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brief 27

Turning Soldiers into a Work Force

*Demobilization and Reintegration in
Post-Dayton Bosnia and Herzegovina*



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The authors

Andreas Heinemann-Grüder
Senior researcher, Bonn International
Center for Conversion, Germany

Tobias Pietz
Researcher, Bonn International Center
for Conversion, Germany

Shay Duffy
Retired Colonel, Demobilization &
Retraining Advisor at the Geneva
Centre for the Democratic Control of
Armed Forces, Switzerland

Editing:
Maira Davidson-Seger

Cover photo:
Karsten Thielker/Images.de
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**Andreas Heinemann-Grüder
and Tobias Pietz
with Shay Duffy**



Zusammenfassung

German Summary

Welche Errungenschaften und Defizite sind in Bezug auf die Demobilisierung und Reintegration von Ex-Kombattanten in Bosnien-Herzegowina seit dem Dayton-Abkommen von 1995 zu verzeichnen? Welche Lehren lassen sich daraus für laufende und künftige Demobilisierungs- und Reintegrationsvorhaben auf dem westlichen Balkan ziehen?

Am Ende des bosnischen Krieges standen ca. 400.000 bis 430.000 Kämpfer unter Waffen. Nach einer spontanen Demobilisierung in den Jahren 1995/96 solcher Soldaten, die nur für den Krieg eingezogen worden waren, implementierte die Weltbank ab 1996 zwei Reintegrationsprojekte, gefolgt von einem noch laufenden Projekt der International Organization for Migration (IOM). Bis Ende 2001 verringerte sich so die Stärke der Streitkräfte auf 34.000 Mann in beiden Teilgebieten, der bosnisch-kroatischen Föderation und der Republika Srpska.

Im Mittelpunkt des folgenden Evaluationsberichtes stehen die zwei Projekte der Weltbank und jenes der IOM. Die Darstellung basiert auf Gesprächen mit Vertretern internationaler Organisationen und nationalen Entscheidungsträgern in der Republika Srpska sowie der bosnisch-kroatischen Föderation, auf 35 standardisierten Interviews mit Ex-Soldaten aller drei ethnischen Gruppen und auf Projektberichten.

Das Dayton-Abkommen legte die künftigen Streitkräftestrukturen nicht fest - ein Manko, das überproportionale Militärausgaben in den Teilgebieten von Bosnien-Herzegowina bis in die

Gegenwart begünstigte. Die Notwendigkeit zur Truppenreduktion über die Nachkriegsdemobilisierung hinaus ergibt sich aus der immensen Haushaltsbelastung und dem wachsenden Druck der internationalen Gemeinschaft, die konföderale Trennung in eine serbische und eine bosnisch-kroatische Armee zugunsten einer gemeinsamen, gesamtstaatlichen Sicherheits- und Verteidigungspolitik zu überwinden. Erst ab der Jahrtausendwende wurde erkannt, dass der Umbau der Streitkräfte und der entsprechende Truppenabbau Teil einer umfassenden, funktionalen Reform des gesamten Sicherheitssektors sein muss.

Das konstitutionelle Dilemma Bosnien-Herzegowinas, nämlich die quasi-imperiale Letztentscheidungsmacht der internationalen Repräsentanten und die gleichzeitige Existenz demokratisch legitimer Institutionen in Bosnien-Herzegowina, belastet derweil die Sicherheits- und Verteidigungspolitik. Beide Seiten betonen die Zuständigkeit der jeweils anderen Seite und meinen deshalb, nur begrenzt Verantwortung wahrnehmen zu können. Der semi-souveräne Status von Bosnien-Herzegowina, das weitreichende, jedoch diffuse internationale Mandat und die unklare militärpolitische Kompetenzzuweisung zwischen dem Office of the High Representative, der 'Stabilisation Force' SFOR und der Organisation für Sicherheit und Zusammenarbeit in Europa (OSZE) einerseits und den Regierungen der beiden Teilgebieten andererseits führen häufig zu wechselseitigen Blockaden.

In Bezug auf das Mikromanagement der Demobilisierung und Reintegration betont der vorliegende Bericht die Notwendigkeit

- zur Koordination und Konsistenz internationaler und nationaler Reintegrationsvorhaben,
- der gesetzlichen Festlegung von Reintegrationsansprüchen, einer frühzeitigen Festlegung von angestrebten Zielgrößen, von umfassender und verlässlicher Information der Soldaten,
- von bedarfsgerechten Reintegrationsangeboten (besonders auch für weibliche Ex-Kombattanten),
- von psychotherapeutischer Unterstützung von Kriegsteilnehmern und
- des nachhaltigen Aufbaus nationaler Institutionen für die kontinuierliche Reintegration von Soldaten.

Verantwortliche und demokratische Selbstregierung kann nur entstehen, wenn Hilfe zur Selbsthilfe geleistet wird. Der Bericht schließt mit einem Vierstufenmodell der Vorbereitung, Planung, Implementierung und Evaluierung von Demobilisierung und Reintegration, dessen Kriterien auch für andere westbalkanische Staaten hilfreich sein könnten.

Summary

This report summarizes the insights gained and lessons learned from the downsizing of the armed forces in Bosnia and Herzegovina (BiH) in the wake of the Dayton Peace Accords (DPA) of December 1995.

There have been four waves of demobilization in Bosnia and Herzegovina since late 1995: an immediate postwar stage in 1995/96; intermediate downsizing and professionalization of military services from 1997 to 1998; and two externally financed—and partially overlapping—rounds of demobilization in 1999/2001 and 2002/03 respectively. The report is based on project implementation reports, official information releases, and interviews conducted with representatives of the OHR, OSCE, SFOR, IOM, the World Bank, national NGOs, representatives of the defense ministries of BiH's political entities, parliamentarians and journalists as well as standardized interviews with 35 ex-combatants.

The overwhelming majority of soldiers demobilized were not prepared—either in terms of skills/education or psychological assistance—for their post-military life while still in service. Moreover the estrangement between discharged soldiers and their entity governments and/or military leaderships is substantial; to be more specific, the BiH authorities' negligence in dealing with demobilization has led to a widespread sense of disempowerment and demoralization. As yet, there is no legal basis clarifying the entitlements of ex-soldiers (pensions, severance payments, reintegration and housing assistance) according to rank and time of service—a fact which is clearly an obstacle to a planned and controlled shift from military to civilian

life. Benefit packages could be part of either a general Civil Service law (as has been already adopted in BiH) or of a specific law relating to military professionals.

Demobilization as such was not part of the Dayton negotiation package; it was neither a 'stick' nor a 'carrot'. But if an international protectorate is to be set up, it must have authority over—and resources for—military affairs. If linked conditionally to other issues such as investment, demobilization could form an essential part of post-war bargaining. From the very outset, the aspect of demobilization should therefore form an integral part of the post-war framework agreement to prevent the likelihood of its being postponed.

With time, the existence of two—*de facto* three separate armies—turned out to be a heavy burden for economic recovery and a healthy budget in both parts of Bosnia and Herzegovina. Of the estimated 400,000 to 430,000 troops under arms in 1995, some 370,000 left the forces over a period of five years. However it was not until 1998 that the international community and BiH officials started to focus on planned demobilization. By 31 January 2001, the armed forces of both entities had cut down their troops to a combined total of approximately 34,000 active duty soldiers, supported by some 15,000 reservists.

The three major reintegration projects covered by this report (two World Bank projects and one run by the International Organization for Migration) allow for some generalizations:

Demobilization and retraining are residual strategies that develop out of Security Sector Reform (SSR). The strategic policy sequence should cascade downwards to include economic development, national security, defense and intelligence as well as changes in organizations and personnel. Military downsizing is unlikely to succeed unless it is accompanied by a coherent Armed Forces Restructuring (AFR) policy and underpinned by wider socioeconomic programs and strategies.

Prior to discharge, soldiers must receive reliable information about their benefit package as well as about retraining, business opportunities and job placement services. Instead of just looking at the immediate cost of post-military benefit packages, demobilization and reintegration programs should also analyze the educational, economic and social needs, customizing assistance accordingly.

Particular attention should be paid to the most vulnerable—the disabled, veterans, female soldiers, and dependents. What's more, it is vital to deal with mental illnesses caused by the war—such as post-traumatic stress disorder (PTSD)—immediately after the conflict ceases.

The overarching goal of international aid and projects must be to create and develop sustainable national structures that can provide employment for ex-soldiers. Additionally, promotion of small and medium-sized enterprises (SME) adds value to society as a whole. With the engagement of international donors in decline, institutional capacities built up under the World Bank and the IOM projects should be transferred to the cantonal employment offices.

Introduction and Goals

The following report attempts to summarize the insights gained and lessons learned from the downsizing of the armed forces in Bosnia and Herzegovina (BiH) in the wake of the Dayton Peace Accords (DPA) of December 1995. There have been four waves of demobilization in Bosnia and Herzegovina since late 1995: an immediate postwar stage in 1995/96; intermediate downsizing and professionalization of military services from 1997 to 1998; and two externally financed—and partially overlapping—rounds of demobilization in 1999/2001 and 2002/03 respectively. This report will concentrate on the micro-management of reintegration, specifically taking stock of internationally sponsored reintegration efforts targeted towards the Serb, Croat and Muslim military forces, as well as minor, locally initiated efforts on the part of BiH's political entities themselves.

In order to understand the current situation, it is important to remember that the governments of Bosnia's two ethnically divided entities—the Federation of Bosnia and Herzegovina, and the Republika Srpska—did not set up institutional capacities of their own to manage demobilization and reintegration. Nor did the warring parties in Bosnia end the violence by themselves. Instead, the end of the war resulted from the triple effect of Federation military gains over Bosnian-Serb positions, NATO's military intervention, and the marginalization of the Serb leader Karadzic through the fostering of Milosevic as the authority able to 'deliver' peace.

No party to the war had an interest in ending the violence before the US government forced them to do so. In the end, the international community, led by the United States, brokered a 'pork barrel' solution, offering to train and equip the Federation army if a peace accord materialized. However, as there was no consensus among the various

ethnic parties as to what kind of postwar state they wanted, once hostilities ceased the role of the armies remained blurred. The fact that the various ethnic groups were not responsible for ending the war themselves had a lasting impact because it was possible to blame the international community for the flaws inherent in both the Dayton Accords and the reintegration efforts. But, despite this, the Bosnian experience is of especial interest precisely because Bosnia and Herzegovina belongs to the growing number of postwar societies and parastates which experience only limited internal and external sovereignty due to the decision-making authority or agenda-setting power of international organizations.

Apart from providing an empirical overview and an evaluation of the current state of demobilization in BiH, this report is written with the expectation that international organizations, including the EU Stability Pact, may derive useful lessons from it in formulating priorities for their future engagement in the Western Balkans. Additionally, national decision-makers—mainly cabinet ministers, defense ministries and parliaments—as well as implementation agencies, NGOs (non-governmental organizations) and the media may find the yardsticks used here to measure reintegration efforts helpful.

The report is interested in pinpointing achievements and failures. It specifically asks:

- To what extent do political framework decisions by the international community, as well as national authorities, provide adequate guidance for demobilization and reintegration?
- What are the major retraining and reintegration measures?

- Does the demobilization meet measurable outcome criteria such as transparency, accountability, and predictability, successful retraining and job placement of ex-soldiers, as well as the affordability of armed forces?
- Are the institutions and organizations in charge of the demobilization and reintegration process fulfilling their assigned tasks efficiently?
- Are the institutional capacities sustainable as regards the future personnel policy of the armed forces?
- Do institutionalized feedback and monitoring mechanisms exist?
- What do ex-soldiers identify as their needs, and what do they think of the assistance received?
- Can any practices be recommended for the design of other reintegration programs or flaws avoided?

The general tasks involved in demobilization and reintegration of armed and paramilitary forces are well-known from other cases: disarming; retraining; job creation; housing; support of small and medium-sized enterprises (SME); social reintegration; psychological assistance; and re-socialization of combatants. But it is our aim here to see how these ambitions have been implemented and whether there is anything new to learn from the Bosnian case.

Why demobilize?

The military legacy of state socialism, coupled with that of the Balkan wars, has put a particularly heavy burden not only on post-war governments in the Western Balkans but on their societies at large. As a result of this dual legacy, the armed forces of the Western Balkan

countries are still substantially oversized. While Central Eastern Europe has achieved major cutbacks over the last 10 to 15 years, the states of the Western Balkans still have to determine the ultimate size of their armed forces. Military expenditures—above all personnel costs—represent a serious obstacle to achieving reasonable and sustainable state budgets. Moreover, the maintaining of armed forces over and above those adequate for functionally determined tasks contains the risk of a relapse into violent nationalism. Oversized armed forces can also lead to a well-known security dilemma: one's own defense outlays are legitimized by the respective behavior of neighbors, and vice versa. Furthermore, the way downsizing is administered—either in a planned or chaotic manner—affects the discipline, confidence, and morale of military personnel. It is feared that (ex-)soldiers who are not adequately integrated into society could become a recruiting ground for criminal organizations or get involved in the black market.

In addition to the potentially negative effects resulting from inefficient downsizing mentioned, sustaining armed forces beyond a reasonable and sufficient number inhibits the democratization of civil-military relations. Without downsizing, the military remains a 'state within the state'—in post-socialist societies, an island of socialism in a democratizing environment. The need to demobilize therefore goes beyond mere damage control and assisting a socially vulnerable group; it is both an end in itself and a prerequisite for consolidating the transition to becoming an integrated European democracy. To this extent, downsizing is a key factor for the Western Balkan

countries' prospects of *rapprochement* with the European Union, both in financial terms and with respect to confidence-building.

This report is mainly based on project implementation reports, official information releases, and interviews conducted with representatives of the OHR (Office of the High Representative (UN)), OSCE (Organization for Security and Co-operation in Europe), SFOR (NATO-led Stabilization Force Bosnia and Herzegovina), IOM (International Organization for Migration), the World Bank, national NGOs as well as representatives of the defense ministries of BiH's political entities, parliamentarians and journalists (see full list in the annex). Furthermore, 35 standardized interviews were conducted with ex-soldiers in the Bosnian-Croat Federation (10:15) and in the Republika Srpska (10).

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We would like to thank all persons interviewed, as well as our cooperation partners, for the time they took to answer our questions and for the additional material provided. We are particularly grateful to the Sarajevo-based Center for Security Studies, especially to Denis Hadzovic and its director, Dr Bisera Turkovic, and to Dragan Stanimirovic as well as Colonel Pearse McCorley for helping to set up contacts or for conducting the standardized interviews. Colonel Shay Duffy initiated this project on behalf of DCAF and participated in some of the interviews; without his country knowledge, networking experience, persistence, and good spirits the project would have never materialized. It goes without saying, however, that only the authors are responsible for the views expressed here.

*Andreas Heinemann-Grüder, Tobias Pietz
August 2003*

The Geneva Centre for the Democratic Control of Armed Forces (DCAF)

was established in October 2000 on the initiative of the Swiss government. The Centre encourages and supports states and non-state governed institutions in their efforts to strengthen democratic and civilian control of armed and security forces, and promotes international cooperation in this field, initially targeting the Euro-Atlantic regions. To implement these objectives, the Centre:

- collects information, undertakes research and engages in networking activities in order to identify problems, to establish lessons learned and to propose the best practices in the field of democratic control of armed forces and civil-military relations;
- provides its expertise and support to all interested parties, in particular governments, parliaments, military authorities, international organizations, non-governmental organizations, academic circles.

