

INTERNATIONAL ACTORS AND SOCIAL POLICY
DEVELOPMENT IN BOSNIA-HERZEGOVINA:
Globalism and the 'New Feudalism'

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*article submitted to **Journal of European Social Policy.**
revised November 1997*

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KEYWORDS: Bosnia, social policy, global agencies, GOs

SUMMARY

This article outlines the current development of aspects of social policy in Bosnia-Herzegovina, paying particular attention to the roles of diverse international actors. Bosnia-Herzegovina is seen as an example of a 'new feudalist' social formation in which the common citizenship model of 'normal' welfare regimes does not apply as a result of: (a) separatist ethnicised claims and loyalties and (b) the fragmentation and multiplication of political authority. The redevelopment of social welfare structures is hampered by the competing and inconsistent visions and activities of ethnicised, local, national, international and supranational institutions. Dilemmas for supranational agencies such as the World Bank and UN agencies involved in policy advice are, therefore, of a different order from those found in other post-socialist states in the region. In addition, the large presence of International NGOs has not supported the building of a sustainable public policy for the social protection of the population. Support for local NGO development and for 'civil society' has also had unforeseen negative consequences. Through relating the roles and activities of diverse agencies to various programmes of social assistance, health care, and social care, the article argues that a policy vacuum, in part a product of the competition and disarticulation between supranational, national governmental, and non-governmental organisations, actually reinforces 'new feudalist' trends. An alternative conception of social policy as integrative social development is outlined.

INTRODUCTION

Conceptualising the 'New Feudalism'

Some two years after the signing of the Dayton agreement which brought a kind of peace to Bosnia-Herzegovina, the broader questions of post-communist transition which all post-Yugoslav countries face along with countries in Central and Eastern Europe and the former Soviet Union, remain masked and, indeed, distorted, by the complex problems of post-war reconstruction, of the continued inability of refugees and displaced persons to return home, and by the fragility of the peace itself. In this article, based on research in Bosnia-Herzegovina following similar work in Croatia, Slovenia and the Former Yugoslav Republic of Macedonia (Stubbs 1997; Deacon *et al* 1996), we argue that it is vital to conceptualise and debate the future social policy framework in Bosnia-Herzegovina, including the role of non-governmental organisations (NGOs), in ways which attempt to understand these distortions, and to set alternative scenarios for the medium- and longer-term. Without this, an emergency agenda, dominated by a range of international actors will, almost by default, structure an implicit social policy, more akin to a kind of policy vacuum or chaos which, far from contributing to any kind of stability, is more likely to extend the crisis.

Recent emphases on 'globalism and social policy' (Deacon *et al* 1997) are certainly pertinent to Bosnia-Herzegovina where all manner of international agencies operate: including UNHCR and other UN agencies such as UNICEF and UNDP; the World Bank and the International Monetary Fund; and a wide range of International NGOs (INGOs), from the largest and most established, to the smallest and most recent. This globalism co-exists with a kind of 'new feudalism' (Verderey 1996, Ch 8) in which the path of mini state thinking, patron-client relations, and the increasing power of 'mafia'-like elites, is as likely to be followed as that of a gradual evolution to liberal democracy and the free market. In Verderey's terms, in many states in Eastern Europe and the Former Soviet Union, personalism and patronage combine with the exclusion of outsiders, the 'alien others', and there is a fundamental lack of clarity about where government and authority reside. This makes 'normal' social policy advice and development certainly problematic, perhaps redundant, and even counter productive when it reinforces, albeit implicitly rather than explicitly, these tendencies.

The origins of this 'new feudalism' can be seen in aspects of socialist organisation which made people dependent on their locality, their workplace and, in some cases, the person of their boss, for access to a viable livelihood (Verderey 1996; 206). These were further reproduced and reinforced by war, particularly the kind of war which raged in Bosnia-Herzegovina from 1992 to 1995 (Duffield 1997), with the centre's loss of control over the means of violence and the rise of localised militia structures (Obershall 1996). The peace enshrined in the Dayton Agreement also reinforced the development of mini-state thinking, dividing Bosnia-Herzegovina into two entities: the Croat-Bosniak Federation (itself further split with the Croat para-mini-state of *Herceg-Bosna* increasingly linked to Croatia proper) and a Serbian-controlled entity (*Republika Srpska*) itself with close links to Serbia. Within the Federation, a great deal of power remains at the Cantonal level where military and political linkages reinforce personalised power relations. In *Republika Srpska*, an

open split between the Western and Eastern parts has also developed, in part at least about the continuance of patronage and corruption.

This article outlines, in brief, some key features of the economic, social and political development of Bosnia-Herzegovina before, during, and after the war. It then focuses on the role of the major international actors and their advice in the making of social policy in the context of ethnicised social relations and the difficulties of a shift from humanitarian relief to sustainable social protection. A third section discusses some problems with INGO intervention in social policy and more widely, arguing that a new *meso-level* local NGO sector has been created which offers little hope for a more integrative public policy nor, indeed, for innovative practice at the grassroots level. The article ends with a brief outline of alternative frameworks of social policy.

The article does not purport to be a thorough review of all aspects of contemporary social policy in Bosnia-Herzegovina. Through a number of examples in the fields of income maintenance, social care, and health, the aim is to show how the implicit and explicit assumptions, and the policy advice, of international actors, is of a different nature in the post-conflict context of Bosnia-Herzegovina, from that found in relatively more 'stable' societies in Central and Eastern Europe and the former Soviet Union (cf. Deacon *et al* 1997; chs. 4 and 5). The making of post-communist social policy in conditions of conflict, therefore, requires much more work necessitating closer links between traditional comparative social policy approaches and the discipline of social development. This article is one contribution to such a dialogue.

