displaced persons to return to rural areas, and for the process of economic regeneration in the country.

Since 1996, the EC has allocated approximately 57 million EURO to revive rural economy. The main objectives were: improve availability and quality of locally produced food; create a sustainable level of income for farmers; generate employment in rural areas; and assist in the transformation of the natural resources industry into a viable market economy.

Bosnian farmers were assisted with very visible results. The EC has provided supplies, livestock (pregnant heifers, rams and rams, pig breeding units, etc.), credit capital (a rural credit scheme for small private farming enterprises) equipment (tractors and access to machinery) and planning strategies to support a modern agricultural policy for the Ministry of Agriculture, Water Resources and Forestry in BiH. The EC has also provided technical assistance in forestry management, protection and rehabilitation.

Support to the balance of payments

Over 1999 and 2000, the EC will provide macro financial assistance through grants and loans in the amount of up to 60 million EURO in support of the balance of payments. This should help provide a stable macro-economic environment necessary to implement economic and institutional reforms.

European Investment Bank

In December 1998, the European Council decided to extend the Community budget guarantee covering the loans of the European Investment Bank (EIB) outside the EU to loans to be made by the bank in support of projects in Bosnia and Herzegovina. This extension covers loans of up to 100 million EURO to be granted over a 2 year period (1999-2000). The loans qualify for a 2% interest subsidy financed from the Community budget.

Beyond the year 2000, BiH will be covered by the overall guarantee for Bank loans extended to Central and Eastern European countries, allowing for a very broad scope of operations. The EIB will support projects of mutual interest for the Community and the country in the areas of transport, energy and the environment. A first transport project has been identified by the Bank in the roads sector.

European Bank for Reconstruction and Development

Bosnia and Herzegovina became a shareholder and a country of operations of the European Bank for Reconstruction and Development (EBRD) in April 1996. The initial focus of the Bank’s operations was on emergency infrastructure reconstruction. The Bank was the first financial institution to lend on commercial terms and conditions in the public sector. During 1997, the Bank began to shift its focus from emergency rehabilitation towards its core mandate: the promotion and development of the private sector.

The Bank pioneered equity investments in BiH directly through equity participation in private banks, such as Hrvatska Banka and Market Banka or indirectly through the establishment of the Horizonte Enterprise Fund. These projects, together with the introduction of micro-lending on commercial terms (MEB Banka) have enabled the Bank to establish itself as a major actor in the strengthening of the country’s financial sector.

6. Humanitarian Aid

Since the outbreak of the hostilities, the EU was present in Bosnia and Herzegovina through its humanitarian arm ECHO (The European Community Humanitarian Office). ECHO has financed a considerable number of humanitarian organisations to come to the aid of people who were displaced, placed, besieged and cut off from basic resources. ECHO was the mainstay of the largest humanitarian operation ever mounted on the European continent. Since 1991, ECHO has allocated more than one billion EURO in humanitarian aid to BiH.

From 1995 to 1999, ECHO continued to fund projects in BiH in the absence of social security systems to support the most vulnerable in the aftermath of the war. The humanitarian situation in BiH has improved substantially over the last four years, allowing ECHO to scale down its activities.

ECHO has played a major role in improving access to health care and social assistance for the vulnerable categories of people in BiH (elderly people, handicapped persons, orphans etc.). Particular emphasis was placed on ensuring that returning minorities are given the same treatment as the majority population. Health structures have been repaired and equipped throughout the country (111 hospitals, ambulances and institutions), and assistance has been given to strengthening the BiH health system. Strategies have been prepared to hand over the responsibility for social assistance from humanitarian organisations to the local social system.

ECHO has also actively participated in facilitating the return process. Its more flexible procedures allowed it to intervene quickly in support of spontaneous minority return movements to unexpected regions (example: Stolac and Capljina), and to start pilot return projects in politically difficult regions (example: Eastern Republika Srpska). ECHO worked in close coordination and in total complementarity with other EC instruments implementing larger return projects along the major return axes defined by the Reconstruction and Return Task Force.
1. Until now: ECHO, Phare and OBNOVA

Until now, the three main EC instruments for assistance to Bosnia and Herzegovina were ECHO (The European Community Humanitarian Office) and the Phare and OBNOVA programmes. ECHO has been present in Bosnia and Herzegovina since 1992 to provide emergency humanitarian aid to the victims of the war, and is now gradually withdrawing from the country. The Phare and OBNOVA programmes are complementary:

- "Phare assistance is limited to projects in direct support to the peace agreement, in particular the building of cross-Entity links and refugee return", while OBNOVA funding is used to further "underpin the reconstruction process, to encourage return of refugees, reconciliation and regional economic co-operation, and to create the economic and social conditions that will lay the foundations for the development" of Bosnia and Herzegovina by supporting CAFAO, economic development activities, integrated assistance activities, social development and media projects.