Geneva Centre for the Democratic Control of Armed Forces (DCAF)
Rue de Chantepoulet 11
P. O. Box 1360
CH-1211 Geneva 1, Switzerland
Tel: +41 (0)22 741 77 00
Fax: +41 (0)22 741 77 05
E-mail: info@dcaf.ch
URL: <http://www.dcaf.ch>

Background

The legacy of the war and the spontaneous disintegration of troops

During the war in Bosnia and Herzegovina (1992–1995), not only most of the male population but several thousand women as well were mobilized into Serb, Bosnian-Muslim, and Croat forces. In the course of the interethnic fighting, there were three armies in existence in Bosnia and Herzegovina: the Bosnian-Muslim forces (ABiH), the Croatian Defense Council (HVO), and the Bosnian-Serb Army (VRS), each consisting of regular

soldiers, paramilitaries and young man and woman drafted on an *ad hoc* basis. Although these three ethnically separated military cohorts were an off-spring of the army of the Federal Republic of Yugoslavia (JNA) and the territorial defense force of Bosnia and Herzegovina, a substantial part of them could thus barely be considered regular armed forces. The core of the armed forces consisted of soldiers originally trained by the JNA, but these professionals and recruits were supported by external soldiers, paramilitaries and mercenaries as well warlords, marauders, and criminals. *De facto*, not all of the enlisted soldiers were on active duty. At the beginning of

the war, for example, only slightly more than half of the ABiH forces had access to military equipment.

While some estimates suggest that a total of 400,000 to 430,000 people were recruited for the war effort, estimates made by the International Institute for Strategic Studies (IISS) and the World Defence Almanac (WDA) are considerably lower, at 175,000 to 227,000 (see Figure 1). The latter estimates, however, were based on numbers relating to ‘real’ armies that could be clearly identified, that is, additional groups of paramilitaries or ‘weekend-fighters’ were not included.

Figure 1: Military forces in Bosnia and Herzegovina, 1992–2003

Various estimates

Sources: International Institute for Strategic Studies (IISS), *The Military Balance (Editions 1992/93 to 2002/03)*; *World Defence Almanac (WDA)*, *Military Technology (Editions 1992/93 to 2001/2002)*

	Serb		Muslim		Croat		Federation Armed Forces (as of 1999)	
	<i>IISS</i>	<i>WDA</i>	<i>IISS</i>	<i>WDA</i>	<i>IISS</i>	<i>WDA</i>	<i>IISS</i>	<i>WDA</i>
1992/93	67,000	67,000	30–50,000	50,000	50,000	50,000	-	-
1993/94	80,000	110,000	60,000	-	50,000	60,000	-	-
1994/95	80,000	110,000	110,000	-	50,000	50,000	-	-
1995/96	75,000	-	92,000	35,000	50,000	49,000	-	-
1996/97	85,000	35,000	92,000	90,000	50,000	50,000	-	-
1997/98	30,000+	45,700	40,000	90,000	16,000	50,000	-	-
1998/99	-	45,700	-	90,000	-	20,000	-	-
1999/2000	-	45,700	-	(31,363)	-	(13,673)	-	45,000
2000/01	30,000	45,700	30,000	(19,345)	10,000	(8,500)	-	27,845
2001/02	14,000	-	(16,800)	-	(7,200)	-	24,000	-
2002/03	6,600	-	(9,200)	-	(4,000)	-	13,200	-

In April 1994, the VRS consisted of roughly 100,000 men—33,000 professionals, 63,000 recruits, 4,000 volunteers, Special Forces from Serbia, and 1,000–1,500 mercenaries from Russia, Ukraine, and Bulgaria (Calic, 1996, p. 99). From 1994/95 onwards, the HVO commanded some 45,000 regular soldiers, supplemented by roughly 4,000–5,000 volunteers and 15,000–20,000 further men seconded by the Croatian Army. When hostilities ceased, the ABiH consisted of some 90,000–92,000 troops, in addition to volunteers from certain Islamic countries. How many paramilitary forces there were is hard to estimate. Even as early as 1991, nationalist parties had begun to form paramilitary forces of their own. On the Croatian side the ‘Zebras’, the ‘Black Legion’ and the ‘Croatian Defense Union’ (HOS) must be mentioned. The Serb side was represented by the infamous ‘Knindzi’ paramilitaries, the ‘White Eagles’, the ‘Serb Cetnik-Movement’, supporters of ‘Captain Dragan’ (Dragan Vasiljkovic), and the ‘Serb Voluntary Guard’ under its leader ‘Arkan’ (Zeljko Raznjatovic). During the war, some 3,000 Islamic fighters came to Bosnia, most of them forming the ‘El Mujahid’ battalion which was part of the ‘Seventh Muslim Brigade’ of the ABiH. Of the approximately 12,000 Bosnian passports distributed to foreigners during and immediately after the war, some 70 percent reportedly went to foreign mujahedin fighters (International Crisis Group, 2001, p. 11). It was not until 1996 that the ‘El Mujahid’ battalion, formed by fighters from Iran, Afghanistan and Arab countries, was disbanded under US pressure. In the aftermath of 11 September 2001, allegations were voiced that members of Al Qaeda had found refuge in BiH, but it was not possible to establish exactly how many demobilized mujahedin were still there.

In the period immediately following the war, it is not correct to talk of demobilization but rather of the disintegration of the armed forces. Of the estimated 400,000 to 430,000 troops under arms in 1995, some 370,000 left the armed forces over a period of five years. With the exception of small *cadres* loyal to political parties, paramilitary formations or the civilian police, most of the combatants left in the immediate aftermath of the Dayton Accords (DPA) (King, 2000, p. 329). Issues of demobilization and reintegration were handled badly after the signing of the DPA (*Interview*, G. Day, 20 May 2003). Though the Accords provided a powerful annex dealing with military matters, none of the tasks specified were related to demobilization; nor were there any clear measures agreed upon with regard to the reduction of forces. The only forces that the conflict parties were obligated to demobilize were those “which cannot be accommodated in cantonment/barracks areas Demobilization shall consist of removing from the possession of these personnel all weapons, including individual weapons All personnel belonging to these forces shall be released from service and shall not engage in any further training or other military activities” (*Dayton Peace Accords*, 1a, IV, Phase 3, 1995).

Although it was intended that IFOR oversee and control the military agreements, such oversight did not materialize *vis-à-vis* the demilitarization and demobilization of combatants. Instead, demobilization subsequent to the signing of the DPA was rapid and bogus; often soldiers and combatants had just to turn in their uniforms before being sent home (*Interview*, G. Day, 20 May 2003). The World Bank estimated that, after six months, (that is, by June 1996) almost 300,000 soldiers or combatants had left the armed forces: 100,000 from Bosniac units, 45,000 from the Croatian Defence Council (HVO) and 150,000 from the army of the Republika Srpska (World

Bank, 1996, p. 1). This chaotic and rapid disintegration of the armed forces in Bosnia hindered the process of registration of former combatants, which is the first critical step in any DDR (Disarmament, Demobilization and Reintegration) effort. No international organization assumed a leadership role for DDR. To enable a meaningful demobilization process to be conducted in Bosnia directly after the war, the OHR—as the ultimate sovereign in the country—should have had the major responsibility for overseeing and facilitating it (*Interview*, G. Day, 20 May 2003). Nor was the BiH government itself in a position to attempt demobilization, as state-level structures and capacities simply did not exist.

Hence, after ‘Dayton’, discharged soldiers were mainly absorbed by local towns and communities in a kind of emergency demobilization. Many soldiers used their pre-war JNA “military books” which entitled them in most cases to a tax waiver on one personal vehicle, tax-free importation of private business equipment, education credits, and the use of government utilities (King, 2000, p. 330).

By mid-1996, therefore, this left a total of approximately 150,000 soldiers still on active duty within BiH. Three years after ‘Dayton’, the Croat HVO even continued to receive supplies, manpower, and marching orders from the Ministry of Defense in Croatia (Woodward, 1998). Of the US \$152 million spent on the Federation Army up to 1999, one-third went to the HVO and the other two-thirds to the Bosniacs (Muslims). In 1998, the HVO received DM 117 million from Croatia proper, while the army of the RS received DM 9.4 million to pay the salaries of former Yugoslav People’s Army officers and an additional DM 18.5 million to educate cadets and students at military schools (*FBIS Daily Report*, FBIS-EEU-1999-0711).

It was not until 1998 that the international community and BiH officials started to focus on planned demobilization, mainly in reaction to the US-led Train & Equip Program for the armed forces of the Federation that had been undertaken in an attempt to balance out existing military asymmetries previously tilted in favor of the Serbs. Budget officials agreed in February 1999 to reduce military expenditure by 39 percent over the years 1999/2000. The Federation, for instance, had previously spent 36 percent of its total budget on military expenditures. Accordingly, the Federation and the RS further agreed to downsize military personnel by 15 percent in 1999, and by another 15 percent in 2000. As these cuts applied to the police forces as well, the police—with few exceptions—could not subsequently absorb any of the demobilized soldiers.

By 31 January 2001, the armed forces of both entities had cut down their forces to a combined total of approximately 34,000 active duty soldiers, supported by some 15,000 reservists. This is equal to roughly 24,000 regulars for the Federation Army (VF) while the RS Army (VRS) totals 10,000 active duty soldiers, excluding civilians in the Ministry of Defense or police forces. The Army of the Federation (VF) is further divided into a Bosnian-Muslim part (= VF-B) with some 16,800 soldiers and a Bosnian-Croat part (= VF-H) of roughly 7,200 soldiers. The VF maintains four corps with a number of combat arms units, including motorized infantry, mechanized infantry, armored infantry, field artillery and air defense artillery, in addition to reconnaissance, signaling, engineering and logistical support units (Fitzgerald, 2001). The VF additionally consists of a Rapid Reaction Force and an air force-air defense unit. The VRS (Bosnian-Serb Army), with 10,000 soldiers, likewise has four corps and its structure resembles that of the VF. But, regardless of their sizes, it is doubtful whether either of the entities' armed forces within BiH is operational.

Thus the legacy of the war left Bosnia and Herzegovina with a number of major problems to contend with. Over time, the existence of two—*de facto* three separate armies—turned out to be a heavy burden for economic recovery and a healthy budget in both parts of BiH. At brigade-level, the HVO and the ABiH, which had fought against each other during the conflict, remained completely separate for years and would, only in the event of war, fall under the command of the joint General Staff. Second, disappointment over the lack of government assistance, pension delays, exclusion from the privatization process, and housing issues, felt most strongly in 1997/98, led to protests and roadblocks, albeit peaceful ones. Finally, though empirical evidence is scarce, the absence of an immediate and coordinated postwar demobilization effort greatly contributed—according to Jeremy King, a member of the UN Mission to BiH—to weapons smuggling; violence towards minorities and returnees; the movement of Bosnian-Muslim combatants to Chechnya and Kosovo; Bosnian-Serb paramilitaries joining the Yugoslav security forces in Kosovo in 1998; and to an exportation of Bosnian-Serb mercenaries to Zaire where they helped to prop up the regime of President Mobutu Sese Seko (King, Dorn and Hodes, 2002, p. 10f.).

Framework Decisions— The Dayton Accords and Follow-up Agreements

In the course of the attempts by the international community to control the armed forces of the warring factions in Bosnia and Herzegovina (BiH), three main phases can be differentiated: the initial stabilization of the truce; confidence- and security-building measures among the parties; and, thirdly, endeavors to design a common security and defense policy for BiH as a whole. From 1995 onwards, several politically and legally binding framework agreements have been in existence defining the role of armed forces in post-war BiH.

Initial stabilization of a truce

In contrast to the postwar agreements on Kosovo, the Dayton Peace Accords of 1995 did not make arrangements for the concrete demobilization of ex-combatants. Ending the war, separating the armies, and preserving BiH as a loose confederation were the driving motives of the Dayton negotiators—not building a sustainable peace. The ratio of armed forces may have been fixed at 5:2:2 between the Federal Republic of Yugoslavia, Croatia, and Bosnia, with a ratio of 2:1 between the Muslim-Croat Federation and the Republika Srpska, but at that time the Pentagon rejected a provision on implementation of such a ratio: downsizing armed forces personnel did not belong to the hard arms control provisions of ‘Dayton’ but was designed rather as a ‘soft’ confidence-building measure. In short, the IFOR/SFOR mission was not assigned the task of troop demobilization—while any issue not negotiated at Dayton was frozen for years.

In his memoirs, Richard Holbrooke, then US special envoy for the Balkans and chief architect of Dayton, characterizes the retention of two hostile armies, the lack of binding agreements to disarm, and the ensuing prevention of the emergence of a single army as the most fateful flaw of the DPA (Holbrooke, 1998b, p. 554). Whereas Holbrooke blames the Pentagon and NATO, Carl Bildt, former EU negotiator on former Yugoslavia and first High Representative for Bosnia, holds the US’ determination to create room for the build-up of the Federation armies responsible (Bildt, 1998, p. 135).

Under ‘Dayton’ a large number of different organizations were involved: IFOR was tasked with military peace-keeping and, if necessary, peace-enforcement (*Dayton Peace Accords*, Annex 1-A). The United Nations (UN), on the other hand, were assigned the job of building up an International Police Task Force. Finally, the OSCE was mandated with negotiations on military confidence- and security-building, arms control as well as assistance in the implementation and verification of achieved agreements (*Dayton Peace Accords*, Annex 1-B, Regional Stabilization, see Vetschera, 2001a, pp. 311–318 and Vetschera 2001b, pp. 465–472). In contrast to most other peace agreements, ‘Dayton’ not only encompasses State Parties but also the individual political entities which form BiH as well. With ‘Dayton’, the Parties committed themselves to “withdraw all heavy weapons and forces to cantonment/barracks areas or other locations as designated by the IFOR Commander” as well as to “demobilize forces which cannot be accommodated in cantonment/barrack areas” (Annex 1-A). Reflecting the mixed nature of

military formations, the term “forces” did not just pertain to regular armed forces, but to the military police and special police units too. The Annex 1-B of ‘Dayton’, entitled “Agreement on Regional Stabilization”, and particularly its Article IV on sub-regional arms control, pertains to the control of heavy weapons, namely battle tanks, armored combat vehicles, artillery, combat aircraft and attack helicopters, but does not specify numbers of military personnel.

The Article IV agreements on sub-regional arms control were actually negotiated after ‘Dayton’ under the auspices of the OSCE and signed on 14 June 1996 in Florence (the so-called ‘Florence Agreement’). These agreements involved the state of BiH, the Republika Srpska, the Federation of Bosnia and Herzegovina, Croatia, and the Federal Republic of Yugoslavia. As regards limitations on the personnel of their armed forces, the Parties only agreed to voluntary reductions. Article V agreements of the *Dayton Peace Accords* foresaw a Regional Arms Control Agreement with the goal of “establishing a regional balance in and around the former Yugoslavia”. Whereas the arms control measures were largely imposed upon the warring parties, establishing a future “regional balance” was left to the discretion of the regional actors, yet without setting either a timeframe or target goals. The ‘Florence Agreement’ even set ceilings for the non-Serbian parties in BiH much beyond their actual holdings, thus allowing for a controlled arms acquisition.

Confidence- and security-building measures

Negotiations on confidence- and security-building measures (CSBM) in BiH under Articles II and IV of 'Dayton' as well as the Vienna Document on CSBMs (of 1994) commenced in December 1995 under the chairmanship of the OSCE and foresaw, among other matters, restrictions on military deployments; restraints on the reintroduction of foreign forces; the withdrawal of forces and heavy weapons to cantonment/barracks areas; and notification of disbandment of special operations and armed civilian groups. The resulting 'Art. II/Vienna Agreement' of 26 January 1996 aimed at achieving openness and transparency in the armed forces, prevention of unintended escalation, and promotion of military cooperation between the two entities and the State of BiH, but it did not prescribe any limitations to the amount of military personnel deemed acceptable (for more details, see Vetschera 2001a, p. 314).

If IFOR early on acknowledged the importance of the "demobilization of remaining forces", in the absence of a demobilization and reintegration scheme, however, the responsibility for emergency demobilization largely fell first to the entities and local administrations themselves and second to other international organizations. A further flaw of 'Dayton'—with serious long-term consequences—consisted in the duplication of competency with regard to security under the Office of the High Representative (OHR) and IFOR (later SFOR), both acting independently of the ultimate national political decision-makers. As former EU negotiator on former Yugoslavia and first High Representative for Bosnia Carl Bildt recalls, the Europeans had preferred a strong High Representative, but the US negotiators were merely concerned with military aspects and the need to get out of Bosnia as soon as possible (Bildt, 1998, p. 385).