BOSNIA-HERZEGOVINA IN CONTEXT

The Legacy of Uneven Development

Within post-Second World War Federal Yugoslavia, the Republic of Bosnia-Herzegovina, together with Montenegro, Macedonia and Kosovo, was part of the 'underdeveloped South' whose economic development was to be fostered as part of explicit Federal policy (Momirska-Marjanović 1996). In reality, this led to the situating of many large, unprofitable, 'social' enterprises within the Republic and, after the 1974 Constitution gave Republics many of the powers of states, Bosnia-Herzegovina became party to the debates about whether the North was 'exploiting' the South or, conversely, the South was 'draining' the resources of the North. As Table One below shows, formal policies made little difference to the levels of economic disparity between Republics throughout the post-war period. When one adds the realities of economic crisis and indebtedness throughout the 1980s, symbolised in many ways by the collapse of *Agrokomerc* in the north-western Bosnian town of Velika Kladuša in 1987 (Magaš 1993: 2.4), the disintegration of Federal Yugoslavia, whilst clearly not only economic, does begin to be understandable in terms other than the rhetoric of centuries old ethnic hatreds (Woodward 1995).

TABLE ONE (Adapted from Vojnić 1995: 80-81)
Indices of Gross Domestic Product (GDP) in Federal Yugoslavia 1959 - 1989

	1959	1969	1979	1989
Federal Yugoslavia	100	100	100	100
Bosnia-Herzegovina	75	69	65	68
Croatia	116	123	127	126
Macedonia	64	69	68	65
Slovenia	170	187	204	197
Serbia proper	101	97	99	104
Kosovo	39	34	28	26
Vojvodina	113	111	115	119
Montenegro	62	75	65	73

The complexities of the political significance of cultural, ethnic and religious diversity, are unique to Bosnia-Herzegovina and, often, not understood by international agencies keen to emphasise historical animosity between Muslim (Bosniaks), Catholic (Croats), and Orthodox (Serbs) religious groups. As Tone Bringa has argued (Bringa 1995: ch. 1), the complexities of mobilisation according to the political-administrative category of *narod* (best translated as both 'people' and 'nation'), in a republic in which three constitutive peoples were recognised after 1971, has to address the changing significance of the 'nationality question' and, most importantly, distinct differences between a growing cosmopolitanism in the cities and a relative impermeability, although not necessarily mistrust, between different groups in rural settings.

The 1991 Census records the 'ethnic' composition of Bosnia-Herzegovina as follows:

TABLE TWO
Population of Bosnia-Herzegovina, 1991 Census:

TOTAL POPULATION	4.36 million, of whom
BOSNIAKS (Muslim)	43.7%
SERBS (Orthodox)	32.3%
CROATS (Catholic)	17.3%
YUGOSLAV	5.5%
OTHERS	2.2%

Whilst in many parts of Bosnia-Herzegovina the different groups lived together, it is important to note the dominance of ethnic Croats in Western Herzegovina and of ethnic Serbs in South-western Bosnia. The Croats were the most mobile, many leaving to Croatia and Western countries, from where their remittances home formed a key element of informal social security. Muslims lived in greater numbers in the towns. In addition, the identification of sections of the Croatian population with Croatia itself, and of the Serbian population with Serbia, reinforced political constructions of 'Greater Serbia' and, later, 'Greater Croatia', which sought to

argue that Bosnia-Herzegovina was an 'artificial' entity and that Bosnian Muslims were, in reality, Croats or Serbs (1).

Throughout the post-Second World War period, Bosnia-Herzegovina as a whole showed high levels of Communist party membership with real, and not just, symbolic, effects, at the level of loyalty and in terms of access to the rewards of such membership. Much of this is related to economic advantage and development throughout the 1970s, and a close relationship between economic and political elites noted, indeed, by Magaš in her discussion of the *Agrokomerc* affair (2). Surveys carried out every four years from 1976 show Bosnia-Herzegovina, together with Kosovo, having consistently higher levels of participation of young people in the LCY (League of Communists of Yugoslavia) than other parts of the Federal Republic (Cohen 1993; 48).

In addition, the civil society and social movements which prospered in Slovenia and parts of Croatia throughout the 1980s had little impact in Bosnia-Herzegovina. The dominant form of civil society, at least in Sarajevo, was music and culture, in particular the rise of 'new primitivism' which, precisely, parodied the new consumerism and rise of western cultural artefacts in a rural setting (Ramet 1996: 108-9). This relative absence of politicised civil initiatives has implications for the later attempts of international agencies to promote civil society, as we shall see below.

Some Effects of War

The costs of the war in Bosnia-Herzegovina from April 1992 until December 1995 have been immense, with over 200 000 people killed and, at one time or another, well over half the population being displaced internally or in other countries. A 'brain drain' of skilled workers has been most pronounced. Industry virtually stopped functioning through much of the war years and the issue of economic regeneration remains difficult in the context of the way in which resources are split between the Federation and *Republika Srpska* (Ramet 1996; Metiljević 1995). It is also apparent that regional disparities have increased, as have inequalities between those who were able to profit from the war and the vast majority who have been impoverished and, in many cases, are experiencing a kind of 'retrograde revolution', with a decline in human capital and increasing agricultural production for subsistence (Gligorov 1996: 86).

