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Meeting: Amb. Robert Gelbard
Special Adviser to the President & Secretary of State
on the Implementation of the Dayton Peace Accord

Friday, November 14, 1997
9:00 - 9:30 a.m.

MC 12-755 Meeting Room
(Beside Mr. Sandstrom's Office)


Archives



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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Materials
Ambassador Robert Gelbard - Special Advisor to the President and Secretary of State

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A. CLASSIFICATION

☒ Meeting Material
☐ Trips
☐ Speeches

☐ Annual Meetings
☐ Corporate Management
☐ Communications with Staff

☐ Phone Logs
☐ Calendar
☐ Press Clippings/Photos

☐ JDW Transcripts
☐ Social Events
☐ Other

B. SUBJECT: MEETING: AMBASSADOR ROBERT GELBARD, SPECIAL ADVISER TO THE PRESIDENT AND SECRETARY OF STATE ON THE IMPLEMENTATION OF THE DAYTON PEACE ACCORD (B) (N) // VENUE: MC 12-755 (MEETING ROOM) // - 12 // CONTACT: PATRICIA JEAN @ 647-3753 // FAX: 647-0939 // IN ATTENDANCE: JDW, CKW, SHEEHAN (ACTING FOR POORTMAN), LUIGI, MARISELA // EXTERNAL ATTENDEES: AMBASSADOR ROBERT GELBARD, KATHY REDGATE, MICHAEL MAREK (FOR JAN PIERCY), EXECUTIVE DIRECTOR, (B) BY ECAVP // DUE THURSDAY, NOV. 13 // EXC: MM // LFG (11/12)

DATE: 11/14/97

Brief includes:

- Briefing note to JDW from M. Sheehan, Nov.13
- Gelbard's Talking Points, WB Meeting on Bosnia
- White House Press Release
- Bosnia & Herzegovina Basic Facts & Figures

C. VPU

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D. EXTERNAL PARTNER

☐ IMF
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☐ MDB/Other IO
☐ NGO
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☒ Part I
☐ Part II
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E. COMMENTS:

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Meeting with Ambassador Robert Gelbard, US Special Representative to Bosnia
Friday November 14, 9:00 am

Collaboration with the US on Bosnia is in general good; Gelbard last week met with Chrik Poortman and his colleagues. You could express our appreciation for this open and constructive relationship. Gelbard is likely to raise several issues discussed at that meeting (he provided a copy of his internal brief for that meeting, attached):

Reconstruction Assistance Project (RAP) for Republika Srpska. Gelbard has expressed the US's support for the project, but requested that Board presentation be held back until Congress closes its current session. Until then, he is concerned that there is risk of re-opening debate on the language of the Lautenberg provision and the US contribution to IFIs (including IDA). They have told us that they expect Congress to finish its work this weekend. Given the support of other Contact Group donors (UK, Germany), with US endorsement we would plan to go ahead with a mid-December Board presentation.

You could ask Gelbard's views on the timing and likely outcome of the Congressional session.

Police training and restructuring. Gelbard is likely to reiterate the point raised by Treasury's David Lipton last week, seeking Bank support to mobilize bilateral donor funding for a police restructuring program to strengthen the Bosnian police force. This program is managed by the International Police Task Force, an institution set up by the Dayton Agreement. We understand the US's interest is linked to a possible strategy to delegate some peacekeeping responsibilities to domestic security forces (and therefore a next phase of NATO involvement there). The US is currently the only financier of the \$108 million program, and has had some trouble convincing European allies to contribute to the program. He understands the Bank's constraints on direct financing, and is not likely to ask for such support.

You may respond that we believe a competent domestic security force is important to good governance in a peaceful state. While we have not in the past provided direct financing for police, and we are unable to do so, we are willing to help mobilize donor funds, as part of donor conferences and in our bilateral discussions.

Next donor conference and refugee return. There has been discussion of holding a donor event in the spring, both to mobilize funds and to focus on implementation of refugee-return oriented programs, a priority for many European countries. In an agreed "division of labor" the EU Commission and UNHCR are spearheading refugee return programs (while others focus on other priorities, e.g., the Bank on policy reform in the areas of public finance and privatization, etc.). Gelbard (and others) have expressed some frustration at the slow pace of EC programs. These issues are likely to be discussed at the next Peace Implementation Council (PIC) meeting, scheduled for early December in Bonn.