The Train & Equip Program

In the face of deep mistrust towards the Serbs, the option of supporting the military build-up of the Federation was kept open throughout the negotiations prior to, and during, 'Dayton'. Strategic considerations of the United States and the European Union had been crucial to diplomatic efforts during the last stage of, and in the period directly after, the war. As of August 1995, the Clinton administration pursued a policy of backing Croatian military efforts in order to unblock the diplomatic stalemate with Milosevic (Holbrooke, 1998b, p. 124). Part of this general approach was an offer by the US government to arm and train the armed forces of the Muslim-Croat Federation if a peace accord materialized (Holbrooke, 1998b, p. 126). This asymmetry in the approach of the United States, accepted for the most part by the Contact Group, favored the military of the Muslim-Croat Federation: the Croat military in Bosnia could expect to be rewarded for its war efforts. Thus, in order to make 'Dayton' agreeable to the Muslim-Bosniacs as well, the US delegation offered, among other things, to train and equip their army as well. As for NATO, it declined to take responsibility for drastically reducing the three armed forces and merging them into one single armed force under central command. In the end, the Train & Equip Program (T&EP) was combined at Dayton with an Annex on arms control (Annex 1 B).

The question of whether Bosnia's level of armaments should be reduced or upgraded represented one of the most highly disputed issues within the US administration and subsequently during the Dayton negotiations as well. After the signing of 'Dayton', the US \$500 million-T&EP started in early 1996 under the leadership of the US diplomat Jim Pardew, incorporating contributions from Egypt, Turkey, Malaysia, and the United Arab Emirates.

The T&EP lasted for six years and involved training in telecommunications, use of artillery and flight along with the donation of 45 battle tanks, 85 armored personnel carriers (APCs), 15 helicopters and 116 howitzers by the United States. The legitimizing idea was to balance Serb military advantages, to sever Muslim-Bosniac cooperation with Iran, and to foster Muslim-Croat military integration. The private American company 'Military Professional Resources Incorporated' (MPRI) was the main agency for implementing the training component—actually the same company that had trained the Croatian military before and during its offensive against Serb-held territories in Bosnia in 1995 (O'Connor, 1997).

The T&EP *de facto* closed the gap between actual holdings and permitted ceilings; it encouraged tensions between the Croat and Muslim components of the armed forces to be overcome, gave shape to a common Ministry of Defense, alleviated military imbalances between the entities, and ostensibly contributed to the spread of democratic ideas within the military community (Vetschera, 2001b, p. 467). Within the confines of the Dayton Agreement, however, the T&EP came under critique from various different angles for being too expensive, not efficient and particularly for remilitarizing the Federation.

External promotion of a joint security and defense policy

From 1996 onwards, the OSCE Mission in Sarajevo began to organize a series of seminars with the Parties to the 'Art. II/Vienna Agreement' (on Confidence and Security Building Measures), namely the military representatives within BiH, from Croatia and from the Federal Republic of Yugoslavia. Specifically, the OSCE Personal Representative for Art. II initiated a widening of the agenda beyond the original scope of the Art. II/Vienna Agreement. This was aimed

at the development of a joint security and defense identity for BiH as a whole, including, most notably, a joint military doctrine. Following a PIC resolution and OHR engagement, institutional expression of these endeavors was the establishment in June 1999 of the Standing Committee on Military Matters (SCMM) as a working body. In its interaction with the Ministries of Defense of the two entities, the OSCE stressed that, for an army to be operational, military expenditures must strike a balance between (1) personnel, (2) operations, and (3) procurement, maintenance, and other outlays, with each area receiving roughly one-third of the expenditures. Additionally, at its meeting in May 2000, the Peace Implementation Council (PIC)—which comprised 55 countries and was the main body for implementing ‘Dayton’—extended SFOR’s mandate to include the development of military doctrines, the restructuring of the armed forces of the two political entities, and the creation of joint institutions at state level.

As of 2001, US General John Silvester, then commander of SFOR, began to press for the commencement of a process of unifying Bosnia’s armed forces. However, by spring 2003, SFOR’s Joint Military Affairs committee was gradually forced to acknowledge that it was unlikely that a unified Bosnian army would emerge in the future, but rather a combination of three ethnic brigades under one Joint Command. Currently, SFOR itself sees its role in advising the Bosnian parties, leaving the pressure to implement decisions to the Office of the High Representative (*Interview*, F. Matsier, 26 March 2003).

Major obstacles to the development of a joint security and defense policy are to be found in the form of war memories, the dominance of nationalist parties in Croatia (until 2000) and the Republika Srpska (until 1999), tensions between Muslims and Croats in the Federation, and—above all—in the weakness of the central state authorities established

under ‘Dayton’. It was thus not until spring 2003 that the coordination of the entities’ security and defense policy by the SCMM gradually began to take shape. For some time, the military command of the RS had rejected NATO’s recommendations for a joint defense ministry at state level but more recently willingness to cooperate had improved (*Southeast European Times*, 26 August 2002).

Mandated by the Peace Implementation Council decisions of May 2000, the OHR had taken the lead in promoting state-level security and defense policy in BiH. Through the adoption of the BiH Defense Policy in May 2001 by BiH’s collective Presidency, a respective basis was laid. In spring 2002, the Military Cell of the OHR drafted a Security Policy for BiH’s Council of Ministers, requesting a strengthening of state-level institutions. As a result, since the beginning of 2003 the Standing Committee on Military Matters—the ‘Dayton’ institution aimed at bringing together the defense establishments of the two entities—has been in the process of capacity building. Theoretically this institution may turn into the body which develops a common understanding of security and defense policy in BiH. Furthermore, the prospect of BiH’s inclusion into NATO’s “Partnership for Peace” (PfP) has become a strong incentive for forming a joint command. NATO formulated four conditions which BiH would have to meet before it could join the PfP: democratic control over the armed forces at state level; establishment of a security and defense policy at state level; command and control at state level; and full transparency of budgets (Zukanovic, 2001). However, the parliaments of the two entities would still have to approve decisions because defense policy lies within the competency of the respective entity. One idea is to form the Joint Command according to the tripartite scheme of the Presidency—if a Serb occupies the chair

of the Presidency, the Secretary General of the SCMM is a Croat and the Chief of the Joint Command would be a Bosniac. Further support for such developments has once more come from outside: in May 2002, the High Representative formed a working group on the reform of the defense system in BiH while, from spring 2003 onwards, the international community in BiH has been pressing for a joint command for the armed forces of the entities at the national level.

Finally, in May 2003, the OHR established a “Defense Reform Commission of Bosnia and Herzegovina” whose task was to ensure Euro-Atlantic standards for BiH’s entry into the “Partnership for Peace” program. These included: democratic civilian oversight of the armed forces; the responsibility of BiH’s Presidency for protecting sovereignty and territorial integrity; the sole responsibility of the state to deploy armed forces internationally; interoperability of defense structures throughout Bosnia and Herzegovina; and budgetary affordability (OHR, 2003).

The social and economic context in BiH

Eight years after the signing of ‘Dayton’, Bosnia has still not fully recovered from the impact of the war. Even if there had been no war, BiH would still have been faced with the challenges and problems of economic transition from socialism to an open market economy (World Bank, 2002, p. 2). But the war and the establishment thereafter of two—or *de facto* three—separate entities greatly increased the burden and the challenges Bosnia had to face (UNDP, 2002, p. 17). Bosnia and Herzegovina appears to be in a worse position than almost any other country in the Southeast Europe Stability Pact (SESP) (UNDP, 2002, p. 3): GDP *per capita* places it not only 61 percent below the EU average and 21 percent lower than the world average but even 19 percent lower than the average of all the other SESP countries.

A fundamental problem that affects all statistical analysis is that the number of people actually residing in BiH is not known, there having been no census since the war. Some consider it possible that the actual population may be 10 percent lower than official figures indicate (UNDP, 2002, p. 4). All other statistics and measurements such as GDP, unemployment rates, and so on depend on precise population figures. In addition, the impact of the grey economy and invisible money transfers from abroad may mean that up to 20 percent more money is being generated than the official GDP figures show. A 20 percent higher GDP spread over 10 percent less population would change the general picture dramatically. This situation would also explain why the very high official unemployment rate of 28.1 percent corresponds to only 19 percent of the population living in relative poverty (KM (Convertible (German) Marks) 1,843 *per annum*), while no one apparently lives in extreme poverty (UNDP, 2002, p. 52).

In the Federation, on the one hand, about 15.6 percent of the population are living below the poverty line while in the RS the figure is 24.8 percent. The GDP in BiH as a whole grew by 5.6 percent in 2001, which was mainly due to a growth of 7 percent in the Federation as the economy of the RS did not expand much, achieving only a 1.9 percent growth (Pöschel, 2002, pp. 7–8). The UN General Human Development Report for BiH argues that the total GDP of BiH is probably higher than this due to cash flows from abroad of as much as 20 percent of official GDP. According to the calculations in the HDR, around 300,000 BiH citizens have found employment abroad and send money back to Bosnia every month. In addition, small and micro-scale companies often do not register the incomes of their employees, or alternatively report such income to be at

the minimum wage level in order to reduce their social insurance obligations. Similarly, small and medium-sized companies lower their annual balance sheets in order to evade sales and profit tax. Finally, and last but not least, BiH's grey market also generates considerable income (UNDP, 2002, p. 21).

In the field of industrial production there is a similar high discrepancy between the two entities. While the Federation grew by 12 percent in this sector in 2001, the RS declined by 12 percent. In general, industrial production appears to be lower than in the pre-war period though it is methodologically impossible to compare the pre-war situation to today because pre-war industries were often not resumed following the conflict (Pöschel, 2002, p. 8). In 2001, the deficit of the state budget amounted to US \$1 billion, or one-quarter of GDP of BiH. BiH's external debt had risen to US \$2.97 billion by 2000 which equaled 69 percent of GDP. At US \$1.26 billion, the World Bank (WB) is currently the major creditor. The debt service requirement for 2001 amounted to US \$93 million while for 2002–2004 it will increase to around US \$170 million *per annum* (Pöschel, 2002, p. 10). Given the current state of the Bosnian economy, foreign direct investment (FDI) is seen as the only possible way of reviving it. So far, only KM 835 million (835 million Convertible (German) Marks) of FDI has flowed into BiH and that was between 1994 and 2001. Although some economic segments have become more attractive to FDI, those who invest in BiH face a labyrinth of formal and informal rules and regulations at all levels—state, entity, canton, municipality—which are often duplicative or contradictory and create plenty of opportunities for corruption (Pöschel 2002, p. 15). One reason why BiH has been able to cope with low FDI until now is because of the high influx of international aid. In the three years from 1996 to 1999 donors invested around US \$3.5 billion for reconstruction purposes (UNDP, 2002, p. 17). It is in fact only thanks to this

external support that the government has been able to provide the population with public services (Pöschel, 2002, p. 9). At the present time, however, the flow of funds from international donors is decreasing.

Employment and unemployment

Employment is a very difficult area of analysis where BiH is concerned. The General Human Development Report for BiH offers three different sets of figures (UNDP, 2002, pp. 34–36): the official ones stemming from employment bureaus and statistical offices; estimates made by the Living Standards Measurement Survey (LSMS) of the World Bank, UNDP and DFID (UK Department for International Development); and further calculations based on various official figures that estimate how many people are in informal jobs. The official figures in 1990 indicated that 1,054,000 people were in registered employment in BiH, 85 percent in industry (including agriculture) and 15 percent in the public sector. By 2001, 633,860 people were registered as employed, 75 percent in industry and 25 percent in the public sector (not including the armed forces and the police, which add around 60,000 more individuals to the public payroll). At around 30 percent, the number of employees in the public sector is higher in the Federation than in the RS. The number of people employed in industry includes so-called “wait-listed workers” who are not really employed in the companies but kept registered for social benefits.

Estimates by the LSMS, however, show that the official figures are not realistic. For example, some of the self-employed do not register in order to avoid insurance payments. Additionally, employers themselves tend to evade insurance payments by not registering their employees. On the other hand, people on the “waiting list”, who are

formally employed but do little or no productive work, inflate employment figures: estimates show that around 35 percent of workers registered are in reality in economically unsustainable jobs. A further distorting factor is the effect of the grey market.

Thus, many of those considered employed are not in secure or stable jobs but only generate an informal subsistence income with no labor or social rights. Nevertheless, the LSMS estimates offer a somewhat higher figure for the total number of people generating some kind of income, namely 920,000. Informal labor is mostly found in agriculture, construction and trade. The Poverty Reduction Strategy Paper (PRSP) Team, working under the authority of the government of BiH, has calculated that out of the overall number of 920,000 generating income, about 41 percent in the RS and 32 percent in the Federation are unofficially employed or working in the informal economy (Council of Ministers BiH, Ministry of Foreign Trade and Economic Relations, Office of the BIH Coordinator for PRSP, 2002, p. 5). According to the LSMS, the overall unemployment rate in BiH equals 22.2 percent, including employment in the grey market, with only a slight difference between the Federation and the RS, at 21.6 and 23.3 percent, respectively. This would imply that 414,800 persons were unemployed in Bosnia in 2000. In turn, if one-third of the unemployed were demobilized soldiers—as the estimates maintain—that would mean that about 138,000 ex-soldiers were unemployed (UNDP, 2002, p. 38).

From this, it is clear that the traditional concept of employment is no longer proving to be an adequate measure for BiH because many individuals find themselves either linked to formal employers who pay only social and health insurance but do not provide any productive work for them to do or to informal employers who provide work but no labor rights or social

entitlements. Another particularly worrying finding of the LSMS is the very high unemployment rate among young people. While only 9.7 percent of the persons in the age group 50–60 and 13.4 percent of those between 25 and 49 are unemployed, 34.8 percent of the young people of the ages 19–24 are looking for a job. As a consequence, 14.3 percent of the young population between 15 and 25 years of age and 8.5 percent between 25 and 29 left BiH between 1996 and early 2001, altogether 92,000 persons. Certain sources maintain that 65 percent of young people in BiH today would leave if they had the opportunity to do so (UNDP, 2002, p. 49).

Refugees and displaced persons

There are still some 613,700 refugees outside Bosnia and Herzegovina, but 328,900 of them have secured their status in the host country and are thus no longer potential returnees. Since the signing of 'Dayton', 372,200 refugees have returned to BiH, most of them (92 percent) to the Federation. 84 percent of returnees to the RS were Serbs, while 73 percent of returnees to the Federation were Bosniacs and 20 percent Croats. Instead of being reduced, as the international community had intended, the ethnic division of the country has actually been cemented by this process. Ethnic groups mostly return to 'their' entity. Internally displaced people still constitute a considerable problem in both entities. At the time this report was written, there are 555,700 displaced people in BiH as a whole, 283,900 in the Federation, 248,300 in the RS, and 23,500 in the district of Brcko. All the displaced people in the Federation are Bosniacs or Croats, while in the RS they are exclusively Serbs (UNDP, 2002, p. 73).

The Emergency Demobilization and Reintegration Project (EDRP)

In response to a request by the government bodies of the Federation in early 1996, the World Bank's International Development Association (IDA) designed an emergency project for demobilized soldiers in both the Federation and the RS. The overall objective of this program was

“to assist economic reintegration of displaced workers into the civilian workforce in order to reduce the burden on families, decrease dependency on eventual social assistance, and increase economic productivity. The primary target group is demobilized soldiers. Secondary target groups include refugees, war victims and the disabled, widows and the general unemployed” (World Bank, 1996, p. 3).

When implementation of the EDRP project commenced, almost 50 percent of the total number of soldiers in both entities had already been demobilized. In the initial phase of the reductions under the EDRP, emphasis was put on the demobilization of soldiers who had the opportunity either to return home or to resume their former employment, as well as of those who were in a position to restart and complete a course of education that had been disrupted by the war (World Bank, 1996, p. 3). Originally, the EDRP was designed to establish employment for approximately 35,000 demobilized soldiers in Bosnia and Herzegovina through training and similar activities. Costs were expected to reach US \$20 million, with a planned average cost per person trained and employed of US \$500. However, the money received and actually spent on project implementa-

tion only amounted to US \$8.5 million (US \$7.5 million from IDA, a US \$400,000 Dutch Grant, a US \$300,000 Swedish Grant and US \$350,000 from USAID), of which the Federation received two-thirds and the RS the rest.