Notwithstanding optimism from some World Bank commentators who contrast the Marshall Plan's 275 USD per person at today's prices with the Bosnia reconstruction program's approximate 1 200 USD per person (Cullen 1996), the uneven development of aid (only 2% has thus far gone to *Republika Srpska* (O'Sullivan 1997)) and the beginnings of donor fatigue, combined with increasing allegations of corruption and contracts going to war criminals (Paul 1997), combine to suggest that aid is unlikely to challenge feudalist tendencies. The example of the divided city of Mostar where the European Union spent over 2 500 USD per person on reconstruction projects, amounting to more than EU aid to the whole of Poland (Woodward 1996), without an appreciable positive impact on reducing tensions between the two sides, is pertinent here.

The consolidation of party politics along the ethnic principle, with the exception of Tuzla which continued to elect anti-nationalist politicians throughout the war and afterwards (Donia 1996), and the early and continued emphasis on ethnicisation in terms of cantonisation of Bosnia-Herzegovina from international mediators, clearly contributed to the way the war developed (Owen 1995: ch. 3). The nature of the war tended to further 'feudalise' the situation with particular 'pockets' developing and, in addition, with large scale population displacement, euphemistically termed 'ethnic cleansing', having the effect of introducing rural populations into urban areas for the first time (Silber and Little 1995: part 4).

All of these tendencies have strengthened the position of the three main nationalist parties and undermined the possibility of a democratic alternative. Hence, power is much less in the hands of democratically elected politicians than with the localised party machinery. Indeed, the governing SDA, for so long balancing Bosniak and wider interests, has tended, albeit at a slower pace and unevenly, to also succumb to being a religious-based, nationalist movement. Power is, in many places, most notably Mostar, clearly in the hands of groups which, whilst politically and economically dominant, can best be described as mafias (Paul 1996).

The Dayton Peace Agreement

In the space available here, it is impossible to summarise the manifold contradictions and complexities in the Dayton peace agreement. Mient Jan Faber's argument that four contradictory strategies are embedded in Dayton: neutral peace keeping; peace through military balance; just peace; and peace through economic development, is, however, particularly persuasive (Faber 1997). Mini-state thinking is certainly embedded in the creation of, at least, 13 governments (Bosnia-Herzegovina; the two entities; ten cantons within the Federation) and some 150 ministries (Miličević 1997), as well as ambiguous messages regarding future state-building projects in *Republika Srpska* and silence regarding the Croat para-mini-state of *Herceg-Bosna*. In many ways, Dayton provides for 'war by other means', within a political framework very like that in Federal Yugoslavia in the 1980s, not least through a whole series of disputes over strategic spaces, borders and routes (Woodward 1996). In short, the tendency remains to increasing fragmentation, continued insecurity and mini-state thinking.

Under the Constitution agreed at Dayton, no social policy responsibilities are allocated to the overall State institutions. Article III (3) states explicitly that 'all government functions and responsibilities which are not strictly given to the institutions of Bosnia-Herzegovina shall be the functions and responsibilities of an entity.' Hence, the agreement allows for the development of two distinct social policies within Bosnia-Herzegovina. The existence of the illegal *Herceg-Bosna* para state entity effectively holds out the possibility for the emergence of three social policies.

Indeed, within the Federation social policy powers are further divided between the Federation and the Cantons. The Federation, under Article 1, has exclusive

responsibility for the creation of monetary and fiscal policy. Health issues and social welfare policy are defined as joint responsibilities of the Federation and Cantons under Article 2 (III). Cantons are given responsibility by Article 4 for the creation and regulation of education policy, the creation and regulation of housing policy, the creation and regulation of policy regarding public services, and for the *implementation* of social policy and maintenance of social welfare services. Such a division, in the current context, is itself a recipe for chaos.

INTERNATIONAL ACTORS AND SOCIAL POLICY.

The Policy Challenge

Major international organisations, including the World Bank, have been instrumental in shaping the social policy choices that have been made by post-communist governments across Eastern Europe and the former Soviet Union since 1989 (Deacon *et al* 1997). This task has been accomplished relatively straightforwardly once the organisations have been able to identify counterparts within the appropriate Ministry with which to do business. The situation for such organisations in Bosnia-Herzegovina has been made far more complicated firstly because of the need, as part of the Dayton agreement, for the international community to be instrumental in shaping the institutions of governance for the new state, and secondly because of the circumstances of post-war deprivation.

As noted above, the post-Dayton framework of governance is complex and presents real challenges for those who would make social policy. The 'normal' assumptions that all citizens of a state feel some sense of responsibility for the raising of revenues and their subsequent expenditures for the welfare of all in need is severely challenged in the context of separatist ethnicised claims and loyalties. Equally the post war circumstances complicate claims on social relief budgets by setting the needs of war victims against those of displaced persons, returning refugees and the local poor, not to mention the forgotten Roma population and other minorities. They also introduce massive International NGO intervention which is often focused on short term relief operations rather than the longer term process of building a sustainable public policy for the social protection of the population. This INGO intervention is often patchy geographically, ill co-ordinated, substitutes voluntary effort for governmental responsibility and develops parallel institutions to those of government. Also, by attracting the lion's share of international donor effort, the relative wealth of INGOs leaves Ministerial officials resentful of this third sector and defensive of state institutions in any discussion of the proper balance of responsibilities between the state, the market and NGO effort in the longer term.