The Phare and Obnovo programmes for BiH will be replaced in the course of the year 2000 by a new single programme specifically designed for the reconstruction and stabilisation of South Eastern Europe.

2. A new regulation for the countries of South-Eastern Europe

The European Commission adopted on 8 December 1999 a communication setting out guidelines and detailed arrangements for the implementation of the Community’s future assistance to the five countries of South Eastern Europe for 2000-2006, including Bosnia and Herzegovina. This communication aims to tailor the delivery of assistance to the region more closely to the objectives of the EU’s strategy and needs on the ground. On the basis of these guidelines, the Commission will present a draft regulation on implementing assistance in the first quarter of 2000. This regulation will provide a single legal basis and single set of procedures for assistance in the region. The Commission estimates that a sum of approximately 5.5 billion EURO in the form of grants is conceivable for the period 2000-2006.

In the past, two regulations, Phare and OBNOVA, have provided the legal bases for Community assistance. It is now proposed to rationalise existing instruments and to streamline the Community effort. By adapting to the needs on the ground and emphasising a regional strategy, the improved Community assistance will contribute to the existing Stabilisation and Association Process which includes closer association with the European Union structures and, for the first time, the prospect of gradual integration into them. This prospect is a historic turning-point in the relations of the countries of South East Europe with the EU.

3. Deconcentration of EC reconstruction programmes

In 1998, significant steps have been taken to improve the level of implementation of the EC-funded projects:

- amendments brought to the OBNOVA Regulation have simplified the decision-making process for project approval and implementation;
- the management of the programmes has been deconcentrated from the EC headquarters in Brussels to the Commission Representation in Sarajevo supported in its tasks by a Technical Assistance Unit and monitoring teams.

Accelerating project implementation

The management of the EC reconstruction programmes in BiH has been successfully deconcentrated from the EC headquarters in Brussels to the Delegation of the European Commission in Bosnia and Herzegovina.

A Technical Assistance Unit with currently a staff of more than 50 long and short term experts -of which more than three quarters are Bosnian nationals- is supporting the Delegation of the European Commission in BiH in the implementation of a wide range of projects in various sectors: transport, energy, water, public buildings, agriculture, bridge reconstruction, economic regeneration, privatisation, health, telecommunications, etc. The Technical Assistance Unit (TAU) is now operating through its four offices in Bosnia and Herzegovina: three in Sarajevo and one in Banja Luka. It assists the Delegation of the European Commission notably with:

- administrative aspects of the tendering and contracting procedures in order to accelerate the commitment of EC funds;
- project identification, preparation and appraisal;
- project supervision and monitoring.

The activities performed by the TAU may gradually be integrated in Bosnia and Herzegovina’s administrative structures, in order to strengthen the capacity of the local authorities in project identification and development as well as the introduction of public procurement procedures in the tendering and implementation process.
D. Facts and figures

1991-1999 EU assistance to South-Eastern Europe
Allocations in millions of euro

<table>
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<tr>
<th>Beneficiary country</th>
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<th>Member States (1)</th>
<th>EIB</th>
<th>EC TOTAL</th>
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<td>FYR MACEDONIA</td>
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Financial perspectives 2000-2006 (indicative allocations):
Albania, Bosnia and Herzegovina, Croatia, Federal Republic of Yugoslavia, FYROM: 5.500 millions of euro
Romania and Bulgaria: 6.215,3 millions of euro

(1) Provisional figures - (2) These figures include Phare, Obnova, Media, Democracy & Human rights, Demining, Humanitarian aid, Food security and Macro-financial assistance.

1991-1999 EC assistance to Bosnia and Herzegovina
Allocations in millions of euro

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<td>Phare + Obnova</td>
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<td>207.07</td>
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<td>138.20</td>
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<td>ECHO</td>
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<td>Media</td>
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<td>0.21</td>
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<td>Democracy &amp; Human-rights</td>
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<td>4.80</td>
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<td>p.m.</td>
<td>12.10</td>
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<td>Total</td>
<td>495.26</td>
<td>216.38</td>
<td>442.42</td>
<td>360.86</td>
<td>295.25</td>
<td>251.50</td>
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Appendix A3
Iraq aid: Putting the money into safety first
James Dobbins (New York Times), Thursday, September 23, 2004

Iraq aid

WASHINGTON Last week, the Bush administration announced plans to change how it will spend nearly 20 percent of the $18.4 billion in approved aid for Iraq. The money will be shifted from rebuilding infrastructure to security, from capital improvements to employment generation, and from physical construction to social engineering projects. If these priorities had been adopted sooner, the situation in Iraq would probably be better than it is today.