The design of the project had been based on experience gathered by the World Bank in other projects addressing the economic reintegration needs of ex-combatants such as those in Palestine, Nicaragua and Zimbabwe. Furthermore, the project would be based on the WB's work in other transition economies in Central Eastern Europe where the integration of displaced workers had been successful (World Bank, 2000, p. 3). In addition to this, the project drew on field work undertaken in BiH in February 1996 together with other missions by the World Bank to BiH in the same year. In the Federation, implementation of the EDRP started as early as 1996, but it actually took until early 1997 for the project to get underway in the RS. The reason for this delay was the political situation in the RS in 1996 where a large number of nationalist Bosnian Serb leaders opposed the aims of the international community.

Institutional arrangements— The Project Implementation Units

To facilitate the project, the World Bank established two Project Implementation Units (PIU), one in the Federation of BiH, one in the RS. Both PIUs worked via so-called extension agents (EA) whose job it was to deal directly with

demobilized soldiers in the regions. In the Federation, each of five regions had its own extension agent, while in the RS there were three for the three regions. The extension agents were in charge of identifying the whereabouts of the ex-soldiers and of supplying them with relevant information on the project, mostly through announcements in newspapers about initial introductory workshops taking place in the regions. The EAs reported back to the PIUs on a monthly basis regarding how many ex-soldiers were still in training or employment.

Each PIU was established by the government of the respective entity as an autonomous and non-profit-making agency. Its staff were trained by a team of consultants from the International Labor Affairs Bureau of the US Department of Labor (USDOL). Project implementation manuals, based on experiences gained in projects designed for American veterans, were adapted to the realities in Bosnia. While the USDOL consultants were in charge of management during the first period of the EDRP in the Federation, the staff of the PIU in the RS received less training and oversight by the USDOL because that part of the project was later starting.

It was arranged that the PIUs be supervised by a tripartite Board of Trustees comprised firstly of representatives from government organizations (such as the Ministries of Finance, Defense, Education, Refugees and Welfare) and secondly of staff from the respective Employment Institutes

(EI, often also referred to as Employment Bureaus); representatives from Employers' Organizations and Unions constituted the third group on the board. The boards were responsible for approving regulations, policies, procedures and annual budgets for the PIUs. It was also their job to approve proposals and contractual decisions made by the PIUs' directors. As a further step, the PIUs initiated the establishment of Cantonal and Regional Steering Committees. Though these committees had no power to veto contract proposals, they were meant to provide input on the suitability of proposals in relation to the employment needs of their region or canton.

Unfortunately, these oversight committees did not prove very effective. In the RS, in particular, it turned out to be very difficult to find representatives who would serve as members of the boards on a gratis basis. In consequence, the World Bank's follow-up project in Bosnia—the PELRP—discontinued this set-up. A further drawback was that, in the aftermath of the war, cooperation between the Ministry of Defense (MOD) and other government institutions was usually very loose, whereas—especially with regard to the selection of beneficiaries—close cooperation would have been helpful (*Interview*, D. Vuckovic, 15 May 2003).

As far as the institutional set-ups of the PIUs were concerned, noticeable differences existed between the Federation and the RS. In the Federation, the PIU was only in charge of managing the World Bank's demobilization and reintegration project whereas in the RS an "Employment and Training Foundation" (ETF, later renamed the "Development and

Employment Foundation" (DEF)) implemented not only the EDRP but also a number of other World Bank projects such as the Public Works and Employment Project (PWEPE) and the Local Initiatives Project (LIP) (World Bank, 2002, p. 23). The advantage of this for the RS was twofold: at the same time that cross-referral was facilitated, 'institutional memory' was created and maintained. The ETF/DEF in Banja Luka was later also in charge of implementing the World Bank's follow-up project for demobilized soldiers (see below). Instead of being closed down once implementation of the EDRP had come to an end—as was the case with the PIUs for all the World Bank projects in the Federation—the PIUs in the RS experienced a continuity of infrastructure, experience and administrative staff (*Interview*, Z. Miovcic, 14 May 2003). Consequently, the coordination of the World Bank activities proved to be more difficult in the Federation than in the RS. What's more, as the ETF/DEF in the RS enjoyed more autonomy from the consultants of the US Department of Labor, such a situation—according to the staff of the PIU in the RS—encouraged more self-reliant monitoring on the one hand and greater access to the companies and institutions cooperating with the World Bank project on the other. Moreover, it enabled the PIU to adjust suggestions made by the American consultants to the realities on the ground in the RS as some of the suggestions were occasionally perceived as being "too complex and therefore not applicable to reality" (*Interview*, Z. Miovcic, 14 May 2003).

It is also important to point out, however, that some municipalities in the RS were on a so-called "black list" in the first years after the end of the war, which meant that they were not provided with any assistance under the framework of the EDRP. The reason for this was the existence of political tensions between some of the fractions in the RS and the international community, briefly referred to above.

Components of the Emergency Demobilization and Reintegration Project

The EDRP consisted of four components:

- Development of an automated Labor Market Information database (LMI)
- Counseling and job-finding services
- Education and retraining services
- Management assistance

Labor Market Information database (LMI)

The objective of this component was to develop a LMI that would match the skills of the unemployed workers to the specific needs of the enterprises that were emerging, restarting or expanding. As a final goal, the LMI would be installed in all central, regional and local Employment Institutes of both entities. The World Bank project provided the hardware for the LMI, contracting other organizations to develop the software. A major concern at the beginning of the implementation of this component was that it would not be possible to reach a consensus on uniformity in system design with the Employment Institutes (EI) of each entity at both state and cantonal level which would adequately represent Croat, Serb and Bosniac interests. Fortunately, a single system acceptable for the independent use by each EI was indeed agreed upon and developed. The LMI will allow the future exchange of the same information on labor and employment statistics between all regions of BiH. At the time this report

was written, the LMI had been installed, at least by all employment bureaus in the RS (*Interview*, Z. Miovcic, 14 May 2003).

Counseling and job-finding services

This component was established in order to develop the capacities not only of the Employment Institutes but also of the private companies participating in the scheme to provide employment counseling and assistance to the unemployed. There was also a specific effort made to develop services for demobilized soldiers, refugees and for work on problems related to post-traumatic stress disorder (PTSD). As a direct consequence of the war, mental illnesses had increased, especially among more vulnerable groups such as displaced persons, refugees, orphans, the elderly and demobilized soldiers. 15 percent of all people in BiH are estimated to suffer from traumas such as PTSD, though rates vary according to region or canton. Neurotic disorders and affective mood disorders account for 61 and 14 percent respectively. So far, no data is available on the potential increase in murders and suicides due to these mental illnesses (UNDP, 2002, p. 57). PTSD-related problems have an impact on a person's ability to effectively look for employment and to maintain a job. In the RS, psychological services were instituted, covering 229 persons—180 male, 49 female—of whom 41 percent tested positively for PTSD. Respective counseling services were not available in the Federation.

Although they had a monopoly on job counseling after the war, the Employment Institutes were initially not in a position to provide efficient services such as training in resumé writing, in the development of job-search strategies and in attending job interviews. Thus, before they could be subcontracted to provide such services, the EIs first had to develop corresponding capacities with the help of the EDRP. The ensuing assistance did not prove sustainable, however:

once the financial support of the World Bank had ceased, the job counseling services of the Employment Institutes simply disintegrated (*Interview*, Z. Miovcic, 14 May 2003). To date, it would appear that most of the Employment Institutes in Bosnia are too bureaucratic and not very efficient in job counseling. Private companies and NGOs contracted for this component showed a much better performance. The monitoring of private referral services by the PIUs was quite strict: a contract was only continued if at least 25 percent of the persons assisted found a job.

Due to the prior lack of capacities and the excessive bureaucracy, job counseling initially met with skepticism. Having said this, the actual output was better than expected. Of 3,324 clients (2,643 in the Federation; 681 in RS), 912 gained employment after having received assistance (678 in the Federation; 234 in RS)—a placement rate of about 28 percent. Unfortunately, no long-term monitoring of the participants took place, so that the placement rate only reflected immediate job placements. For example, an evaluation of persons receiving support—that is, the overall placement rate—was only conducted once, namely 120 days after the said assistance. In contrast, longer-term monitoring would have provided more information about the project's actual performance.

Education and retraining services

Under the EDRP, education and training services were offered either by subcontracted vocational training centers or through on-the-job-training. Additionally, certain education or training institutions were given funds to provide short-term retraining programs. As contractors had to verify that there were reasonable expectations for an increased demand in the occupations they trained for and as contracts were only renewed after a certain, pre-

negotiated placement rate of 80 percent of the demobilized soldiers had been achieved, the training and education institutes were *de facto* responsible for getting the demobilized soldiers a job—an approach that ensured a close monitoring of the activities. When the PIUs first published a tender for contractors, the feedback was surprisingly high. This was possibly partly because the conditions of the EDRP assistance were especially attractive for emerging enterprises, in that they opened up the way for flexible and quick opportunities to hire employees and the chance of picking only those with the necessary expertise. Through these incentives, “enterprises were able to provide services and increase production with appropriately trained personnel earlier than would otherwise have been the case” (World Bank, 2000, p. 10).

Altogether 39 contracts relating to educational training were signed (25 in the Federation; 14 in the RS), covering 1,233 clients (865 in the Federation; 368 in the RS) of whom 916 later found employment. The number of people trained on-the-job was significantly higher—through 497 signed contracts (307 in the Federation, 190 in RS), 18,766 persons were assisted, and this resulted in 15,380 contracts of employment (10,794 in the Federation; 4,586 in the RS).

Although the outcome of the training was on the whole very impressive, some criticism has been voiced. Many of the contractors provided labor-intensive jobs in reconstruction which only reduced unemployment in the short-term instead of contributing to the transformation of expansive, state-owned enterprises mainly working in the construction business into small and medium-sized enterprises which could provide long-term jobs in the service sector. Moreover, apart from limited efforts in the RS, most of the projects funded “did nothing to address the underlying psychological tensions and post-traumatic mental illness” (King, Dorn and Hodes, 2002, p. 11).

Management assistance

The management assistance component was funded to provide and finance technical support and training for the staff of the PIUs in both political entities. As mentioned above, the cooperation partner of the World Bank was the International Labor Affairs Bureau of the USDOL. It assisted in the development not only of institutional structures but also of procedures, controls, and contracts which met IDA standards. In addition, the American consultants helped with the compilation of manuals (*Interview*, Z. Miovcic, 14 May 2003).

Most of the training of the consultants took place at an early stage in the project, with the USDOL consultants having to invest a great deal of time and resources before the PIUs in both entities were fully equipped and staffed. As a result, not only the extension agents (EA) but the other staff hired at a later point of time also did not receive the requisite training in labor market and employment issues (World Bank, 2000, p. 11).

Achievements of the EDRP

In all, the overall number of beneficiaries is quite remarkable—especially when the limited resources, the small number of PIU staff in both entities, and the general political and economic situation are taken into account. The EDRP was successful in training and providing assistance to 23,323 persons, mainly demobilized soldiers. 17,208 of these—or 74 percent—later found employment. It must be remembered that this high placement rate was achieved in a society which was simultaneously struggling with the remnants of war and the legacy of a planned economy. But, even more than this, the EDRP did not just assist ex-soldiers, it also helped the Bosnian society as a whole by improving the

economic situation of ex-soldiers' dependents, by benefiting their communities, and by increasing the base for income tax. In its implementation report, the EDRP stressed that a similar project, funded by the Bosnian state, could likewise have generated enough revenues to support the retraining of 30,000 demobilized soldiers per year because each employed ex-soldier would generate income taxes and social payments to the state, while improvements within their households would strengthen consumption in general (World Bank, 2000, p. 11). The training itself was ultimately conducted at a much cheaper rate than had been originally planned when the project was designed. In contrast to the original estimate of US \$500 per person, the project provided assistance (for training, subsidized employment, and so on) at an average of US \$352 per individual assisted, in other words almost one-third less than had been anticipated.

The way in which the PIUs had been structured also proved to be beneficial to the implementation process. This held particularly true for the RS, where continuation and cross-referral were guaranteed through the setting up of one PIU for all World Bank projects. The EDRP did much to raise the awareness within companies themselves that on-the-job-training was necessary and that trained employees could have a positive effect on a company's overall economic performance. The project furthermore helped to introduce new approaches to job counseling and encouraged not only private companies but also state-owned Employment Institutes to follow new paths.

A significant achievement was surely the close cooperation between the PIUs of the two entities at a time when contacts, cooperation, and even communication between the former adversaries were almost completely non-existent. The two PIUs met regularly, shared materials, experiences and other information, and also initiated joint seminars and conferences.

Shortcomings

While representatives of both PIUs highlight the good cross-entity cooperation in sharing information, joint projects that might have addressed common problems were not pursued due to political tensions. The PIUs were efficient in project implementation, but the steering and monitoring boards were clearly not optimal (World Bank, 2002, p. 23). Although the PIU in the RS offered PTSD counseling services, not enough was done on this issue in the EDRP as a whole (King, Dorn and Hodes, 2002, p. 11). Post-traumatic stress disorder still presents a major problem in Bosnian society (Sawjak, 2000). Furthermore, the EDRP did not provide for sustainability—despite the assumption in the World Bank implementation report that a further project similar to the EDRP could have been successfully run by the BiH government as well. The PIUs complained that economic development had not been promoted in the same way as the build-up of political institutions and bureaucracies (World Bank, 2000, p. 9).

The special needs of female ex-combatants were not the subject of a targeted approach in the initial design of the project. In the view of the former PIU staff members interviewed, the group of female beneficiaries was small, not readily identifiable, and therefore not in need of a special needs assessment (*Interview*, D. Vuckovic, 15 May 2003). An exception in connection with this issue is the assistance provided by one of the agencies subcontracted by the EDRP, the International Catholic Migration Commission (ICMC). This agency established a school for secretarial education in the Canton Sarajevo, offering training for about 2,500 female ex-combatants with a placement rate of about 10 percent afterwards (*Interview*, H. Valier, 13 May 2003).

According to the World Bank itself, a further shortcoming of the EDRP lay in not providing services for the development of small and medium-sized enterprises or for appropriate training in business skills (World Bank, 2002, p. 23). Instead, many demobilized soldiers were often merely employed in labor-intensive areas such as construction work which tended to offer only short-term employment for as long as international donors funded the reconstruction of the country. In other words, the generation of long-term self-employment was not a specific aim of the EDRP (World Bank, 2002, p. 5).

Many international NGOs—especially in the Federation—were subcontracted to provide services for the EDRP, such as the ICMC job counseling mentioned above. However, had more local providers been trained and supported, this might have led to the more sustainable development of the capacities of Bosnian organizations themselves. In their implementation report, the PIUs maintained that the monitoring of contracts with service providers had not been well developed in the early stages, partially due to the fact that consultants who could have provided the PIU staff with the corresponding training had left before the hiring of extension agents and central office staff had been completed (World Bank, 2000, p. 13).

Due to the very low level of cooperation between the Ministries of Defense and the armed forces of the entities, there was a lack of information on individual ex-soldiers when project implementation commenced. Moreover, long-term monitoring of post-military reintegration successes was neglected. The PIUs likewise stress that they should have received better training in database management in order to gather information on why individual persons actually stayed in employment. Such monitoring could have led to a better overall performance on the part of the project (World Bank, 2000, p. 13).

Insights gained from the EDRP

In both of the entities, cooperation between the PIUs on the one side and the respective Ministries of Defense, Ministries of Labor and the armed forces on the other left much to be desired. As later became clear, continuous labor market assessment is crucial, both before and during project implementation. Especially during the initial rapid, uncontrolled phase of demobilizing military and paramilitary forces, soldiers were simply discharged without their names being kept on file or registered for later reintegration activities. Had these soldiers been registered, this would have been a great asset for finding and addressing potential beneficiaries.

Cooperation with small private companies proved to be more efficient than with large, state-owned enterprises. Even if small companies trained a smaller number of demobilized soldiers and employed only half of those trained, such instances of employment turned out to be more stable and sustainable. The RS in particular turned down many offers from large state-owned companies that wanted to take a large number of persons on board (say: one hundred) although they did not have any work for them at that time. The money they hoped they might receive via the EDRP would thus have boosted the companies' business without creating any concrete placements for EDRP clients (*Interview, Z. Miovcic, 14 May 2003*).