You could agree on the appropriateness of a refugee return event in the spring, and confirm that we and the EC will work on its preparation, including at a "retreat" between EC and Bank staff in Brussels in early December. We have supported and will continue to support the EC but we do not want to insert ourselves into their program or step into the drivers' seat on refugee return.

Robert Gelbard's

11/7/97

Talking Points for World Bank Meeting on Bosnia

On the RAP:

- o I am not yet at the point where I can give you the green light from the United States on the Reconstruction Assistance Project for RS. Let me explain why.
- o We have no major problems with the RAP. It is largely humanitarian, and the benefits - with a couple of exceptions I want to discuss later - overwhelmingly go to areas we want to help.
- o That said, we don't want to wave a red flag in the face of our Congressional appropriators. Frankly, they should have finished their work by now, but they have not, due to issues which have nothing to do with Bosnia. As long as there remains the slightest risk they could reopen the Lautenberg language or U.S. contributions for the IFI's, we would prefer it if this go before the Board.
- o The Hill could take definitive action today, or sometime next week, since they are eager to adjourn. We will advise you when we think it is safe to move this.
- o I don't see any need to rush the RAP. Because the lending is to the State with on-lending to the entities, Pale will try to take credit for this. So there is no need to announce this prior to the elections.
- o We have noted with some concern that the Bank will finance water and sanitation improvements in two Eastern RS towns which have displayed hostility towards key aspects of Dayton implementation, Bratunac and Rogatica. Authorities in Bratunac are alleged to have diverted UNHCR funding, and take extreme measures to prevent visits and returns by the prewar Muslim population. The good citizens of Rogatica are the ones who stone any vehicle trying to get to Gorazde.
- o If there is any discretion with regard to assistance for these two towns, we would ask that their behavior not be rewarded and that the funding freed be spent in Kotor Varos or some other Serb town cooperating with refugee returns.

On Police Restructuring:

- o We are starting to see the results of the police restructuring effort in Bosnia. This success, however, increases the funding requirement for this effort. The only way I see to successfully coordinate this is through the establishment of a sector for law enforcement restructuring under the Priority Reconstruction Program. That sector would be managed by the IPTF, which would also establish the requisite project implementation unit. They might need some technical assistance in this from the Bank.

- o We would not expect Bank funding for this sector, but would ask that you seek funding for it from other donors in the same way you do for other sectors. The needs are not huge. \$50-\$60 million each year over the next two years is the target.

On Refugee Return Conference:

- o We support Rory O'Sullivan's idea to hold a Refugee Return Conference in February. We need to focus political and economic resources on this issue to make sure that the necessary security, jobs and housing are created and coordinated for refugee return.

Looking Ahead:

- o You may want to couple that Conference with a one-day Donor's Conference.
- o It might also be useful for the Bank to host a smaller meeting of the dozen largest donors to discuss a formal follow-on program to the Priority Reconstruction Program. Bosnia will obviously need our engagement and resources for many years to come and it will help us get the resources if there is an international consensus on the dimensions of this.
- o I and David Lipton are increasingly concerned that the economic agenda for Bosnia is stalled. A major goal of the Bonn Conference will be to blast the parties into action on privatization, an IMF agreement and other necessary economic steps. We will work closely with you and the IMF on this and would welcome your ideas on how to advance this agenda.

White House
Press Release

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 7, 1997

PRESIDENT NAMES AMBASSADOR ROBERT S. GELBARD AS SPECIAL REPRESENTATIVE OF THE PRESIDENT AND THE SECRETARY OF STATE FOR IMPLEMENTATION OF THE DAYTON PEACE ACCORDS

President Clinton today announced the appointment of Ambassador Robert S. Gelbard of Seattle, Washington, as the Special Representative of the President and the Secretary of State for Implementation of the Dayton Peace Accords. Ambassador Gelbard will be responsible for development, coordination and implementation of United States policy and programs related to the Dayton Peace Accords. He will be the Administration's negotiator, coordinator and program director for the Dayton Accords.