This complex picture, which we describe and analyse in more detail below, has led to some expressions of frustration about the longer term making of social policy by key international actors in the country. A Social Assistance Strategy Meeting in May 1997 convened by the World Bank's resident mission in Sarajevo concluded that:

'... a serious attempt is missing to help the government develop a strategy for a streamlined and affordable program of social benefits beyond the emergency phase,

and in particular there is: (i) lack of a framework ...within which to develop the part of the social safety net that it will be essential to maintain once donors begin to phase out; (ii) significant ambiguity over the future content and coverage of social welfare programs; (iii) lack of clarity regarding the role and responsibilities of government and non-government organizations as providers of social services; and (iv) no financing plan to ensure the sustainability of social services once donor funds dry up.' (World Bank 1997a).

In a similar vein the Sarajevo-based medical co-ordinator for the European Community Humanitarian Office (ECHO) concluded:

'It has become evident that NGOs have limitations in coping with some of the aspects involved in the post-war situation of a European country, especially when medium and long term strategies are needed. The permanence of NGO activities and supplies in the medical field can distort rationalising efforts to achieve a viable health system ... (T)o maintain the donation of resources without setting up management systems can only perpetuate corruption or misuse ... For the time being, no clear policy from the EU in the health sector is evident in Bosnia-Herzegovina.' (Sole 1997)

Social Policy across Ethnicised and Religious Borders?

The declining power of the state to make and implement social policy which is a feature of the present phase of globalisation has given rise to a situation in which social policy making has become in many regions of the globe:

- a) The business of international and supranational organisations and their attendant cadre of independent consultancy firms whose legitimacy is questionable and whose policies are subject to challenge,
- b) The business of INGOs about whom questions are increasingly being asked regarding their political accountability, their professional and policy making competence and the impact of their often religious assumptions on secular social policy, and
- c) The business of sub-state or cross-border ethnicised or religious entities who have assumptions about who are their kith and kin for whose welfare they are responsible which depart radically from the discourse of citizenship entitlements within a secular modern state.

Nowhere is this new scenario for the making of social policy more evident than in the 'new feudalism' of Bosnia-Herzegovina. All ingredients are present. The very constitution of Bosnia-Herzegovina and the attribution of social policy making to different levels of government based upon assumptions regarding the extent of ethnicised loyalties, all reflect this. Indeed, there is now a distinct difference in character between social policy in *Republika Srpska* and that in the Federation. The former leans much more to a post-communist conservative corporatism similar to policy in Bulgaria, the Ukraine and other post-communist states concerned, despite prognoses of a lack of financial viability, to retain much of the state's responsibility

for welfare. The latter seems to be balanced between liberal free market and European Bismarkian possibilities much like Slovenia, Croatia, and Hungary, although much less clearly defined (Deacon 1992; Deacon *et al* 1997).

Expressions of concern by those used to rational social planning in stable states abound. Adeyi, Ellena and Lovelace of the World Bank discuss health policy in a way which exactly parallels social policy concerns:

'The governance issues are particularly critical in the Federation, where the health system remains, de facto, split between the Croat-majority and the Bosniak-majority areas, while the constitution gives important health sector responsibilities to the Cantons. This creates the risk that a fragmented and inefficient health system will develop' (Adeyi *et al* 1997).

Faced with the ethnicised nationalist claims that are giving rise to this patchwork of local allegiances, the Bank falls back on technical arguments about economies of scale and the advantage of risk pooling in larger populations to counsel the local actors towards a Federation and even a state wide system. This is evident in the field of pension planning, for example, where the pension schemes are also presently split and where it is suggested:

'Participants in both of the pension funds operating in the Federation would benefit from higher pensions with common collection and benefit payment arrangements ... If an economy wide system were in place, workers would incur lower costs in transferring rights to a pension from one area to another. Moreover, labour mobility is impeded when multiple schemes operate in parallel. Finally, the small number of participants, especially in the Croat-majority areas, might encourage volatility given the limited ability to pool risk ...' (Adeyi *et al* 1997)

In terms, however, of the Bank trying to win its argument in favour of restricting the state to a minimum flat rate pension and building the second wage related tier through, ideally, privately managed funds, it finds a useful ally in the flat rate scheme operating in the Croat-majority areas, arguing:

'The plan in Croat-majority areas pays a flat rate benefit. In *Republika Srpska* and Sarajevo, pension payments are tied to earnings. If funding is not sufficient to pay both the minimum pension and the earnings related benefits, benefits should be eliminated or sharply curtailed. If funding is sufficient to pay for both tiers of benefit, the minimum pension should be indexed more generously than the second-tier ... (I)n the medium term ... entities ... (could) ... supplement their first-tier pension with a program designed to provide retirement income related to past contributions ... (A) privately managed and funded scheme could be considered ...' (Adeyi *et al* 1997: 79-80).

As currently constituted, Bosnia-Herzegovina does not have even the rudiments of a normal and sustainable system of government revenue collection at local, Cantonal, entity and state levels that would be the minimum necessary to

support a viable social policy. Writing in March 1997 a team working for the European Commission and the Central European Department of the World Bank concluded:

'The Governments have extremely limited fiscal capacity to address ... needs. Tax revenues shrank dramatically as economic activity slowed and wage payments fell to a minimum during the war. By 1995, for example, the base for sales tax had fallen to perhaps one-quarter of its pre-war level, as had GDP. Payroll taxes have also plummeted, since both employment and wage levels are a fraction of their pre-war levels. Furthermore, Bosnia-Herzegovina's pre-war fiscal and tax collection system has collapsed. In its place three separate fiscal systems developed, with divergent tax policies and separate administrations. *To the extent that tax revenues are collected they are kept by different fiscal authorities* (our emphasis). As the economy recovers and new tax systems are established in the Entities, revenue is expected to recover. This will take time, however, and in the interim period resources have to be found to help cover key spending requirements and ensure minimal provision of social protection'. (European Commission 1997).