During the interviews, it was often stressed that SME (small and medium-sized enterprise) development was vital for the improvement of the economic and labor market situation. However SME development was not sufficiently addressed under the EDRP. At times, a lack of entrepreneurial spirit among demobilized soldiers and the passive attitude on the part of both the

employers and the government institutions responsible for the labor market resulted in less-than-optimal outcomes.

As the amount of staff available to the PIUs was limited, the PIUs generally did not have the capacities to monitor contracts with service providers. Such monitoring of outcomes would have provided valuable information for follow-up projects as well as for the general assessment of performance. It soon became obvious, moreover, that the contracting of too many different service providers caused additional problems for monitoring and auditing.

The Pilot Emergency Labor Redeployment Project (PELRP)

The PELRP of the World Bank was designed to assist the demobilization and reintegration of soldiers being discharged in accordance with the Madrid Agreement (MA) of 1998. The reduction was intended to be implemented in two phases—15 percent in 1999 and another 15 percent the year after. The overall objective of these reductions was threefold: to improve the budgetary situation, to increase security within the region, and to strengthen mutual trust between the two entities. In fact the PELRP was not launched until December 2000 while the first contracts with service providers were only signed in early 2001. Both PIUs began implementation in June 2001, that is, almost three years after the entities had signed the Madrid Agreement. The reason for this delay in implementation was because the MODs had not provided the soldiers with information about the project prior to discharge. Hence, the PIUs had to spend a great deal of time tracking down ex-soldiers, providing them with information, and checking their skills and needs.

The objectives of the PELRP were:

- To provide ex-soldiers with the means for self-reliant existence and to integrate them into the economically active population
- To test various different labor market measures aimed at encouraging employment generation and small business creation for the benefit of demobilized soldiers and local training and consultancy firms

(World Bank, 2002, p. 3).

The total caseload of soldiers discharged between 1999 and 2000 reached slightly more than 12,000, with 7,384 soldiers from the Federation and 4,645 from the RS armed forces (Bodewig and Tomasovic, 2002). The possibility of returning to the armed forces sent a particularly confusing message: leaving the army was presented as an option, not a necessity, and in fact several ex-combatants did indeed choose to return. Even though the Ministries of Defense of both entities provided lists of all the soldiers discharged in 1999 and 2000, the number of potential beneficiaries was still very difficult to measure. The lists were vetted by SFOR for potential war criminals before a copy was supplied to the World Bank and the PIUs. There was a mixed bag of reasons why the PIUs had problems determining the real number of individuals eligible: while some had already found employment or been discharged due to disciplinary reasons, others had actually returned to the army; some had become pensioners while others had died. Hence, the number of eligible ex-soldiers was constantly changing. Furthermore, no data disaggregated by sex were available. As of the fall of 2002, 7,926 individuals—5,021 soldiers from the Federation and 2,905 from the RS—had finally been determined as eligible for assistance under the PELRP.

The World Bank Project Appraisal Document envisaged that US \$15 million would be provided for the PELRP by the International Development Association (IDA). An additional contribution of US \$1.5 million was to be covered by the government of BiH and US \$1.01 million by the Dutch Trust Fund. Almost two-thirds of this money was to be spent in the Federation and one-

third in the RS. The upper limit of money to be spent per individual in all the components of the PELRP was set at between KM 5,000 and 6,000. The PELRP was designed to be demand-driven, responding as flexibly as possible to the individual wishes of ex-soldiers, and was aimed particularly at empowering the demobilized soldiers to become self-reliant. Responding to requests of clients after a year of running the project, the PIUs added an agricultural component.

Institutional arrangements

When establishing the PELRP, the World Bank tried to draw on past experiences in demobilization and reintegration in Bosnia. For that reason, workshops with project managers from past projects and from ongoing World Bank projects were organized in order to pass lessons learned from the EDRP on to the PELRP staff. In addition, the team leader of the PELRP visited EDRP institutions in the Federation and the RS (*Interview*, Z. Miovcic, 14 May 2003).

As in the EDRP, there are separate Project Implementation Units for both entities, and the way these were organized differed in various aspects. Project implementation in the RS was managed by the Development and Employment Foundation (DEF) which was, and still is, in charge of all World Bank projects in the RS. In comparison, the PIU in the Federation was exclusively established to support the PELRP as the former PIU for the EDRP had been closed when the first World Bank project ended.

The heads of the PIUs were nominated by the governments of the two entities. Similar to the EDRP, both PIUs worked via so-called extension agents (EA) who dealt directly with demobilized soldiers in the regions. It was the job of the extension agents to locate the whereabouts of ex-soldiers and to supply them with relevant information on the project, mainly through adverts in newspapers announcing the initial information workshops. The EAs reported back on a monthly basis as to which ex-soldiers were still in employment or training. While the EAs of the Federation covered all components of the project and dealt with all clients personally, the PIU in the RS subcontracted extra extension agents for the agriculture component because they felt that they lacked the necessary skills and knowledge in that field. Although the PELRP was subdivided between Bosnia and Herzegovina's two political entities, both PIUs reported that communication and cooperation between the units was well developed and efficient. Every second month the representatives of the PIUs held regular meetings.

Instead of the steering committees at local level—which had proved ineffective during the EDRP—the PELRP was guided by a steering committee at government level comprising the core ministries for Labor, Veterans, Defense and Finance. The responsibilities of the committee included program oversight, policy guidance, supervision of project implementation, and cross-entity cooperation. Unfortunately, no cooperation with the Ministry of Education took place. Strictly speaking, the Employment Institutes in the cantons and municipalities were responsible for job referrals, but their internal control and monitoring procedures were lacking in many respects, partly due to the fact that they received financial support from the entity governments without having to account for results (*Interview*, A. Nurak, 27 March 2003).

Project components

At the time of writing, the PELRP was composed of four different components:

- On-the-job-training and employment
- Self-employment in agriculture
- Self-employment in small-scale business
- Institutional education and training

On-the-job-training and employment

Under this component, it was arranged that companies could take demobilized soldiers on for up to a year to provide on-the-job-training. Salaries and training were paid by the PIU while employers were responsible for social insurance contributions and taxes. The aim was for clients to be retained by the employer after the PELRP-financed contract had finished.

By September 2002, 1,510 ex-soldiers had received on-the-job-training, 797 in the Federation and 713 in the RS. According to the World Bank's Mid-term Review Team (MTR), most of the former soldiers were satisfied with the training they had received and expected to have their contracts prolonged once they ceased to be subsidized by the PELRP, although some were skeptical (Bodewig and Tomasovic, 2002, pp. 6–7). There was a general distrust of dependent employment which did not offer life-long job security. Clearly this was not only a reflection of attitudes left over from the socialist era but also of the status and security they had enjoyed in the armed forces. Moreover it was an attitude which might now hinder their flexibility.

There were huge differences in the level of the salaries paid to ex-soldiers while undergoing on-the-job-training depending, first, on which entity they were in (wages were higher in the Federation, for example), second, on what the local economic situation

looked like, and thirdly, on which companies they worked for. Some ex-soldiers even had to take up an additional job or work in agriculture—mostly on their own piece of land—in order to sustain their previous standard of living. Many of those interviewed expressed a preference for on-the-job-training instead of a one-time severance payment after discharge from the armed forces. Placing ex-soldiers in state-owned companies turned out to be particularly problematic where these companies proved unsustainable. Because of this, both PIUs tried to focus on small companies which were in a position to provide more efficient and more personalized training.

The World Bank managers stressed that up to 75 percent of the ex-soldiers subsidized continued to retain their jobs after one year. On the other hand, the Ministry of Defense of the RS maintained that broken contracts constituted a serious problem: according to the ministry, ex-soldiers often either left the company on short notice or the companies themselves fired them due to poor work motivation (*Interview*, M. Cekic, 14 May 2003).

Self-employment in agriculture

The agricultural component was added in April 2002 because many ex-soldiers had expressed the wish to engage in small-scale farming instead of being employed by a company. Under the agricultural component, ex-soldiers received livestock, technical equipment, and counseling and were obliged to keep the livestock and goods for 6 months in the RS or up to 12 months in the Federation. The reason for this was that the PIUs wanted to ensure that livestock was not just sold on the market. The PIUs felt that not only individuals but whole households could benefit from agricultural self-employment, especially in rural Bosnia where people lived in extended households. The Mid-term Review

Team of the World Bank regarded self-employment in agriculture as an important safety net in post-socialist Bosnia (Bodewig and Tomasovic, 2002, pp. 9–12).

Although the activity had only been implemented since April 2002, by the time this report was written it represented the largest part of the PELRP as regards the numbers of clients assisted in the two entities. By September 2002, 2,207 ex-combatants had received assistance for agricultural self-employment, roughly 1,600 in the Federation and 540 in the RS. Both the PIUs and the Ministries of Defense welcomed this development because it guaranteed a certain level of income at a time of economic stagnation. Why agricultural businesses were so popular stems largely from the fact that many ex-soldiers had prior knowledge in this area. Moreover, many preferred to work on their own instead of being dependent on one single employer in a private business.

The relative importance of such agricultural assistance differed from person to person. While for some it represented the last resort, others saw it as kind of a hobby and did not need to rely on the livestock received. In some cases, demobilized soldiers were able to work at another job while their family took care of the agricultural work. However, at times, both the quality of the livestock and the bureaucratic procedures necessary to obtain them were criticized by the ex-soldiers. Although there were irregularities in a few cases (for instance, sometimes the Mid-term Review Team could not locate the ex-soldier at his or her address), actual misuse—like the immediate sale of livestock on the market—seldom took place.

Data gathered by the PIU in the RS (in April 2003) indicated that the majority of ex-soldiers favored agricultural self-employment. As of September 2002, almost all new clients were given support with the creation of a self-

reliant agricultural business. The number of ex-soldiers assisted in this way increased in the RS from 541 to 856 at the time of writing. By April 2003, 35 former soldiers were participating in the agricultural component while there was not a single individual left enrolled in any other component of the PELRP.

Some skepticism has been voiced about the fact that the PELRP ultimately concentrated exclusively on agricultural self-employment. While the PIUs argued that this approach was the only way for demobilized soldiers to earn a living in an unfavorable environment, others regarded it as not sustainable. Former staff members of the EDRP (which had not included agricultural self-employment) stressed the future problems that small-scale farmers would be likely to face, especially in terms of a potential harmonization with the European Union (*Interview*, Z. Miovcic, 14 May 2003).

Self-employment in small-scale business

The 'self-employment in small-scale business' component was added to the PELRP in April 2002—almost a year after the project had begun. To date, only the RS is providing this form of assistance to demobilized soldiers. Although similar implementation had been planned in the Federation, it failed due to the lack of adequate service providers in that area (*Interview*, G. Tinjic, 26 March 2003).

In the RS, under the PELRP, ex-soldiers were given training and assistance to set up their own businesses including the option of receiving goods and equipment. The service provider in the RS was the Enterprise Development Agency (EDA) in Banja Luka which had been established in 1998 by the International Labour Organization (ILO) as one of three agencies promoting SMEs in Bosnia and Herzegovina. Since 2001,

the EDA has been working both independently and in a sustainable manner. Apart from being subcontracted by the World Bank, its general areas of work include business training and consulting; research; job creation; and technical assistance to local governments. Financed by the PELRP, the EDA provides a 7-day advisory course for demobilized soldiers interested in SMEs and business start-ups. After completion of the course, the clients have seven weeks to prepare a business plan to be presented to a panel from the EDA. If accepted by the panel, the business plan is then submitted to the PIU which has the option of supporting it up to the sum of KM 4,500. So far, 50 demobilized soldiers have taken part in this activity. The EDA deemed most of the business start-ups to be sustainable, with only one case clearly having failed (*Interview*, Z. Miovcic, 14 May 2003). It is stressed, however, that sustainability alone is in general not enough; SME development and self-employment must also have the potential to create new jobs when the businesses grow.

On the other hand, the mid-term project evaluation maintained that not all of the small businesses supported could be considered sustainable in the future. Sometimes the business plans lacked a clear labor market assessment, partly because the development of a SME requires a more complex knowledge of business than most demobilized soldiers have or are able to obtain in a week-long course. Moreover, the amount of money actually paid out by the PIU proved to be insufficient for the setting up of a business. Hence the mid-term evaluation suggested focussing on providing ex-soldiers with the necessary skills and then linking them up to micro-finance programs. The idea was that, once they had obtained the funds and set up a business, the EDA/PIU could assist them with advisory services for a period of one year (Bodewig and Tomasovic, 2002, p. 13).

Education and training courses

Under this component, demobilized soldiers were provided with scholarships to enable them to attend secondary schools, universities or other educational institutions with a view to upgrading their skills. Though only a small number of ex-soldiers chose this activity, the World Bank's mid-term evaluation showed that those who did were highly motivated. By September 2002, 168 former soldiers had received support under this component—111 in the Federation and 57 in the RS. While both entities had well-established educational institutions, such as universities and secondary schools, private training agencies were less well developed.

Many soldiers decided in favor of improving their language and computer skills. Yet, beneficiaries expressed doubt as to whether the newly gained skills would in fact help them find employment. Many of the better educated ex-soldiers considered going abroad, especially the younger ones. Due to the low number of participants, the World Bank's mid-term evaluation was not able to assess the overall efficiency of the education and training courses. In any case, the progress report of the PIU in the Republika Srpska indicated that the demand for secondary education among ex-soldiers was declining. Seven months after the MTR report, only 2 additional ex-soldiers had participated in secondary education courses. Given that few of the soldiers demobilized possessed either an educational background or valuable skills acquired in the military, a higher participation rate in secondary education would have been desirable.

Achievements (PELRP)

By the summer of 2003 the PELRP had assisted about 45–50 percent of the eligible beneficiaries who had been discharged in the wake of reductions in the armed forces of BiH from 1999 to

2000. This is especially impressive in view of the overall economic situation in BiH. Many of the contracts for on-the-job-training had been prolonged. Through their offer of assistance in agricultural self-employment, the PIUs had been fairly successful in promoting self-reliance among ex-soldiers. Moreover the MTR, as well as other partners interviewed, stressed the value of the social network aspects of such agricultural activities: households, and not just individual ex-soldiers, benefited. Furthermore, the PELRP not only provided important feedback on the current Bosnian labor market situation and stimulated institutional reforms among the Employment Institutes; it likewise provided lessons for future force reductions, helping to facilitate them and fostering public acceptance for military reform. Finally, it tested various different labor market measures aimed at encouraging employment generation and, to a lesser extent, small business creation. In providing assistance which allowed ex-soldiers to choose which way they wanted to develop their careers after discharge from the army, the PELRP made a contribution to overcoming passive attitudes.

Shortcomings

There has been some skepticism about the focus on self-employment of ex-soldiers in agriculture (*Interview*, Z. Miovcic, 14 May 2003), specifically with regard to whether this approach encourages long-term income and employment. Another shortcoming is the treatment of women: as with the EDRP, demobilized women soldiers were not designated as a special target group when the PELRP was designed, while no official data showing the sex of clients supported is available. Though the Mid-term Review Report of the World Bank acknowledged the existence of female beneficiaries by using the term "he or she", no concrete statistics were provided (Bodewig and Tomasovic, 2002). An exception was the PIU in the RS where disaggregated data was available upon request. By April 2003, female soldiers who had been

demobilized constituted 11.8 percent (or 557) of all beneficiaries of PELRP activities in the RS (*Interview*, J. Rokvic, 15 May 2003).

It is not clear how many of the subsidized jobs will prove sustainable in the future. Some cases seem to indicate that there is a significant problem with employers canceling contracts or ex-soldiers leaving the job before the end of the one-year assistance agreed upon. The second year of the PELRP project saw a reduction in the variety of assistance chosen by ex-soldiers. At the time writing, support provided by the PIUs almost exclusively belonged to the agricultural component while, in all other components, the number of beneficiaries was stagnating or even decreasing. Evidently ex-soldiers often simply did not recognize the need to work: their participation in the war had led them to believe that they were entitled to above-average benefits, even though many of them were in fact engaged in the black market. Paradoxically, the PIUs identified three times more open positions than were actually filled with ex-soldiers, many of whom were unwilling to take on the jobs offered.