Ambassador Gelbard is a career Foreign Service Officer assigned as Assistant Secretary for International Narcotics and Law Enforcement Affairs at the Department of State from 1993-1997. Prior to this assignment, he served as Principal Deputy Assistant Secretary of State for Inter-American Affairs from 1991-1993, as U.S. Ambassador to Bolivia from 1988-1991 and as Deputy Assistant Secretary of State for South America from 1985-1988. Other assignments include service as Director of the Office for Southern African Affairs (1984-1985), Deputy Director of the Office of West European Affairs (1982-1984), and tours in Europe, Asia, South America and Washington, D.C. Ambassador Gelbard joined the Foreign Service in 1967 following service in the Peace Corps in Bolivia (1964-1966).

Ambassador Gelbard earned his Bachelor's degree from Colby College in 1964 and his M.P.A. from Harvard University in 1979.

Bosnia and Herzegovina at a glance

POVERTY and SOCIAL

	Bosnia and Herzegovina	Europe & Central Asia	Low-income
Population mid-1995 (millions)	4.1	488	3,180
GNP per capita 1995 (US\$)1/	..	2,220	430
GNP 1995 (billions US\$)1/	..	1,084	1,382

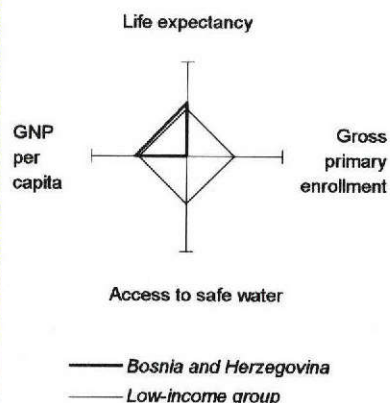
Average annual growth, 1990-95

Population (%)	..	0.3	1.7
Labor force (%)	..	0.5	1.7

Most recent estimate (latest year available since 1989)

Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	49	65	29
Life expectancy at birth (years)	71	68	63
Infant mortality (per 1,000 live births)	19	26	69
Child malnutrition (% of children under 5)	..	..	..
Access to safe water (% of population)	..	..	53
Illiteracy (% of population age 15+)	..	..	34
Gross primary enrollment (% of school-age population)	..	97	105
Male	..	97	112
Female	..	97	98

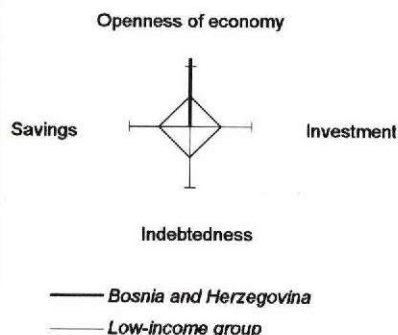
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1996	1996
GDP (billions US\$)	..	..	2.1	3.3
Gross domestic investment/GDP	..	..	..	..
Exports of goods and services/GDP	..	..	19.0	20.3
Gross domestic savings/GDP	..	..	..	..
Gross national savings/GDP	..	..	..	..
Current account balance/GDP	..	..	-27.0	-43.0
Interest payments/GDP	..	..	..	..
Total debt/GDP	..	..	167.0	116.0
Total debt service/exports	..	..	118.0	72.0
Present value of debt/GDP	..	..	..	..
Present value of debt/exports	..	..	..	..
(average annual growth)	1975-85	1986-96	1996	1996
GDP	..	..	33.0	50.0
GNP per capita	..	..	..	59.0
Exports of goods and services	..	..	..	74.0

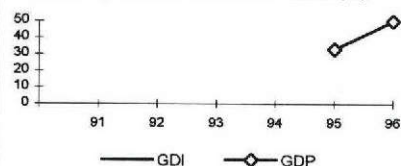
Economic ratios*



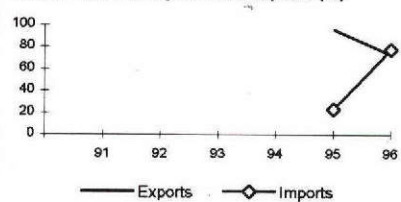
STRUCTURE of the ECONOMY

	1975	1991	1996	1996
(% of GDP)				
Agriculture	..	9.5	..	19.0
Industry	..	43.0	..	23.0
Manufacturing	..	..	..	..
Services	..	47.5	..	58.0
Private consumption	..	..	..	..
General government consumption	..	..	..	..
Imports of goods and services	..	..	63.0	73.0
(average annual growth)	1975-85	1986-96	1996	1996
Agriculture	..	..	..	..
Industry	..	..	..	..
Manufacturing	..	..	..	..
Services	..	..	..	..
Private consumption	..	..	..	..
General government consumption	..	..	..	..
Gross domestic investment	..	..	..	..
Imports of goods and services	..	..	23.0	78.0
Gross national product	..	..	..	..