Even more important than the technical questions of social policy, there is an implicit social vision in many of the projects developed by international actors to uphold fairness, justice and equal opportunities. Turning this social vision into reality, however, is far from simple. Attempting to construct fair and equitable systems of social provision in the fields of health, housing and education policy in divided communities such that no minority feels that its interests are being abused by elected partial authorities might be more successful if implemented by non-elected impartial authorities appointed from outside the conflict. This would involve administration by highly professional social policy experts working with a sophisticated system of ethnic monitoring based on good social data and within a framework of appeal to impartial judicial authority. The tax base, the political will, the social policy expertise and the institutions of governance in Bosnia-Herzegovina all appear to fall short of the requirements of this kind of social policy at present. In its place are *de facto* governmental practices for the perpetuation of systems of social policy which are more concerned to limit the concept of duty and reciprocal obligation to those within feudal ethnicised entities.

Caught Between Humanitarian Relief and Sustainable Social Protection.

While the foundations for a sustainable system of social protection that is fair to all in Bosnia-Herzegovina does not yet exist and the emergency post-war relief operations of INGOs are curtailed, major international actors are faced with a problematic set of circumstances. Under the guise of emergency relief the World Bank, the EU, UNDP and others have developed policies and undertaken initiatives that go far beyond supporting post-communist social policy reform and have become instead a substitute for ineffective state action. How to sustain these initiatives without further undermining official state policy or how to pull back from such expenditures without fuelling resentments which could take the form of ethnically based claims, is the dilemma.

The combination of post-communist transition and the aftermath of war create a different set of circumstances from the 'normal' processes of transition. The Bank notes this rather bluntly (World Bank 1997b) in a section dealing with social protection programmes in its report on 'Moving from Recovery to Sustainable Growth', arguing that 'the extent to which the old system has been destroyed might provide a unique opportunity for fundamental reform'. In practice this has already had a meaning far beyond the implicit idea that the bankrupt pension system might be more easily replaced by individualised funds.

The destruction of war has generated problems and emergency policy responses in a number of aspects of social protection. The physical destruction of orphanages and the additional number of orphans created by the war itself has led to the Bank, together with UNICEF, funding a foster parent programme of relatively generous proportions in the Federation. 92 DEM per child has been paid monthly to foster parents, comparing favourably with a current average monthly income of 240 DEM. Like all the emergency programmes funded partly through the Bank but dependent on donor funds there is no guarantee that the foster grants will be sustained. Hence, it is far from certain, especially given that some INGOs are repairing large orphanages, that a new balance of child care provision, an improvement on many other transition countries where institutional care still prevails, will be put in place.

Rehabilitation of civilian victims of the war has produced another policy shift which, elsewhere in the region, has not been high on the agenda. The World Bank has been instrumental, with the help of other donors, in providing 8.6m USD for the mobility of the disabled. One of the few social policy areas that EU/PHARE is so far involved in is that of the physical reconstruction of houses. This programme is now considering how to respond to the needs of people with physical disabilities. Their plans for rebuilding certain tower blocks adapted for wheel chairs, while subject to the criticism of ghettoising the disabled, is a move towards the recognition of the mobility needs of the disabled. This is hardly on the agenda across much of Central and Eastern Europe and the former Soviet Union.

The poverty consequent upon war and subsequent economic collapse has also prompted a one year emergency Bank programme for the payment of cash relief to the most vulnerable during 1996-97. This is in fact not unlike the means tested social assistance safety net policies that the Bank has been encouraging across the region and is consistent with its preference for a residual role for the state and a targeting approach to benefits. What is unique and indeed quite shocking is that even this newly established and much needed social assistance service is, at the time of writing (July 1997), due to come to an end because donor funds have dried up.

The system has built on the network of Governmental Offices for Social Care which provided 'social patronage' for needy groups under the old regime. As elsewhere in the region, for example in Macedonia and Bulgaria, this has meant that these primarily social work offices have had to adapt to the need to make regular financial payments but, in this case, have received infrastructural support from the

Bank. Although some have regarded the payment level of 20 DEM per person per month as derisory, and despite the system not working smoothly in all Cantons, an evaluation report for the Bank suggests that the payments have been well-targeted on the most vulnerable, and that a working administration for this kind of social assistance is now in place. Lists of the vulnerable could be passed to INGOs for voluntary relief payments of help in kind, hence tying INGO help into the government infrastructure. Nevertheless, the policy vacuum illustrates the dilemmas of ending emergency relief without beginning sustainable reform.

It should be noted that the social assistance payments just described did not operate in *Republika Srpska* because of that entity's initial refusal to accept Bank loans. After the September 1996 elections this policy has changed. The entity has recently introduced a cash assistance programme funded through a 2 per cent payroll tax and it is estimated (World Bank 1997b) that 25% of the population is eligible for assistance. *Republika Srpska* hopes to close the funding gap through donor financing similar to that provided in the Federation.

It should not, however, be overlooked in this period between emergency relief and a sustainable future that a considerable amount of donor assistance has actually gone to maintaining the basic infrastructure of many government social services in addition to setting up the new programmes described above. In 1996 donors committed 148m. USD (including 90m. USD World Bank Transition Assistance Credit) to support in the Federation and at the level of State recurrent expenditure, public sector salaries of teachers and doctors, pension and health programmes, and governmental institutions, as well as debt servicing and small and medium size enterprise credit. It was estimated that a further 120m. USD would be needed during 1997 of which 20m. USD would cover some of the costs of pensions, and other social protection benefits (European Commission 1997).

