



## TRANSITIONS ONLINE: Balkans: **Farewell, But Not Forgotten**

by **Risto Karajkov**  
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*The Stability Pact for Southeastern Europe failed on some fronts and succeeded on others. It's not such a bad legacy.*

BOLOGNA, Italy | One of the cornerstones of post-conflict resolution in the Balkans, the internationally-sponsored Stability Pact for Southeastern Europe will be replaced early next year by a new regional initiative.



Erhard Busek

Created at the initiative of the European Union just days after the end of the NATO bombing of Serbia, the Pact was touted as the ultimate solution to Balkan entanglement. It was launched to great fanfare and a huge turnout of world leaders in Sarajevo in 1999. Even commemorative stamps were issued.

The Pact was expected to rebuild the region and to pacify it through social and economic reconstruction. Comparisons were made to the Marshall Plan for post-war Europe, and the Pact was seen as a shortcut to EU membership. The underlying message was that Balkan countries needed to learn to cooperate among themselves before they could be integrated into the rest of Europe.

As it turned out, initial expectations were too high.

The Stability Pact failed to become the Marshall Plan for the Balkans as its founders had hoped. However, it has been credited with the creating a regional energy market; a common approach in fighting organized crime and corruption; cooperation on migration; regional environmental action; and improved cross-border cooperation.

"Even though some of the high expectations of the early years could not be met, politically, the SP is an overwhelming success story," says a report by the Senior Review Group, a body assembled by the Pact's special coordinator Erhard Busek, in close coordination with the European Union's enlargement chief, Olli Rehn.

The Pact involves more than 40 countries and international organizations, and was created in the aftermath of the Kosovo war. Former German Foreign Minister Joschka Fischer was one of its key advocates. It was intended as a "comprehensive conflict-prevention initiative," and it sought to replace the largely reactive and piecemeal measures that had been undertaken by the

international community to date. It built on the premise that the region shares a set of common problems and country-by-country intervention was not sufficient to maintain peace. Organizers pledged an initial \$6 billion in aid.

The Pact's beneficiaries include Albania, Bulgaria, Moldova, Romania and all of the former Yugoslavia, except Slovenia.

#### NEW NAME, OLD DUTIES

Early next year, the Pact will be replaced by the Regional Cooperation Council (RCC), headed by Hido Biscevic, state secretary at the Croatian Foreign Ministry, and based in Sarajevo. The transformation of the Pact into the RCC is a sign that the region is finally ready to take matters into its own hands.

"The bonds of regional co-operation are tightened and the process of integration into Euro-Atlantic structures has advanced considerably," German Chancellor Angela Merkel told a regional summit in May. "Now it is important to ensure that these achievements are firmly rooted in the region. With the transformation of the Stability Pact into regional ownership, this is now taking place."

While it has been praised for promoting cooperation, the Pact came under fire for failing to deliver on its promises – particularly in the areas of reconstruction and development assistance. This is largely due to the Pact's reliance on financial aid from foreign governments and organizations. After the 2001 terrorist attacks in the United States, the international community's attention shifted to the war on terror, and earmarked resources were diverted from Southeast Europe.

"When it was launched in 1999," Busek explains, "some did think it would be a Marshall Plan. But it became obvious very soon afterward that the international community did not have billions to inject into the Balkans, nor did the region have the capacity to effectively absorb such amounts."

The Pact raised expectations that could not readily be met, says Gerald Knaus, director of the European Stability Initiative, a Berlin-based public policy institute. "The result was almost immediate disappointment in the region," he adds.

Within two years after the Pact's formation, it became clear that it would not do for the Balkans what the Marshall Plan did for an economically-ruined Europe after the Second World War. Many no longer saw a reason for its existence.

Nevertheless, the Stability Pact endured and, according to Busek, reinvented itself as an "honest broker."

"The Stability Pact did not distribute money, but was able to convince regional actors that what matters is the political will to reform and to engage in regional cooperation. When there is such a will, the investments follow. This is precisely what is happening now," Busek says.

Knaus agrees, adding that, by focusing on specific projects such as energy cooperation, the Pact became more effective than when it was "promising the moon."

"It has produced tangible benefits and deepened regional cooperation, especially when one compares the Balkans with other post-conflict regions, from the Southern Caucasus to the Middle East," Knaus says.

Still, the Pact has invested at least 6 billion euros in development projects in the past eight years. And private investment in the region has been steadily growing, although it is unequally distributed across countries. Croatia has received huge amounts, while Macedonia still lags far behind. According to officials, investors are now more likely to see the region as a safe place to

invest, in part because of the cooperation fostered by the Pact.

In the final account, what is the Stability Pact's legacy? It did not rebuild the Balkans to the extent its founders originally anticipated, but many would argue that it did help to bring about closer cooperation in many areas. The region is, indeed, a very different place than what it was in 1999.

Some may ask why there is a need for the successive RCC, at all. Busek, on the other hand, believes it will play an important role by continuing to foster regional cooperation in Southeastern Europe. "It's a unique process of regional ownership and a clear sign that SEE has greatly changed."

**Risto Karajkov** is a doctoral student in development at the University of Bologna and a freelance consultant.

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