So far, there has been no SME activity under the PELRP in the Federation as the PIU there was unable to find any body capable of offering such services. Mindful of the fact that the EDA in the Republika Srpska was working successfully, it is something of a mystery why it could not have provided its services to demobilized soldiers in the Federation as well; after all, the primary activity in the program only lasted a week and could easily have been implemented in the Federation also. Even the follow-up counseling and monitoring would not have created any problems for EDA's capacities, as long as the number of applicants was about the same as in the RS. Yet, the EDA has not been approached by the PIU in the Federation (*Interview*, Z. Miovcic, 15 May 2003). It seems that the promotion of

small and medium-sized enterprises is in need of bolstering in terms of the number of beneficiaries assisted. Furthermore, as a one-time financial injection is not sufficient to start a business, former soldiers interested in setting up small businesses should be put in contact with organizations that provide micro-finance.

It was the Ministry of Defense of the RS which called attention to a further a problem, this time related to eligibility for the PELRP. Of the 12,038 soldiers discharged in the wake of the Madrid Agreement, 7,926 were assessed as being eligible for PELRP assistance; by September 2002, however, only 3,885 had actually been given assistance. Although many of the demobilized soldiers unaccounted for were probably either pensioners, had found a job on their own, or had gone abroad, the RS Ministry of Defense maintained that some 1,000 of that caseload were “now on the street” and had not even received a severance payment (*Interview*, M. Cekic, 14 May 2003).

What continually proved to be no easy matter was the actual identification of soldiers who had been discharged. Often the PIUs had a hard time contacting ex-soldiers after their dismissal. Furthermore, soldiers were frequently given wrong information by the Ministries of Defense of the entities as regards the services offered by the PIUs. Among other things, they were apparently told that they would receive cash payments. Soldiers tended to be kept ‘on hold’ and were not informed about their definitive discharge. Likewise there was no pre-discharge information on the World Bank’s project, which was once again a fault of the Ministries of Defense. While ‘on hold’, the soldiers were still paid by the Ministries of Defense from three months up to one year, depending on rank and service time. Technically, therefore, it was

possible that ex-soldiers received their military salary as well as support from the PIUs, even though, strictly speaking, the PIUs were bound by their regulations to exclude those who could support themselves.

Insights gained from the PELRP

To sum up, the PELRP and the MODs were forced to spend far too much time trying to track down demobilized soldiers and filter out those entitled to take part in the program. No reliable information on the PELRP was distributed while the soldiers were still in barracks; moreover this was a period in which the soldiers could, and should have been screened. As had been the case during the EDRP, cooperation with the ministries of the two political entities or with the Employment Institutes at the regional or local levels was poor. The Employment Institutes still lacked capacities in job counseling or job referral, while no active labor market policy or labor market assessment was undertaken. At the time of writing, the use of the Labor Market Information system by the Employment Institutes was still incomplete.

Overall, employment and training were deemed much more preferable to a one-time severance payment, an essential point which future assistance programs should take into account. Low skills or a low-level of education, bad working habits (thinking in terms of entitlements, complaining, passivity, lack of entrepreneurial spirits) and BiH’s extremely high unemployment rate combined to compound the difficulties faced by demobilized soldiers when they attempted to reintegrate themselves into the Bosnian labor market. It is ironic, for example, that the PIUs identified three times more open positions than they could actually fill with ex-soldiers as many of the latter were simply not willing to take the positions offered.

IOM Transitional Assistance to Former Soldiers in BiH (TAFS)

The downsizing of armed forces from spring 2002 onwards was mainly a consequence of the excessive military spending on the part of Bosnia and Herzegovina's two political entities: at that time, defense spending in BiH amounted to 10 percent of GDP (*Interview*, R. Eaton, 16 May 2003). Facilitated by the OSCE and SFOR, the Joint Military Commission agreed to reduce forces in spring 2002. While the Federation agreed to discharge 8,936 soldiers, that is, 6,436 Bosniacs and 2,500 Croats (out of a total of 22,496), the RS accepted a reduction of 1,692 (out of a total of 8,292) (King, Dorn and Hodes, 2002, p. 12). Soldiers were promised KM 10,000 as a one-off severance payment by the Ministries of Defense of both entities if they would voluntarily accept termination of their contract (originally, most military service contracts had been signed for four years and there were no longer any life-time positions in any of Bosnia and Herzegovina's armed forces). Attracted by the severance payment, most of the soldiers left "voluntarily" with only 1,500 being forced to leave. The severance payment was approved and paid for by the IMF (*Interview*, F. Soda, 26 and 28 March 2003).

The International Organization for Migration (IOM) has been involved in providing assistance to demobilized soldiers for over a decade in almost a dozen countries. The target group in BiH was soldiers and civilian personnel who had served with the armed forces or the Ministries of Defense and ended their service by April/May 2002. In addition, the IOM program provided assistance to a small number of soldiers discharged before that date who had not yet been assisted by other programs such as the World Bank's PELRP.

The objective of the IOM project in Bosnia and Herzegovina was to help former soldiers to establish their own financial independence and to assist them in their transition to the civilian community/work force with as little economic and social disruption as possible (IOM, 2003, p. 2). The project attempts to achieve this goal by

- Establishing a database on discharged soldiers using personalized profiles
- Offering information and counseling to discharged soldiers about post-military opportunities
- Enhancing marketable skills
- Providing trade and agricultural tool kits aimed at sustainable employment.

From April 2002 onwards, IOM conducted an information campaign. Billboards and posters were placed in public transport and other public areas with information on IOM's program. In June and July 2002, a radio jingle financed by the British government was aired five times a day on 18 BiH radio stations. Additionally, posters were sent to all municipal offices, Employment Institutes and offices of the Ministries of Defense. A similar information campaign was repeated in December 2002.

The first interviews with soldiers were conducted in June 2002. After the initial interview, former soldiers were either referred to a business or agricultural consultant and given vocational training, or offered assistance in resumé writing along with the chance to improve their job searching and interview skills. By January 2003, IOM had registered 3,772 soldiers in the Federation and 842 in the RS, but by June this figure had risen to

7,200 in BiH as a whole. Of these ex-soldiers, IOM interviewed 2,039 in the Federation and 161 in the RS, giving direct assistance to 535 (446 in the Federation and 89 in the RS) from the spring of 2003 onwards.

Institutional arrangements

The funding for the reintegration of discharged soldiers in both the Federation and the RS was covered by the IOM program for the years 2001 and 2002. However the special situation/needs of former female combatants or former female employees of the Ministries of Defense in comparison to their male counterparts were not the subject of a special approach during either the design or review of the project. The OSCE played the decisive role in attracting donors, of whom the main ones were USAID and the governments of Italy, Norway, the Netherlands, the United Kingdom, and Poland. Unfortunately, at the present time, the caseload is not yet fully funded and the OSCE is attempting to arrange additional funds. At the time of writing, IOM had only received about 20 percent of the funding required for full implementation of the program. IOM itself sees this as the main constraint in the future in view of the fact that more troop reductions are likely and that less funding will be available from either the Ministries of Defense of the entities themselves or the international community (IOM, 2003, p. 12).

Developed with the support of the OSCE and other interested donors, the IOM project was intended to complement the World Bank's PELRP project. Since the World Bank did not

extend its services to soldiers discharged in 2002 and afterwards, IOM had to significantly expand its range of activities to assist this target group. The IOM project started by determining the regional distribution of the soldiers demobilized. Accordingly, offices were set up in Sarajevo, Mostar, Zenica, Tuzla and Banja Luka. The IOM staff in BiH consisted of 18 people, including two international members. Field offices were staffed with program assistants as well as business or agricultural consultants experienced in counseling, economic development and assistance for income generation. In areas where numbers of ex-soldiers were low, the IOM used the premises of the cantonal Employment Institutes for interviewing and counseling them (for example in Gorazde, Bihac, and Livno). Additionally, consultants from IOM—mostly former USAID co-workers—assessed the prospects of small business start-ups by making field trips.

In the Republika Srpska, the army granted the IOM staff access to barracks so that they could provide soldiers with pre-discharge information. In the Federation, on the other hand, the approach towards the IOM was divided: while the Croatian segment of the Federation army was quite critical of downsizing, the Bosniac segment showed itself appreciative. In July/August 2001, a Memorandum of Understanding was signed with the Ministry of Defense in the RS concerning advance notice to soldiers of their discharge. In the RS, discharge was spread over three months—a fact that made the transfer easier than in the Federation where all soldiers were discharged at once in April 2002. Only on the very last day of their service did the soldiers of the Federation receive a briefing, supplemented by the promise that they could return to the armed forces if severance payment was not forthcoming. Hard-line Croats in the Federation army or the Ministry of Defense had no particular interest in further downsizing; even the prospect of EU Stability Pact assistance was met with lukewarm interest.

Subcontractors for vocational training were chosen by the IOM on a competitive basis and, as a rule, recognized training schools were selected. IOM identified schools and paid such retraining institutions directly, expecting them to report back to IOM on the attendance and performance of the ex-soldiers. Furthermore, ex-soldiers were asked to contribute to the cost of their training or education by using the KM 10,000 severance pay they had received, but not all were able to do so, for example, in cases where the money was needed to repay debts. The average *per capita* cost of retraining stood at US \$700–800, but no upper limit was ever formally set. IOM assessed the viability of business ideas on the cantonal or municipal level by making field visits to the location of the planned business. In areas with a high rate of returnees and in areas like Central or Northwestern Bosnia (Gorazde) where industry is depressed, successful reintegration may be particularly difficult, but otherwise there are no significant cantonal differences as regards job placement or business start-ups.

It was to the advantage of the IOM that it was able to use the database of the World Bank project which contained all the names of ex-soldiers supported by its program in order to cross-check potential clients. If a soldier has either received, or rejected, assistance from the PELRP, he or she was not eligible for the IOM project. An exception was the group of ex-soldiers who fell between the two projects, namely those discharged between April 2001 and March 2002. Together with the OSCE, IOM took the initiative of helping these individuals as well. The IOM would have liked to have information on the secondary income of (ex-)soldiers but the Ministries of Defense did not provide any data which might have shown who was still on their military pay-roll.

While communication with the PIU of the World Bank project (PELRP) was reported to be good, the exchange of ‘Lessons Learned’ between the two projects nevertheless seemed to be minimal. Some capacities actually appeared to overlap, especially regarding the extension agents and experts in the field. Closer cooperation in agricultural assistance, which both organizations—the World Bank and IOM—implement, would have been particularly fruitful.

IOM project components

- Education
- Kits for trades and agriculture
- Training and job placement

Education

The IOM project includes education for those who did not finish school before the war started as well as higher education at universities, vocational training and courses in information technology or foreign languages. This is quite similar to the services offered by the respective component of the World Bank’s PELRP project. As some of the educational activities overlap with ones in the PELRP, the sharing of information would be mutually beneficial, especially by institutions that provide services for both organizations. Contractors evaluated positively by the World Bank could be contracted by the IOM as well.

Up to the present, the IOM reports that about 37 percent of all its assistance falls into the category of retraining. To be precise: 198 ex-soldiers had been assisted by January 2003. Of the 70 undergoing training to become driving instructors, IOM expects that all 70 will be hired by driving schools at the end of their training course (IOM, 2003, p. 8). Vocational training has been particularly geared to the transportation sector. The most popular choice is training to obtain a license to drive

public transportation vehicles or commercial trucks while some ex-soldiers opt to become public transport driving instructors.

Another part of the retraining consists of preparing the ex-soldiers to look for a job. IOM wants to strengthen the ex-soldiers' abilities in resumé writing, interview skills, communication techniques, etc. This is facilitated through workshops with exercises that are recorded on videotapes. At the end of the workshop, each client is in possession of his or her own resumé. IOM then continues to assist these individuals in their job search.

Kits for trades and agriculture

From the outset, IOM expected that there would be a strong demand for "trade kits". Although those leaving the army usually have only a vague idea about the business they want to take up in the future, counseling is provided on the basis of the feasibility of their business idea. Often only a few hundred KM are needed to help, without any special retraining or counseling assistance. Approximately 43 percent of IOM's overall assistance falls into the category of "trade kits". 64 percent of the ex-soldiers stated that they wished to start up a small business and 36 percent an agricultural business. As mentioned above, IOM employs business consultants and agricultural experts who help ex-soldiers to develop their businesses, monitoring the outcomes and facilitating sustainable solutions. Ex-soldiers are assisted with the development of farming or food processing businesses through the provision of livestock, greenhouses, and so on. Similar to the PELRP, ex-soldiers who receive this kind of assistance must already have experience in farming and use family-owned property; in other words, IOM normally supports activities that already exist. In contrast to the earlier PELRP project, demand for agricultural support in the IOM project is however lower—only 78

former soldiers (77 in the Federation, 1 in the RS) chose this option. As far as the setting up of small businesses was concerned, 151 demobilized soldiers in total received assistance (126 in the Federation and 25 in the RS). Support is provided to carpenters, car mechanics, electricians, locksmiths, tinsmiths and plumbers, mostly in the form of tools and equipment (up to the sum of US \$2,000). Other business activities, such as barber shops, retail stores, and internet cafés, are likewise given assistance by the IOM.

Had 'best practices' or 'lessons learned' been shared with the World Bank project, for example with respect to subcontractors or providers of livestock or equipment, this could have been mutually beneficial. The PIU in the Federation would certainly have benefited from IOM's experience with small business start-ups. While the World Bank's PIU in the Federation insisted that there were not sufficient providers in that area, the efforts of the IOM project to set up small-businesses in the Federation showed promising results.

Training and job placement

This component includes training in demining and firefighting as well as employment in the private sector. While some employers are sympathetic to ex-soldiers and others resent them, ex-soldiers generally do not experience any stigma against them on grounds of work ethics. On the contrary, employers usually appreciate the punctuality, discipline, and young age of ex-soldiers, even if they are unskilled. In terms of job placement, most discharged soldiers managed to establish contact with employers prior to retraining. In fact, IOM was usually either contacted by employers who were interested in hiring ex-soldiers or got in touch with them

on its own initiative. In total, IOM has been in contact with 15 employers who have offered jobs to approximately 350 ex-soldiers. 139 former soldiers who were given such assistance are currently in employment. Among them are 29 who are working for demining agencies after having received training from IOM which also purchased demining equipment for them. Due to the high number of mine fields in BiH, this activity—despite its inherent dangers—clearly offers a long-term perspective for employment.

As far as the private sector is concerned, only 12 ex-soldiers have so far found employment with the help of IOM: 5 of them, including 2 women, are now working at a textile company, 3 in road construction, 2 at an air-conditioning and heating company, while 2 further women are employed by a manufacturing company. IOM expects that, on completion of their training, all ex-soldiers currently receiving assistance will find employment. In addition, secondary qualifications acquired during or prior to military service have proven to be an advantage for job placement, for example, skills as mechanics, barbers, and cooks.

Achievements (TAFS)

IOM was successful in that it managed to instill a sense of interest and trust in its services within the community of demobilized soldiers. Under the IOM project it was possible for the very first time to contact and inform soldiers while they were still in barracks. Because of the effectiveness and sustainability of its employment activities, the number of ex-soldiers registering for assistance is still rising. Assistance for small businesses seems to be quite successful, in some cases even creating additional employment. What's more, IOM has established better cooperation with the Ministries of Defense, armed forces and the governments of the two political entities than did the World Bank projects. When the current economic situation and problems regarding overall funding are taken into account,

IOM's performance is impressive in terms of sustainable employment opportunities. Not only is IOM well received and its public image very positive, but the emphasis on sustainable employment instead of on the short-term subsidizing of jobs has proven to be valid.

Significantly, IOM has introduced a new activity in Bosnia: all ex-soldiers registered have to attend civic education seminars organized by IOM. These seminars focus on issues such as democracy, human rights and civil society and are especially centered around the reintegration of ex-soldiers into civilian life. In addition, a "Citizens' Guide to the Government of the Federation of Bosnia and Herzegovina", financed by UNDP and the Japanese Government, is distributed regularly to ex-soldiers in order to provide them with comprehensive information about retraining agencies, chambers of commerce or other potentially helpful organizations.