In terms of the contribution made by UN agencies, here too there is the recognition that a movement is required from humanitarian assistance to reconstruction. Despite the usual problems of agency co-ordination there is some kind of appropriate division of labour between UN agencies, with WHO focusing on the establishment of primary health care policy and practice in both entities, UNICEF undertaking pilot projects on the curriculum in schools, ILO engaged in vocational training and establishing business centres in certain localities, and so on. The Bank, so far, has been left to deal with the social protection and cash benefits system.

The work of UNDP is particularly interesting in relation to its analysis that the distinguishing feature of donor assistance post-Dayton has been that it is 'based primarily on donor criteria and priorities rather than on the basis of the priorities of the communities being supplied' (UNDP 1997). UNDP policy advice activities in the social policy field in Bosnia-Herzegovina are, however, unusual in terms of the stress placed by its selected local advisors on the potential of private market solutions to solve all welfare problems. UNDP in practice on the ground seems to speak with a different voice from the UNDP Human Development Report Office. In 1996 UNDP convened a Workshop on Reconstruction, Reform and Economic Management in

Bosnia-Herzegovina. It did so partly because it noted that 'other donors which traditionally provide policy advisory services (such as the World Bank or the bilaterals) are concentrating on reconstruction or humanitarian assistance, leaving the UNDP with a unique opportunity to play a relatively large role' (UNDP 1997). If this was the case, and certainly the Bank is only now gearing itself up for a more sustained policy advisory intervention in the social protection field, it is to be regretted that more thought was not given to the experts selected to give this advice in the social policy sphere. The paper on Social Policy, written, as all the papers were, by an economist, concludes in relation to the overhaul of the pension system that:

'This overhaul should include: abandoning the PAYE principle in favour of a fully funded system ... the establishment of private pension funds with eventual government subsidy ... retention of the public pension fund for use where there are existing pensioners or individuals who are not able to provide even a minimal pension at the end of their working life.' (Vilgorac 1997).

UNDP, in this instance, need not have bothered since the Bank would, in due course, have articulated for itself this new free market orthodoxy. On the other hand the final summary paper edited by Stojanov (1997) is more measured and concludes that:

'The transformation of the present system, whereby the level of a pension is de facto linked with the level of a person's salary must proceed only gradually..... Since poverty is an increasing and threatening phenomenon in Bosnia-Herzegovina the application of a macro-economics package of a restrictive monetary nature would lead to total social chaos....we are offering this (alternative) solution within the context of a neo-Keynesian economic policy'. (Stojanov 1997).

Again, then, there is a policy confusion akin to a vacuum in terms of the value base of future sustainable social policy. This is reproduced in the other area we wish to focus on, that of NGO Development and the rebuilding of civil society.

REBUILDING CIVIL SOCIETY?: INTERNATIONAL AND LOCAL NGOs.

To argue that the development of Non Governmental Organisations in Bosnia-Herzegovina is complex and confusing is an understatement, given the presence of large numbers of INGOs whose emergency relief operations became a kind of substitute civil society and many of which are now seeking, in the post-emergency phase, to secure funding for their own role in (local) NGO development. Hence, 'civil society', always a slippery term at best (Stubbs 1996; Duffield 1996a), becomes even more contested and problematic in Bosnia-Herzegovina. All of the large INGOs are present in Bosnia-Herzegovina and, reflecting the fact that this is a major protracted political emergency in Europe, they have been joined by a range of Western feminist and peace solidarity organisations, new INGOs, and a range of volunteer projects. Together, these organisations construct an implicit social policy through their activities in the spheres of regulation, redistribution and provision.

Multi-Mandated INGOs and Cheap Service Delivery

Particularly worrying is the rise of what has been termed the 'multi-mandated NGO' (Duffield 1996b), working on an ever widening, and apparently unconnected, set of issues: water and power supply construction, emergency food aid, building kindergartens, emergency health projects, shelter and house reconstruction, psycho-social projects, income generation and micro-credit, community development and, increasingly, NGO development, civil society, and conflict resolution. Indeed, in a project-focused, short-term, contract culture, traditional divisions between different types of agencies are being eroded - many UN agencies, in their use of casual staff and consultants, begin to fare badly in comparison with some of the more established INGOs, for example, in terms of accountability, ethics, and consistency of approach. All are competing for limited donor funds to a greater or lesser extent, utilising the language of 'comparative advantage' and 'niche programming' to seek to locate themselves in the best possible position compared to other agencies.

In the context of Bosnia-Herzegovina as a 'strong state' emergency, the role of large multi-mandated INGOs such as the International Rescue Committee (IRC), which implement 'own brand' programmes in social welfare and health sectors, makes the development of sustainable social provision in the post-emergency phase much more difficult (Duffield 1994). Ignoring governmental services, or recruiting the best public sector workers to work for higher salaries, can distort and hinder subsequent recovery as well as alienating public policy makers who see INGOs as humanitarian agencies valuable in emergencies but with no role to play in subsequent policy development.