Administration officials have explained that deteriorating security requires increased efforts to train and equip Iraqi police and military forces, and makes the protection of large construction projects difficult. They have also expressed the need for programs to get young Iraqi men off the streets and employed.

And indeed, America's plans to focus aid on modernizing Iraq's electric grid, sewage systems and communications infrastructure at American taxpayers' expense have been an aberration - out of keeping with recent American nation-building experience in places like Bosnia, Haiti, and Kosovo and with post-World War II strategies for democratizing Germany and Japan.

The object of nation-building is to return power to a competent, responsible and representative local government as soon as possible.

In a country like Iraq where the governmental structure has collapsed, the first priority is to establish public security. Second is to begin rebuilding the local structures for governance. Third is to create an environment in which basic commerce can occur - where people can buy and sell goods and services and get paid in a stable currency. Fourth is to promote political reforms, stimulate the growth of civil society, build political parties and a free press, prepare for elections and organize representative government. Fifth, and last, is improving roads, bridges, electricity, water, telephones and the rest.

This last category of spending normally comes last because such projects take a long time to complete and the payoff on investment is very slow. These projects are also very expensive, far more than other objectives. And unlike investments in other sectors, reconstruction projects are ultimately profitable and can normally pay for themselves. That is why money for large-scale construction projects routinely comes from loans financed through the World Bank or regional development banks, not from grants by donor governments.

In preparing for the occupation of Iraq, the administration chose to transfer responsibility for Iraqi reconstruction from the State Department and the Agency for International Development to the Defense Department and the U.S. Army Corps of Engineers.

The Defense Department brought a perspective to the tasks of nation-building that reflected its own experiences in building military bases and procuring weapons systems, which led it to largely ignore recent and historical experiences with nation-building.

Instead, the Pentagon focused more on hardware than software, on improving infrastructure rather than social structures. It also relied more on large American military contractors than on Iraqi contractors and smaller nonprofit groups specializing in political transformation.

Giving first priority to improving electricity and sewage services, and second priority to political parties and elections was inconsistent with precedents set like Bosnia, Kosovo and even Afghanistan. Critical of earlier efforts in the Balkans, in particular, and frustrated with the slow progress being made in
Afghanistan, the Bush administration used as its model the very successful American occupations and transformations of Germany and Japan, and upon the Marshall Plan in Europe.

But administration officials fundamentally misread the lessons of nation-building at the end of World War II. In Germany and Japan, the United States had put in place political reforms that today remain the underpinnings of democracy in both countries, before it provided substantial economic aid, beyond basic humanitarian assistance.

The Marshall Plan did not start in Germany until 1948, and Japan never received any Marshall Plan assistance. Germany's economic takeoff came only after its democratic reforms had been carried out, and Japan's early prosperity derived from local American procurement connected with the Korean War beginning in the early 1950s. In both, political transformation preceded economic transformation. Democracy preceded prosperity.

The administration's plan to shift aid from large construction projects to security, employment and social reform is welcome, not simply because it deals with the deteriorating security situation, but because it better helps the nation become secure and democratic. A secure and democratic Iraq will have no difficulty persuading others to help it rebuild.

James Dobbins, director of the International Security and Defense Policy Center at the RAND Corporation, was special envoy for the Clinton and Bush administrations on reconstruction efforts in Afghanistan, Bosnia, Haiti, Kosovo and Somalia.
Iraqis lament plans to divert rebuilding funds
James Glanz (New York Times), Wednesday, September 22, 2004

BAGHDAD Iraqi officials in charge of rebuilding their country's shattered and decrepit infrastructure are warning that the Bush administration's plan to divert $3.46 billion from water, sewage, electricity and other reconstruction projects to security could leave many people without the crucial services that generally form the backbone of a stable and functioning democracy. Under the plan, which was proposed last week and would require approval by Congress, the money would pay for training and equipping tens of thousands of additional police officers, border agents and Iraqi National Guardsmen in an attempt to restore order to a land where lawlessness and violence have replaced Saddam Hussein's repression since the U.S.-led invasion last year.

But the move comes as a grievous disappointment to Iraqi officials who have already seen the billions once promised them tied up for months by U.S. regulations and planning committees, consumed by administrative overhead and set aside for the enormous costs of ensuring safety for the workers and engineers who will build the new sewers, water plants and electrical generators.