Shortcomings

One of the greatest drawbacks to the project is that, so far, IOM has only received 20 percent of the funding required for full project implementation. Given the financial limitations of the Bosnian Ministries of Defense and the expectations on the part of the international community that another round of reductions will take place in the near future (2004), the continued provision of services to discharged soldiers is at risk. Closer cooperation with the Project Implementation Units (PIUs) of the World Bank, using their structures, extension agents, or service providers, could have resulted in mutual gains. According to the IOM, the use of the structures of the PELRP project might be possible for the IOM but at present they are still too costly (*Interview*, F. Soda 26 and 28 March 2003).

With regard to the registration of eligible ex-soldiers, certain difficulties still exist. There are, for example, long delays due to the absence of information as to who is to be discharged. Even the Ministry of Defense in the Federation was unable to provide the IOM with sufficient advance notice about discharges—in fact, at times, IOM was only notified 24 hours in advance. Despite this, the IOM—which had deployed staff throughout the Federation to ensure that information about the assistance it was offering was distributed—was usually able to react immediately. However, in the case of the RS at least, early cooperation with the Ministry of Defense helped to inform soldiers about the IOM project prior to discharge. When this report was compiled, the registration process was still ongoing and an increasing number of clients were registering for support every day.

Insights gained from the IOM Project

Some of the elements of the IOM project were so successful that it is worth considering whether they could not be transferred to other projects. Among them were: the stimulation of self-employment and self-reliance; the individualized, 'needs-based' approach to counseling; financial assistance; and the support of business start-ups. Further achievements of the IOM project have been the constant updating and cross-checking of the database; the public information campaign; close cooperation with the heads of personnel at all Federation and RS army garrisons; as well as the civic education component.

Had all 6,000 beneficiaries received assistance at the same time, the IOM program would have been more efficient, but under-funding resulted in a slow start to the project. Compared to the World Bank's PIUs, the IOM has less money and three times less staff. On the other hand, despite adequate

funds, the WB program is still dealing with cases from 2000. As far as everyday cooperation is concerned, the contact between the IOM and the PIUs has been good, although the IOM is critical of the potential unsustainability of the World Bank's employment subsidies.

In view of the fact that the existing municipal and cantonal labor or employment bureaus are neither transparent, trusted nor properly functional, IOM is contemplating maintaining its facilities after the project comes to an end, for instance, by using them to facilitate employment in general. Technically speaking, the inexpensive parts of the IOM program could be taken over by the government. IOM is also considering possible spin-off effects of the experiences gathered in Kosovo, particularly in relation to cooperation with the Ministries of Labor (*Interview*, C. Jenkins, 28 March 2003).

"Soldiers into Saviors"—the UK-financed training of firefighters

At the time of writing, 140 demobilized soldiers were receiving training and subsequent employment as firefighters in towns and communities throughout BiH, financed by a donation from the UK government (US \$400,000) and implemented by a British NGO, the charity "Operation Florian". These ex-soldiers are given four six-week training courses before, on completion of training, receiving the internationally recognized accreditation of the National Fire Protection Association (NFPA) issued by the Texas A&M University. The mayors of the respective municipalities are supporting this activity and have agreed to employ the former soldiers for at least two years. Each municipality must agree to send six firefighters to the courses and to subsequently employ them. Along with the training, the British government also provides firefighters and their

Figure 2: Comparison of the three major reintegration projects

	EDRP	PELRP	TAFS
Timeframe	October 1996–December 1999	December 2000–September 2004	April 2002–ongoing
Budget	US \$8.5 million	US \$15 million (RS: US \$5.7 million; Federation: US \$9.3 million)	Estimated US \$11 million; average <i>per capita</i> costs: US \$700–800
Target group	Soldiers demobilized or discharged after the signing of the DPA and until the end of the project implementation	Soldiers discharged in 1999 and 2000 under the Madrid Agreement (soldiers discharged until 2001 were also eligible)	Soldiers discharged from January to May 2002, following an agreement of the Joint Military Commission
Number of beneficiaries	23,323	3,935 (by September 2002)	535 (by December 2002), expected total beneficiaries: 11,000
Project components	<ul style="list-style-type: none"> ■ Labor Market Information database ■ Counseling and job-finding services ■ Education and retraining services ■ Management assistance 	<ul style="list-style-type: none"> ■ On-the-job-training and employment ■ Self-employment in agriculture ■ Self-employment in small-scale business ■ Institutional education and training 	<ul style="list-style-type: none"> ■ Education ■ Kits for trade and agriculture ■ Training and job placement
Achievements	<ul style="list-style-type: none"> ■ High placement rate of beneficiaries (74%) ■ Cross-entity communication ■ Awareness raising on job counseling and on-the-job-training as potential instruments for Bosnian labor market 	<ul style="list-style-type: none"> ■ By mid-2003, the project had assisted 45–50% of the eligible beneficiaries ■ Stimulation of institutional reform of Bosnian Employment Bureaus ■ Successful promotion of self-reliance 	<ul style="list-style-type: none"> ■ Contact and information for demobilized soldiers while still in the barracks ■ Better cooperation with the Ministries of Defense and army garrisons ■ Focus on sustainable employment ■ Civic education component
Shortcomings	<ul style="list-style-type: none"> ■ No cross-entity projects ■ No major PTSD services ■ Labor intensive employment instead of SME promotion and other measures benefiting the Bosnian economy as a whole 	<ul style="list-style-type: none"> ■ Sustainability of subsidized jobs at risk ■ Not enough SME activities, especially in the Federation ■ Focus on self-employment in agriculture criticized 	<ul style="list-style-type: none"> ■ By 2002, IOM had received only 20% of the funding ■ Possible synergies with PELRP staff and structures not sufficiently explored
Main lessons learned	<ul style="list-style-type: none"> ■ Early registration would have been an advantage ■ Cooperation with small companies proved to be more efficient than with large enterprises 	<ul style="list-style-type: none"> ■ Too much time spent on tracking down demobilized soldiers ■ Poor performance of the ministries and employment bureaus as cooperation partners 	<ul style="list-style-type: none"> ■ ‘Needs-based’ approach successful ■ Public information campaign also successful

future work places in the municipalities with equipment. Thus, the side effects of this initiative also benefit towns and communities which often lack adequate standards and equipment for fire and disaster management. 10 municipalities in the Federation and 19 in the RS have expressed an interest in such assistance.

Support from NGOs and institutions other than the military

Between 2001 and 2002, the Federal Ministry of the Liberation War Veterans and Disabled Veterans only distributed minimal resources in support of ex-soldiers, for example, in roughly 30 cases of illness. Additionally the Ministry of Veterans assisted homeless ex-soldiers in finding appropriate apartments but the coordination between the Ministry of Veterans and the Ministry of Civil Protection was reportedly weak. The Ministry of Veterans is currently (May 2003) working on a draft law on the entitlements of war invalids and families of war victims which should include provisions for demobilized soldiers.

Apart from informal contacts, the projects of the World Bank and IOM did not consult any voluntary ex-soldier associations with regard to design or implementation of, or feedback on, their projects. Among the NGOs actively engaged in the reintegration process, the Croat war veteran organization HVIDRA assisted ex-soldiers to find jobs on an individual basis, receiving minor donations from IOM. HVIDRA found that the cantonal and municipal authorities were more responsive than federal authorities (*Interview*, I. Nadarevic, 28 April, 2003).

The Unified Organization of Combatants (*Jedinstvena organizacija boraca BiH*/JOB) has helped a few dozen ex-soldiers in the Federation to look for a job or to retrain. Over the last two years, JOB has received KM 35,000 from the Federation government for its services.

All representatives of veteran or ex-soldier organizations interviewed stressed the vital importance of psychological assistance for war veterans, an aspect underrated in the major reintegration programs. Another concern voiced by these associations was health care for ex-soldiers, particularly for disabled war veterans. A further common criticism concerned the lack of legislation on benefit packages for laid-off soldiers.

Interviews/ Behavioral Patterns

In order to understand how the difficulties with reintegration, and the measures taken to overcome them, were perceived by the ex-soldiers themselves, we interviewed 35 persons (all male) in May/June 2003—10 of Bosniac-Muslim and 15 of Croatian origin in the Federation, and 10 of Serb extraction in the RS. We used a standardized questionnaire, containing 26 questions, which asked for background information, patterns of adjustment to civilian life, forms of assistance received from governmental or international agencies, attitudes towards the military as well as their political views.

Some overall trends became apparent:

- Among ex-soldiers, the unemployment rate was very high
- Very few received any reintegration assistance at all
- Almost everyone interviewed felt that a military background was a disadvantage for finding a civilian job
- Ex-soldiers were deeply disappointed with the central government of Bosnia and Herzegovina as well as their entity governments, but not with the international community.

Age/rank/reasons for joining up

The average age of those interviewed was 38, with the total group ranging from 26 to 60 years; most, however, were between their early thirties and late forties. As far as rank was concerned, we interviewed 10 privates, 3 sergeants, 3 corporals, 12 captains, 4 lieutenants and 3 colonels. Average service time amounted to 8 years, ranging from less than 1 year to 22 years, but with the

overwhelming majority in the range of 5 to 10 years service. Asked about their original reasons for joining the armed forces, one-third cited patriotism (3 out of 10 among the Bosniacs and 7 out of 10 in the RS). Two-thirds of the overall group mentioned job security, regular pay, an apartment, and a “good life”. 3 of the interviewees had not wanted to join the forces but had been recruited due to the war in Bosnia. According to the interviews, patriotic sentiments appeared to be the strongest among Croatian ex-soldiers and the least widespread among Bosniacs.

Reasons for leaving the army

With few exceptions, the ex-soldiers had left the armed forces in the last three to four years. 12 had left voluntarily (9 in the Federation; 3 in the RS); 15 had been forced to leave (9 in the Federation; 6 in the RS); and 5 mentioned the offer of severance pay (4 in the Federation; 1 in the RS) as the reason to quit; the rest left due to health reasons or chose early retirement. 5 out of 10 among the Bosniacs, 10 out of 15 Croatians and 4 out of 10 in the RS had been unemployed since their dismissal. Some of them were at the same time refugees. When one links ‘voluntary leave’ to subsequent chances of employment, there is only a slight positive correlation. The correlation is more significant in respect, firstly, to rank (colonels and captains fared better than privates or sergeants) and, secondly, to the acquisition of transferable skills, but not generally in respect to age—older ex-soldiers (over 50 years of age) were able to find work if they were well educated.

Skills v. employment found

Those who had found work were mostly craftsmen (locksmiths, plumbers, construction workers), drivers, farmers and salesmen. One worked as a journalist, one as civil servant, and one as sports instructor. With only one exception, nobody had found work as a civilian employee in the respective Ministries of Defence or in the security sector as a whole. The security sector (such as the police, border guard, private security services, prison guard, demining companies) was not in a position to absorb a significant number of ex-soldiers. There was seldom a direct transfer of skills acquired during military service: 23 of those interviewed explicitly felt that nothing learned in the military was useful for civilian employment—clear evidence of the fact that, as a rule, military training did not attempt to provide dual-use skills. Among the abilities useful on the civilian market, organizational skills, computer skills, technical skills, a driver’s licence and a Red Cross course were cited. Additionally, one person highlighted his participation in a NATO-sponsored course. A particularly telling answer was given by a Croatian colonel: the military was a “school of crime”; it thus prepared him well for civilian life.

Effect of military background on job search

Only 2 out of 35 maintained that they had an advantage on the job market due to their military background. While a few were unsure about its impact, the overwhelming majority sensed a disadvantage. Among the reintegration difficulties, the job search, financial

shortcomings, the injustice of official authorities, and having to adapt to civilian ways of life were mentioned most often. Some pointed to their advanced age as an obstacle. While a substantial number of ex-soldiers were obviously unaccustomed to performing and interrelating in a non-military fashion, almost everybody agreed that post-military life had had a negative impact on their family relationships.

Was assistance forthcoming?

Asked from whom they had expected reintegration assistance, all mentioned the government of their entity, the respective Ministries of Defence, or regional commanders. A few had also expected assistance from their cantonal or local authorities. Others were disillusioned and cynical, not expecting help at all. 8 out of 10 interviewees in the RS had received assistance either from the World Bank—mostly in finding a job or undergoing education—or from the IOM. As disappointment was only expressed by those who did not receive any assistance, one can assume that the help offered was usually appreciated.

Disappointment about the inactivity of government officials (central, cantonal and local) was more vocal in the Federation than in the RS. They strongly criticized the fact that no local reintegration program existed, that “the government” had forgotten about demobilized soldiers, that no law on military pensions existed, and that promises by the respective Ministries of Defence had not been fulfilled. In the Federation, the only form of assistance mentioned was the KM 10 000 severance pay. But, even in this respect, some perceived injustice and complained about unequal treatment because they had been forced out of the armed forces without receiving any severance pay. Particular annoyance was

expressed about the former Federation Minister of Defence Mijo Anic who was obviously held responsible for forced dismissals without severance pay (even though Anic had said publicly in 2002 that he would resign if soldiers did not receive severance pay).

Post-military attitudes

It is striking that only 3 out of 35 interviewees acquired additional qualifications after leaving the armed forces in order to enhance their job opportunities. We could not establish whether this was due to high costs, a lack of opportunities, or the passive attitude and behavior on the part of ex-soldiers, but it was clearly a reflection of inactivity. Two-thirds of the ex-soldiers thought that they deserved preferential treatment, even in comparison to other needy groups such as refugees. This view was shared by all but one of the interviewees in the RS while in the Federation several ex-soldiers similarly felt that the “state” only existed because of their past war efforts and was thus obliged to show them preferential treatment.

Almost half of the ex-soldiers who had joined the armed forces on their own volition regretted having done so, although the disappointment voiced was much stronger in the Federation than in the RS. Only 7 out of 35 interviewees said they would encourage their sons or other male relatives to embark on a military career—interestingly, most of the positive answers were given by Bosniacs, and far less by Serbs and Croats. With very few exceptions (4 out of 35), ex-soldiers of all ethnic groups thought that the prestige conferred by membership in the armed forces had declined since the end of the war.

Ex-soldier associations

No single Serb interviewee joined an association of ex-soldiers. Among the Bosniacs and Croats, 8 interviewees had joined a veteran organization, but the membership was seen more as a source of moral support than as providing any benefits, with the exception of one military pensioner who found support for his pension claims. Evidently, associations did not play a meaningful role in reintegration. Almost two-thirds of the interviewees (22) felt that the quality of their life had deteriorated after quitting military service. 1 Bosniac and 4 Serbs—not surprisingly all employed—stated that their life had improved; the remainder were either unsure or said it had remained the same. When asked whether they expected an improvement in the future (“five years from now”), all ethnic groups were divided: 14 expected their lives to get worse (9 in the Federation, 5 in the RS); 7 explicitly expected an improvement (3 in the Federation; 4 in the RS); and the rest were unsure (“do not know”). All in all, the outspoken pessimists represented only a small minority.

Political views

Finally, we were interested in political views. 14 Croats (out of 15), 6 Bosniacs (out of 10) and 9 Serbs (out of 10) thought that the government of their entity should do more to defend the interests of their ethnic groups. The opposite view, namely that civil or individual rights should prevail over ethnic group interests, was only expressed by 3 Bosniacs. If this is representative of the larger picture, then interviewees mostly adhere to an ethnic conception of governmental duties (and citizenship) instead of a civic one. Asked whether they thought a general would run the government better than the current civilian one, 1 Croat (out of 15) and 4 Serbs (out of 10) answered in the affirmative, but no Bosniac. It would therefore seem that an authoritarian

mindset is more widespread among Serb ex-soldiers than among the other ethnic groups. Ex-soldiers from the RS and from the Federation were additionally divided over their assessment of the current government. As their main point of discontent, Serbs almost unanimously rejected the idea of a joint central government for Bosnia and Herzegovina. On the other hand, Bosniacs and Croats alike criticized the Federation government on a great number of issues: for not doing enough for demobilized soldiers; for not having a policy of its own; for empty promises; for doing only what the international community ‘commands’; for caring only about its own interests; for hiding behind so-called financial restraints while spending excessively; and for not paying due attention to law enforcement. If the views of these ex-soldiers are representative, the allegiance of (ex-)soldiers to the Federation government barely exists—in the eyes of all ex-soldiers interviewed, the Federation government had no credibility at all. The disappointment of ex-soldiers is almost exclusively directed towards the government of their own entity and not towards international organizations (like the World Bank or IOM). Asked how they viewed their armies’ cooperation with NATO, only 1 Serb expressed a critical view while 1 Bosniac said such cooperation was of no use to BiH; all others shared a favourable view of NATO.