Similarly, UNHCR's choice of local NGOs (LNGOs) as 'implementing partners' has been seen as a means of securing inexpensive, and essentially servile, service delivery, at the expense of promoting good social welfare practice, civil society and a viable 'welfare mix' (Smillie 1996). This process has been reinforced by the fashion for INGOs to leave behind 'successor NGOs' which are unwieldy, over-staffed, bureaucratic monsters unable to adapt and respond to changing circumstances (Stubbs 1997). In terms of the 'new feudalism' thesis, it is salient to point out that many of these service delivery LNGOs operate only in one geographical area and have few links with other LNGOs or with statutory social services. Their credibility often rests on personal authority and contacts rather than on rational criteria or on capacity for innovative thinking and implementation and, in some areas, they remain close to dominant political forces.

NGO development, rather than a means to an end, has become an increasingly lucrative sector of the development market *per se*. There has been a proliferation of agencies offering support, advice, information, and training, or purporting to act as umbrella or co-ordinating bodies, to different parts of the NGO sector in Bosnia-Herzegovina. No major agency can afford to ignore this area as one part of its portfolio of operations. As an example, EU/Phare recently awarded a large contract to a Danish organisation, Dialogue Development, to promote civil society development in Bosnia. Their first report (Dialogue Development 1997) makes only token, and often inaccurate, acknowledgement to other efforts which it appears to duplicate, presents a number of impressions as if they are hard facts, and tends to play down the

historical underpinnings of civil society in Bosnia-Herzegovina and the five years of work of some key LNGOs and social movements. Unsurprisingly, the organisation now faces a major problem in terms of its credibility. In many ways, the end result of all this NGO development activity has, actually, been to accentuate divisions between INGOs and LNGOs and between relatively strong and relatively weak LNGOs.

The Meso-level LNGO and the 'New Feudalism'

At best, an unwieldy *meso-level* LNGO sector is being created, entirely in keeping with the 'new feudalism'. The absence of LNGOs able to articulate a *macro-level* perspective on social and public policy in Bosnia-Herzegovina as a whole is structured by the constitutional arrangements of Bosnia-Herzegovina, and (varying degrees of) legal, practical and ideological antipathy to LNGOs from governmental authorities. The fact that involvement in NGOs can be a strategy for a section of the community - young, articulate, English-speaking members of the urban middle-class - to, at least partially, overcome current economic hardships, also produces suspicion from other sections of the community and mitigates against the development by these LNGOs of a needs-based social policy and practice. An effective *micro-level* NGO sector, articulating local concerns underpinned by a grassroots perspective, is unable to develop as a result of the current structures of funding which support meso-level activities.

Informed commentators have noted the uneven development of NGO activity at a number of levels in Bosnia-Herzegovina. The concentration of INGO and LNGO activity in major urban centres, including Sarajevo, Tuzla and Zenica, can be seen to reinforce a split between perceptions of more 'open' cities and more 'closed' rural areas (Duffield 1996c; Bekkering 1997). This is also happening as INGOs begin to locate, and support LNGOs, in *Republika Srpska*, where they have concentrated on Banja Luka and not on other areas.

Whilst a professed concern with 'rebuilding civil society' would suggest that international agencies should place more emphasis than they are currently doing on LNGO development in the 'closed' areas of, for example, Eastern *Republika Srpska* and the *Herceg-Bosna* region, this approach contains many problems within it. By conflating 'building civil society' with 'NGO development', the historical basis of civil society and, most importantly, its profound relationship to *state building*, can be ignored. There is no necessary contradiction between NGO development and continued authoritarianism in political structures. Indeed, civil society in *Republika Srpska* and Croatian-controlled Herzegovina, may reinforce ethnicised state building projects precisely through a joint 'national interest in a united ... identity and homeland, and resistance towards foreign intervention' (Nguyen-Lazarus 1997: 7). There may be salutary lessons to be learned from neighbouring Croatia where many LNGOs developed an extended reproduction of nationalist ideology inside the territory, combined with a non nationalist rhetoric for foreign donors outside (Stubbs 1996).

In terms of social policy, an explicit commitment to non discrimination may be better developed through support for a cadre of professionals inside public

administration rather than either LNGOs or politicians, and in any case, requires greater attention to the monitoring and evaluation of policy practices and outcomes than is practised currently.

Some Alternative Conceptualisations

Multi-Mandated INGOs substitute for effective public policy and for LNGOs focused on macro-level social policy making. Meso-level LNGOs reflect and reinforce the feudal political project while articulating a multicultural face to foreign donors. Micro-level LNGOs which potentially could articulate local social needs are discriminated against in the funding process. Some alternative conceptualisation is required to guide a changed practice. We argue this despite the wry comment made recently by one observer:

'Not only is Bosnia becoming a fashionable location for international organisations performing emergency relief and NGO assistance, but also has the social science world found a new topic: weighing the pro's and con's of the international community in Bosnia' (Bekkering 1997).

It is certainly true that alternative conceptualisations of ways forward, based on short-term consultancy work or other research, abound in Bosnia-Herzegovina. The most influential report has been Ian Smillie's, commissioned by *CARE*, whose recommendation that a National NGO Foundation and Trust Fund for Bosnia-Herzegovina should be set up, was taken forward by a number of INGOs who drew up a concept paper for the recently convened donor's conference (Smillie 1996). Notwithstanding the fact that Smillie was unable to visit *Republika Srpska*, ignored the broader human rights and civil groups who have played a key role in civil society, and tended to speak only with service delivery organisations, his proposal might have some value in developing a *macro-level* LNGO sector. However, it could also be another example of INGOs continuing to set the agenda - a steering group appears likely to have only a minority of representatives from Bosnia-Herzegovina. Moreover, it could privilege NGO development at the expense of a new social contract and welfare mix including Governmental Centres for Social Care. In a sense, it does not confront the crucial obstacles, namely that there is no single NGO sector, nor a single state form or identified common interest, in Bosnia-Herzegovina today.