Growth rates of output and investment (%)



Growth rates of exports and imports (%)



Note: 1996 data are preliminary estimates.

Large proportion of data are missing due to scant and partial data in case of Bosnia and Herzegovina at present, early, stage of post-war era.

1/ 1995 GNP figure is not available. GDP per capita is estimated to be US\$ 501.

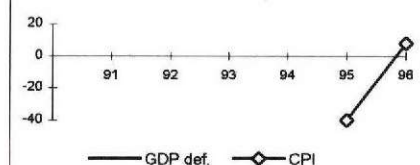
* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

Bosnia and Herzegovina

PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	..	..	-40.0	7.7
Implicit GDP deflator	..	..	..	..
Government finance				
(% of GDP)				
Current revenue	..	..	35.0	62.0
Current budget balance	..	..	0.0	-7.0
Overall surplus/deficit	..	..	..	..

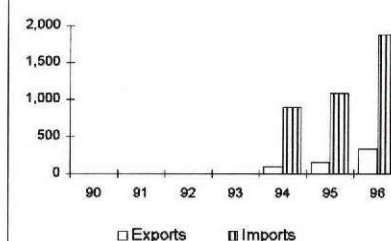
Inflation (%)



TRADE

	1975	1985	1995	1996
(millions US\$)				
Total exports (fob)	..	..	152	336
n.a.	..	..	..	..
n.a.	..	..	..	..
Manufactures	..	..	..	..
Total imports (cif)	..	..	1,082	1,882
Food	..	..	..	..
Fuel and energy	..	..	..	..
Capital goods	..	..	..	..
Export price index (1987=100)	..	..	..	..
Import price index (1987=100)	..	..	..	..
Terms of trade (1987=100)	..	..	..	..

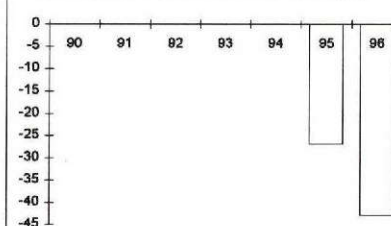
Export and import levels (mill. US\$)



BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US\$)				
Exports of goods and services	..	..	381	658
Imports of goods and services	..	..	1,334	2,379
Resource balance	..	..	-953	-1,721
Net factor income	..	..	-242	-220
Net current transfers	..	..	625	536
Current account balance, before official capital transfers	..	..	-570	-1,405
Financing items (net)	..	..	708	1,803
Changes in net reserves	..	..	-138	-398
Memo:				
Reserves including gold (mill. US\$)	..	..	..	..
Conversion rate (local/US\$)	..	..	..	..

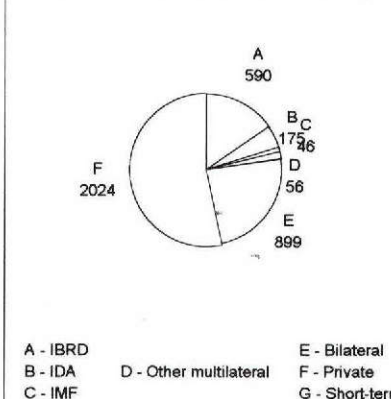
Current account balance to GDP ratio (%)



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US\$)				
Total debt outstanding and disbursed	..	..	3,518	3,790
IBRD	..	..	625	590
IDA	..	..	0	175
Total debt service	..	..	451	476
IBRD	..	..	..	12
IDA	..	..	..	1
Composition of net resource flows				
Official grants	..	..	..	..
Official creditors	..	..	..	..
Private creditors	..	..	..	..
Foreign direct investment	..	..	..	..
Portfolio equity	..	..	..	..
World Bank program				
Commitments	..	..	..	..
Disbursements	..	..	..	..
Principal repayments	..	..	..	..
Net flows	..	..	..	..
Interest payments	..	..	..	..
Net transfers	..	..	..	..

Composition of total debt, 1996 (mill. US\$)



2/ Data refers only to the Federation of BiH. In Republika Srpska, annual percentage change in CPI was 204.4 in 1995 and -8.5 in 1996.
International Economics Department