Conclusions

Some general insights can be derived from these interviews. The estrangement between discharged soldiers and their entity governments and/or military leaderships is substantial. The BiH authorities’ negligence in dealing with demobilization, compounded by empty promises, unequal treatment of ex-soldiers and the importance of informal, personal “connections”, has led to a widespread sense of disempowerment and demoralization. Given that most (ex-)soldiers had originally embarked on a military career out of financial or social security considerations, the disillusionment is even more explicit. This is similarly likely to affect those who stayed in the armed forces. Furthermore, such demoralization provides a partial explanation for the frequent mentioning of crime in connection with the military. To counteract such disillusionment and demoralization, it is essential that commitments by the entity governments and their military establishments are credible.

The overwhelming majority of soldiers demobilized were not prepared—either in terms of skills/education or psychological assistance—for their post-military life while still in service. As for behavioral patterns, the lack of post-military education or vocational training efforts is striking. Moreover, very few ex-soldiers took on a responsibility for their own lives. Given the ethnically closed mindsets of many ex-soldiers, coupled with the authoritarian patterns of thinking among some at least, democratic reeducation ought to form a critical part of any reintegration program.

Further Downsizing and the Future Armed Forces of Bosnia and Herzegovina

The year 2003 saw the beginning of a new phase in the restructuring of Bosnia and Herzegovina's armed forces. This time, reductions will not be taking place primarily as a result of budgetary necessities—though these still prevail—but also clearly for political reasons. The overall aim, as formulated by the High Representative, is the establishment at state level of one single institution of command and control for the armed forces of both entities together (OHR, 2003, Art. 2, (4)). This decision, and the politics evolving therefrom, make it clear that the goal of the international community is to put increased pressure on the two entities to build up a joint army under a joint military command. A joint military command for BiH as a whole would constitute a first step towards an overall change in Bosnia's state structures.

Several members of the international community, including certain political and military officials of the Federation, are convinced that 'Dayton' leaves enough room for the armies of the two entities to be abolished and merged into one single Bosnia and Herzegovinian army (*Oslobodenje*, 7 June 2003, p. 3). It is expected that the new army would have only 9,600 to 12,000 soldiers, which would mean serious reductions of about 50 percent or more in each entity's armed forces. Roughly speaking, the Federation would require to discharge 6,500 soldiers (1,900 from

Croat and 4,600 from Bosniac units) leaving a remaining 6,700 (4,600 Bosniacs and 2,100 Croats) while the RS would need to downsize its troops from a current 6,600 to 2,900 (*Dnevni Avaz*, 29 April 2003, p. 8). On the other hand, there are factions in both entities' armies and MODs that would clearly resent such reductions and oppose the creation of a joint BiH army (*Interview*, K. Owczarek, 15 May 2003). Hence pressure from the international community will need to be strong and continuous if further restructuring is to be achieved. Since the days of the ORAO scandal—it turned out that the Bijeljina-based ORAO aviation company was trading arms with Iraq—and the revelation that the RS military and intelligence service had been engaged in espionage not only against the Federation but against international organizations in BiH, the political climate has become more favorable to such developments. Furthermore, to avoid becoming isolated, representatives of the MOD in the RS have also stated that they would finally be willing to bow to international pressure (*Interview*, M. Cekic, 14 May 2003).

As for future demobilization and reintegration, the new caseload of discharged soldiers will face serious problems. So far, no international organization or donor has agreed to provide assistance. Though it is likely that the IOM will support future reintegration measures, it is itself struggling with decreased funding and

low interest on the part of international donors (IOM, 2003, p. 12). Local agencies are in no better situation: the MOD in the RS, for example, will not be able to provide a severance payment to demobilized soldiers because no funds have been allocated to demobilization and reduction in the 2003 RS budget (*Interview*, R. Brkic, 14 May 2003).

Lessons and Recommendations

These recommendations represent a summary of the experiences gained during demobilization and reintegration in BiH, both positive and negative. They have been formulated in view of their policy relevance and their potential for transfer to other cases.

1. Political will and leadership. From the very outset, the aspect of demobilization should form an integral part of the framework agreement to prevent the likelihood of demobilization being postponed. Keeping the initial agenda low is actually likely to increase the long-term costs. As a result, strong political will and leadership is required on the part of both the international community and the national leadership. The message sent by the international community should be unambiguous: post-war security policy must be geared to removing the remnants of war, not to rectifying military imbalances by re-militarizing.

2. Security sector reform (SSR) is a prerequisite for successful democratic governance. Demobilization and retraining are residual strategies that develop out of SSR. The strategic policy sequence should cascade downwards to include economic development, national security, defense and intelligence as well as changes in organizations and personnel. Military downsizing is unlikely to succeed unless it is accompanied by a coherent Armed Forces Restructuring (AFR) policy and underpinned by wider socioeconomic programs and strategies. Effective SSR and AFR require the active engagement of key

international agencies such as the World Bank, the International Monetary Fund (IMF) and the International Organization for Migration (IOM), of international confidence-building organizations such as the OSCE, of major international organizations such as the EU and NATO, of NGOs with experience in democratization and, finally, of individual supportive nations.

3. International institutions need authority. If an international protectorate is to be set up, it must have authority over, and resources for, military affairs. In BiH these are spread over three implementation agencies: SFOR, the OHR, and OSCE. Neither the mandate of SFOR, nor those of the OHR and the OSCE include responsibility for the ultimate shaping of the military and security establishments of Bosnia's two political entities. Demobilization was not part of the Dayton negotiation package; it was neither a 'stick' nor a 'carrot'. If linked conditionally to other issues, such as investment, demobilization could form an essential part of post-war bargaining.

4. Timing. The early and radical discharge of soldiers after the ending of a war is preferable to protracted downsizing, otherwise risks to society persist and the soldiers may be perceived as a threat by other countries and parties.

5. Information. Prior to discharge, soldiers must receive reliable information about their benefit package as well as about retraining, business opportunities and job placement services.

6. Targeting and customized approach. The overall number of ex-soldiers has to be broken down into subgroups—some need in-depth assistance, others only consultancy; others still do not need any assistance at all. Instead of just looking at the immediate cost of post-military benefit packages, demobilization and reintegration programs should also analyze the educational, economic and social needs, customizing assistance accordingly.

7. Demand-driven approach. Particular attention should be paid to the most vulnerable—the disabled, veterans, female soldiers, and dependents. Within a general framework, support should be as demand-driven as possible and take the local socioeconomic environment into account.

8. Post-traumatic stress disorder. It is vital to deal with mental illnesses caused by the war—such as post-traumatic stress disorder (PTSD)—immediately after the conflict ceases. Though the main focus needs to be put on the victims of the war, ex-soldiers as victims *and* perpetrators need psychological counseling too. Ex-soldiers with mental problems can be a risky legacy of war that needs to be addressed. Moreover, it is essential that reintegration activities are aware of the implications that the homecoming of soldiers—men or women—can have for their communities, families and partners.

9. External assistance should be coordinated, clearly directed at a specific target group, defined in its timeframe, and financially secured for the full duration of the program.

Beyond a shared interest in stabilization, the agendas of international organizations may differ in their priorities. NATO's interest, for example, has been in offering the 'carrot' of the "Partnership for Peace" with the option of later membership. While this carrot is a powerful political lever, NATO's strategic planers have to ask themselves whether the common agenda of the Membership Action Plans (MAP) and Partnership Goals (PG) represents a timely priority, given the tremendous tasks of economic transition and association with the EU ahead.

can provide employment for ex-soldiers. Additionally, promotion of small and medium-sized enterprises (SME) adds value to society as a whole. With the engagement of international donors in decline, institutional capacities built up under the World Bank and the IOM projects should be transferred to the cantonal employment offices. Once the World Bank project has come to an end, its Project Implementation Units as well as IOM's local sub-offices could serve as models for assessment, training, job referral, and business start-up services supportive of the labor market in general.

10. Legal basis.

As yet, there is no legal basis clarifying the entitlements of ex-soldiers (pensions, severance payments, reintegration and housing assistance) according to rank and time of service. This is clearly an obstacle to a planned and controlled shift from military to civilian life. Benefit packages could be part of either a general Civil Service law (as already adopted in BiH) or a specific law relating to military professionals. As a rule, future reintegration programs will have to treat ex-soldiers in the same way as other unemployed persons, in other words, there will be no special status for ex-soldiers. Part of the overall reintegration therefore consists in overcoming the mentality of special entitlements.

11. Sustainability.

The overarching goal of international aid and projects must be to create and develop sustainable national structures that

DCAF's Demobilization and Retraining Strategy

The DCAF strategy, constructed in four phases, envisages:

- The creation of a demand for SSR and of awareness of the essential part that demobilization will play in that reform
- An international community (IC) requirement for an integrated and coordinated approach to program development in general and SSR in particular
- National ownership of the process with integrated and coordinated IC support
- A forum for analysis, as well as resources to facilitate evaluation.

A Preparation Phase

This phase essentially concerns awareness: it addresses the creation of public and institutional awareness of the need for SSR. The scale of the planning required is such that awareness of a need for demobilization must be inculcated at the outset of SSR. It cannot be restricted to the security sector: Ministries of Finance, Labor, Industry, Education and Social Welfare will each have a decisive role to play.

Strong political commitment—preferably across party lines and including a parliamentary consensus—is the key prerequisite for success. It is vital that the reform is seen as an expression of national will and not something imposed by the IC. This national consensus is essential to the creation not only of national commitment to renewal but of a business or commercial environment which is conducive to job creation and to assisting retraining.

While the security sector management will plan reform including the Manpower Plan and the identification of personnel for demobilization, they will not have the expertise necessary to plan the actual demobilization and retraining program. This will require a multi-disciplinary approach involving experts in human resources management, persons and agencies with experience in demobilization, experienced retrainers and labor market experts.

B Planning Phase

It is important that SSR flows from a restatement of national security policy and that the development of Defense and Intelligence policy is a part of that process. Any statement of Defense Policy must address the following:

- The constitutional and legal basis
- Democratic control
- The roles and functions of each security-related organization
- Materiel and equipment
- Manning
- Force management.

Its outturn will be the development of detailed, costed plans for the new security sector organizations such as the Army, Navy and Air Force (including Reservists); the Intelligence Agencies, the Border Guard, and the Special Police. The Manning Tables for each organization must be accompanied by a human resource strategy that facilitates demobilization, provides the personnel to furnish the new organization with professional skills, and assures a highly motivated working team.

A management structure should be created which is capable of leading and inspiring the respective security organization as well as managing its resources efficiently and effectively within the democratic requirements of transparency and parliamentary accountability.

Each of these plans will require implementation timelines, as well as the appointment of 'change managers' to oversee the process.

A concomitant of the Manning Plan should be a Demobilization Plan, which should include:

1. The legal basis for the demobilization
2. The statutory responsibility which each national, regional and local agency or department will play in the implementation
3. A budget to finance implementation
4. A management structure to implement the plan
5. An accurate list of the personnel to be demobilized with a detailed *curriculum vitae* for each person
6. The specific areas within the economy where jobs will be targeted
7. The matching of demobilized persons to job availability or commercial opportunity
8. The training program required to prepare personnel for jobs or opportunities available
9. The infrastructure to deliver such training.

C Implementation Phase

Implementation will be undertaken over a defined period of time. It is a difficult process in which finding the right balance between guaranteeing continuation of an effective force and downsizing is vitally important.

Because of the duration of the implementation process, aspects of planning and implementation will run concurrently. This implies a very close coordination between the managers of security sector reform in general and those of demobilization and retraining in particular. Effective implementation will require economic activity and growth at least in those sectors which the demobilization plan has identified for personnel absorption. The quality of the training structure is critical; it will require significant resources which, if locally identified, will contribute to local economic development.

D Review Phase

Just as the planning and implementation phases will have concurrent elements, so too will the review phase. As each layer of the plan is implemented, it is important that the solidity of the foundation is regularly confirmed. Ideally, this is best achieved by the 'owners' of the plan. However experience, even in the most advanced societies, demonstrates that external review is more objective and its recommendations easier to implement politically. The aim of any review should be to conduct a quantitative, qualitative and effective audit of each step in the demobilization process.

The review phase should assess:

- The quality of personnel information provided
- The quality of internal communications and the distribution of information concerning implementation of the plan
- The effectiveness of the identification of jobs and of commercial opportunities
- The effectiveness of the identification of skill levels required
- The quality and relevance of the training provided
- The number of sustainable jobs created
- The impact on the *per capita* income of the participants
- The overall cost of the implementation in terms of 'value for money'.

List of Selected Acronyms and Abbreviations

ABiH	Bosnian-Muslim armed forces
AFR	Armed forces restructuring
APC	Armored personnel carriers
BiH	Bosnia and Herzegovina
CSBM	Confidence- and security-building measures
DDR	Disarmament, Demobilization and Reintegration
DEF	Development and Employment Foundation (earlier ETF)
DFID	Department for International Development (United Kingdom)
DPA	Dayton Peace Accords
EA	Extension agents
EDA	Enterprise Development Agency
EDRP	The Emergency Demobilization and Reintegration Project
EI	Employment Institutes (often also referred to as Employment Bureaus)
ETF	Employment and Training Foundation (later DEF)
EU	European Union
FDI	Foreign direct investment
GDP	Gross domestic product
HOS	Croatian Defense Union
HVIDRA	Croat War Veteran Association
HVO	Croatian Defense Council
IC	International community
ICMC	International Catholic Migration Commission
IDA	International Development Association (World Bank)
IISS	International Institute for Strategic Studies
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
IPTF	International Police Task Force
JNA	Army of the Federal Republic of Yugoslavia
JOB	The Unified Organization of Combatants (<i>Jedinstvena organizacija boraca BiH</i>)
KM	<i>Konvertibilnih Marka</i> or Convertible (German) Mark (unit of currency)
LIP	Local Initiatives Project (World Bank)
LMI	Labor Market Information database
LSMS	Living Standards Measurement Survey (World Bank)
MA	Madrid Agreement
MAP	Membership Action Plans
MOD	Ministry of Defense
MTR	Mid-term Review Team

NATO	North Atlantic Treaty Organisation
NFPA	National Fire Protection Association (United States)
NGO	Non-governmental organization
OHR	Office of the High Representative (UN)
OSCE	Organization for Security and Co-operation in Europe
PELRP	The Pilot Emergency Labor Redeployment Project
PfP	Partnership for Peace (NATO cooperation program)
PG	Partnership Goals
PIC	Peace Implementation Council
PIU	Project Implementation Unit (World Bank projects)
PRSP	Poverty Reduction Strategy Paper
PTSD	Post-traumatic stress disorder
PWEP	Public Works and Employment Project (World Bank)
RS	Republika Srpska (Serb Republic in BiH)
SCMM	Standing Committee on Military Matters
SESP	Southeast Europe Stability Pact
SFOR	(NATO-led) Stabilization Force (Bosnia and Herzegovina)
SME	Small and medium-sized enterprise
SSR	Security sector reform
T&EP	Train & Equip Program
TAFS	IOM Transitional Assistance to Former Soldiers in BiH
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USDOL	US Department of Labor
VF	Army of the Federation of BiH
VF-B	Bosnian-Muslim section of the Army of the Federation of BiH (VF)
VF-H	Bosnian-Croat section of the Army of the Federation of BiH (VF)
VRS	Bosnian-Serb Army
WB	World Bank
WDA	World Defence Almanac

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