Ironically, two other initiatives linked to *CARE*, may have far greater potential. Through detailed consideration of the specificities of Una-Sana canton, Viet Nguyen-Lazarus argues persuasively in terms of the need for civil society to relate to a reorganised social fabric including health, education, and social services; economic relations; legal institutions; and government (Nguyen-Lazarus 1996). She points to the continuing vulnerability and need of large sections of the population, unevenness in economic social and political development, and in NGO involvement, all of which tends to benefit a new urban elite and further disenfranchise those who fail to profess the right political affiliation, are of the 'wrong' ethnic group, or fit into an underclass of the displaced, the old, the disabled, and women. It is in arguing for donor and INGO work which expands the space available to such groups which allows Lazarus to articulate a different understanding of civil society development, including support for professional associations and voluntary groups rather than LNGOs *per se*.

Similarly, *CARE's* attempts to promote sustainable turnover for the care of the vulnerable in Bosnia-Herzegovina, shows greater sophistication of thought than much

INGO rhetoric about 'capacity building' (Shenstone 1996; Shenstone *et al* 1997). In examining the most appropriate ways to phase out the programme, whilst ensuring that valuable lessons are learnt and positive legacies are incorporated into mainstream programming, *CARE* faced broader questions regarding the appropriate role for international organisations in the transition from war to peace. Before exhorting local government and non-governmental agencies to increase the range of their responsibilities, careful analysis and recognition of the very real challenges faced is necessary in order to avoid exacerbating their problems with rushed, ill-conceived programming. Hence, *CARE* appears committed to support a range of initiatives involving Centres for Social Care, NGOs, professional associations and others, as well as allowing lessons learnt to influence a broader policy and practice agenda. Other agencies such as *Save the Children (UK)*, in placing policy advisors in Cantonal and Federal Ministries of Social Welfare, and *The Independent Bureau for Humanitarian Issues (IBHI)*, through its joint training of Ministries, Centres for Social Care and LINGOs, also seem committed to coherent social policy developments, although how far these will impact on policy structures as a whole remains an open question.

CONCLUSIONS

It is apparent that international and global agency intervention is taking place in Bosnia-Herzegovina in the context of a 'new feudalism' where the existence of mini-states and, indeed, smaller fiefdoms, militates against the effective development of a social policy that is designed to raise revenues and pool risks and share obligations across social divisions. The fundamental political contradictions of international agency interventions, reflected in the Dayton agreement even as it produced a kind of 'peace', make any kind of 'rational' social policy very difficult. Moreover, the fact that humanitarian relief funds are drying up and sustained reform of the social protection and social care system(s) have not yet begun, contributes to a policy vacuum which reinforces 'new feudalist' tendencies. Indeed, the army of INGOs in Bosnia-Herzegovina may actually benefit from a situation where effective governmental responsibilities and policies for longer term social welfare are impossible.

Policy options, for Bosnia-Herzegovina and for international agencies, are clearly structured by the continued inability of refugees and displaced persons to return home, continued expulsions, dominance of mini-state thinking and ethnicised nationalism, and wholesale violations of human rights. Arguing that a social policy agenda should be central to debates about the future might appear to be a diversion from these issues. However a social policy perspective concerned to find ways of meeting universal social needs while respecting differences of identity could reorient thinking and practice, could harness the capacity of professionals in government service, and illuminate for explicit debate by international organisations and local civil society the central choice between an integrated Bosnia-Herzegovina, within which there are common social citizenship rights, and continued fragmentation reflecting circumscribed rights and duties.

NOTES

(1) 'The Croat view of Bosnians as Croats and the Serb view of Bosnians as Serbs produced diatribes on both sides and an avalanche of 'scientific' treatises on the historical, linguistic, ethnic, religious and anthropological 'facts' involved.' (Lederer 1969; 425).

(2) 'The rise and fall of *Agrokomerc* cannot be explained simply in terms of economic crime, though it was also that. In many ways it was Yugoslavia in miniature, combining such elements as: shortage of liquidity, which is strangling the economy; desire to escape from backwardness and underdevelopment; integration of party chiefs, state functionaries and managers into a form of concentrated power specific to Yugoslavia's decentralised system; development as a springboard into prestigious public office; localized Stalinism, the sense of both total control over economy and men lifted out of traditional backwardness; as well as a degree of national pride, in this case linked to Bosnia's two-million-strong Moslem nation.' (Magaš 1993: 111). Text originally written in December 1987.

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ACKNOWLEDGEMENTS

The research upon which this work is based was funded by the Nuffield Foundation and Leeds Metropolitan University. Funding from DFID (formerly ODA) allowed for dissemination of this work at a number of conferences and workshops. In addition, in Sarajevo, the Independent Bureau for Humanitarian Issues (IBHI), invited us to present papers at a workshop attended by various personnel from Ministries of Social Policy and other policy actors, which afforded us the opportunity to present our ideas at an early stage. Other agencies, notably CARE Canada, The Centre for Peace Studies, Conflict Resolution Catalysts, Plavi Most, Save the Children (UK), and the Gornji Vakuf Project of UNOV, afforded access to their work and/or offered considerable additional support. Comments from two anonymous referees and from Professor Vlado Puljiz of the University of Zagreb, were of immense importance in the process of revision. None of the above are responsible, of course, for the arguments developed in this paper.