Of the $18.4 billion that Congress approved last autumn for Iraq's reconstruction, only about $1 billion has been spent so far. "Nobody believes this will benefit Iraq," said Kamil Chadirji, deputy minister for administration and financial affairs in the Iraqi Ministry of Municipalities and Public Works, which has responsibility for water and sewage projects outside Baghdad.

"For a year we have been talking, with beautiful PowerPoint documents, but without a drop of water," Chadirji said, waving a colorful printout that he had received from U.S. officials.

The decision to shift the money, which had been earmarked for rebuilding everything from roads and bridges to telecommunications and the outdated equipment pumping oil, appears to signal an abandonment of the administration's original plan for putting Iraq back on its feet as a functioning nation.

In the original view, restoring Iraq's physical infrastructure assumed an importance equaled only by the U.S.-led military action in creating a stable democratic country and winning the sympathies of ordinary citizens.

Propounded again and again by L. Paul Bremer 3rd, the top U.S. civilian administrator here until an Iraqi government took over on June 28, that approach assumed that once the conduits for electricity, water, sewage, oil and information were in place, an efflorescence of industrial and national institutions would follow.

But a much more conventional set of nation-building priorities were put in place with the arrival in June of John Negroponte, the U.S. ambassador to Iraq. Those priorities are security, economic development and democracy building.

Somewhere implicit in the economic peg of this three-legged stool is the concept, much demoted, of physical reconstruction. And even then, said officials at the U.S. Embassy in Baghdad, the rebuilding is best done not by Americans but by Iraqis, who can not only hone their construction skills but also do the work more cheaply.

"It doesn't matter what we build," a senior embassy official said in a succinct expression of the new principles. "In the end, it's got to be an Iraqi solution." The New York Times

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About the Author

Tigran Hasic is a doctoral fellow and university lecturer at the Department of Infrastructure, Division of Urban Studies, Royal Institute of Technology in Stockholm, Sweden. He has advanced degrees in architecture, urban design and planning, international space studies and environmental science, from USA, Croatia, Bosnia and Herzegovina and Sweden. He has written several articles in the mentioned fields. Tigran Hasic has been involved in teaching in International educational programs such as real estate management, and environmental engineering and sustainable infrastructure. His expertise and current research focus on post-conflict reconstruction, urban design and town planning. He currently teaches project management for graduate students.
The history of mankind has been plagued by an almost continuous chain of various armed conflicts - local, regional, national and global - that have caused horrendous damage to the social and physical fabric of cities. The tragedy of millions deprived by war still continues. This study sets out to understand the nature of reconstruction after war in the light of recent armed conflicts. It attempts to catalogue and discuss the tasks involved in the process of reconstruction planning by establishing a conceptual framework of the main issues in the reconstruction process. The case of Bosnia and Herzegovina is examined in detail and on the whole acts as the leit-motif of the study and positions reconstruction in the broader context of sustainable development. The study is organized into two parts that constitute the doctoral aggregate dissertation – a combining of papers with an introductory monograph. In this case the introductory monograph is an extended one and there are six papers that follow. Both sections can be read on their own merits but also constitute one entity.

The rebuilding of war-devastated countries and communities can be seen as a series of non-integrated activities carried out (and often imposed) by international agencies and governments, serving political and other agendas. The result is that calamities of war are often accompanied by the calamities of reconstruction without any regard to sustainable development. The body of knowledge related to post-conflict reconstruction lacks a strong and cohesive theory. In order to better understand the process of reconstruction we present a qualitative inquiry based on the Grounded Theory Method developed originally by Barney Glaser and Anselm Strauss (1967). This approach utilizes a complex conceptualization with empirical evidence to produce theoretical structure. The results of process have evolved into the development of a conceptual model, called SCOPE (Sustainable Communities in Post-conflict Environments).

This study proposes both a structure within which to examine post-conflict reconstruction and provides an implementation method. We propose to use the SCOPE model as a set of strategy, policy and program recommendations to assist the international community and all relevant decision-makers to ensure that the destruction and carnage of war does not have to be followed by a disaster of post-conflict reconstruction. We also offer to provide a new foundation and paradigm on post-conflict reconstruction, which incorporates and integrates a number of approaches into a multidisciplinary and systems thinking manner in order to better understand the complexity and dependencies of issues at hand. We believe that such a systems approach could better be able to incorporate the complexities involved and would offer much better results than the approaches currently in use.

The final section of this study returns to the fact that although it is probably impossible to produce universal answers, we desperately need to find commonalities amongst different post-conflict reconstruction settings in order to better deal with the reconstruction planning in a more dynamic, proactive, and sustainable manner.