



BONN INTERNATIONAL CENTER FOR CONVERSION

B · I · C · C

BONN INTERNATIONAL CENTER FOR CONVERSION • INTERNATIONALES KONVERSIONSZENTRUM BONN



paper 30

**Base Conversion
in Central and
Eastern Europe
1989-2003**

Base Conversion in Central and Eastern Europe 1989-2003

by Henri Myrntinen

Published by
©BICC, Bonn 2003
Bonn International Center for Conversion
Director: Peter J. Croll
An der Elisabethkirche 25
D-53113 Bonn
Germany
Phone: +49-228-911960
Fax: +49-228-241215
E-mail: bicc@bicc.de
Internet: www.bicc.de

Table of Contents

1. Introduction	5
1.1 <i>The First Wave of Conversion</i>	5
1.2 <i>The Second Wave of Conversion</i>	7
1.3 <i>Post-conflict base conversion</i>	8
1.4 <i>New conflicts – new bases?</i>	8
2. Issues related to base conversion processes in CEE countries	9
2.1 <i>The local and regional economics of conversion</i>	10
2.2 <i>Conversion and the reintegration of former servicemen into civilian society</i>	11
2.3 <i>Conversion and gender</i>	11
2.4 <i>Environmental problems and nature protection</i>	12
2.5 <i>Problems of military towns</i>	13
3. Structuring the base conversion process	14
3.1 <i>The ‘ministerial approach’</i>	15
3.2 <i>The ‘agency model’</i>	16
3.3 <i>A combined approach</i>	16
4. Support mechanisms	17
4.1 <i>Local funding</i>	17
4.1.1 Revolving funds	17
4.1.2 Offset-areas	18
4.1.3 Other funding	18
4.2 <i>European Union</i>	18
4.3 <i>Development Banks</i>	19
4.4 <i>Other support mechanisms</i>	20

5. Future Outlook	20
6. BICC's base conversion activities in CEE countries to date	21

About the Author

Henri Myrntinen, M.Sc., was working at BICC between 2000-2003 as an expert for base conversion issues, mainly working with South Africa and the countries of Central and Eastern Europe. Prior to this, he was working for two years in the Baltic States on issues related to the environmental problems at former Soviet military bases. Recently, he has been working with the OSCE Project Co-Ordinator in Ukraine on a project for structuring the base conversion process in Ukraine.

1. Introduction

Since the end of the Cold War, the countries of Central and Eastern Europe¹ have gone through a decade and a half of profound transformation. One of the most striking feature of these transformation processes has been the dramatic demilitarisation in these countries, especially in the first part of the 1990s.

1.1 The First Wave of Conversion

The years 1989-1995 saw the withdrawal of Soviet (later Russian) forces from their bases in East Germany, the Czech Republic, Estonia, Hungary, Latvia, Lithuania and Poland. In total, some 500 000 members of the former Soviet army and their dependants were withdrawn from these countries.

The dimensions of what this withdrawal and downsizing meant in terms of vacated military sites can be seen from a study of the German Umweltbundesamt from 1997 (Table 1). The numbers should be dealt with some caution, though, as the classification of what constitutes a “former military site” differs slightly between the various countries.

Withdrawal of
Soviet forces

Table 1: Former Soviet military sites in Central and Eastern Europe

Country	Number of Installations	Area occupied by military sites, ha
Belarus	n.a.	4 600 000
Czech Republic (only Soviet forces)	70	34 400(*)
Estonia	1 565	81 000
Ex-GDR (only Soviet forces)	approx. 1 030	250 000
Hungary (only Soviet forces)	171 (+ 340 housing areas)	46 000
Latvia	850	100 000

¹ For the sake of this study, these countries are defined as Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Slovakia, Slovenia, Ukraine, Yugoslavia and the western part of Russia. The territory of the former German Democratic Republic is not included.

Lithuania	275	67 762
Poland (only Soviet forces)	59	70 000
Russian Federation	n.a.	approx. 12 800 000
Slovakia (only Soviet forces)	18	n.a.
Ukraine (**)	2 945	666 000

Source: Umweltbundesamt, 1997; n.a.: data not available; (*) data from the Czech MoD, 1995; (**) data from Narodna Armiya, 19.03.2002

In addition to the withdrawal of the Soviet forces, all of the countries in the region also saw – to a varying degree – a reduction of their own national armed forces but also the reduction or abolishment of various paramilitary units, such as interior ministry troops, border guards, militia units and civil defence forces. These units also had an infrastructure similar to that of regular military units, be it barracks or training grounds, which were then also vacated. In total, there are around 2,6 million soldiers less in the whole region than in the late 1980s/early 1990s (Heinemann-Grüder, 2002).

The countries of South-Eastern Europe, however, went through somewhat different processes. For one, with the exception of Bulgaria, no Soviet forces were deployed in Albania, Romania or the former Yugoslavia. While paramilitary units were disbanded, the national armies remained rather large and continued to maintain their base infrastructure.

The case of former Yugoslavia, with its series of wars, presents a special case, as the Yugoslav National Army was seen by many in the non-Serb republics as an occupying army. The prolonged period of conflict meant that the demilitarisation process did not really begin until the late 1990s at best, and slowly at that.

Albania and Moldova also experienced armed conflicts in this period, with Albania plunging into internal strife and Moldova having to face an armed insurrection which ended in the setting up of the breakaway Transdnistrian Republic, with the 14th Russian Army remaining in the country as a peacekeeping force. Apart from this peacekeeping force, all Russian forces were withdrawn, leaving several bases, including an air base, vacated.

Belarus, Ukraine and the western part of Russia saw a temporary increase in the number of armed forces during this time, as the troops formerly deployed in Central and Eastern Europe were pulled back. Nevertheless, the disposal of redundant bases and military facilities came under way here as well, albeit at a slower pace. Notably, the former strategic nuclear bases – missile bases, submarine bases and air bases – in Belarus and

South-East
European
experiences

Ukraine were closed as the countries relieved themselves of their nuclear arsenal (see also BICC, 1997).

1.2 *The Second Wave of Conversion*

Following the vacation of the former Soviet bases and the disposal of a number of national paramilitary and military installations in the first half of the 1990s, one can see a second wave of base closures beginning in the mid-1990s. These base closures are linked to the restructuring processes of the various national armed forces – away from large conscription-based armies towards smaller professional armed forces. Apart from reflecting an international trend, these processes have also been catalysed by budgetary constraints and the long-term plans of most countries in the region to join the European Union (EU) and the North Atlantic Treaty Organisation (NATO).

The countries are at various stages of the process with Poland, the Czech Republic and Hungary at the fore. Poland, for example, announced in 2001 that around 60 bases, mainly in the western part of the country, would be vacated as a part of the restructuring programme.

The second wave of conversion is however most visible in the countries of South-Eastern Europe, where, as mentioned above, the scope of the first wave was more limited. The exact time frame of these closures is as of yet open, but they can be expected for the short- and medium term, with the first closures taking place in 2002-2003.

Restructuring
national armed
forces

Table 2.: Selected planned base closures in South-Eastern Europe

Country	Planned number of military bases to be disposed of
Bulgaria	Up to 650
Croatia	218
Romania	Around 160

Source: BICC, 2003

Albania, Macedonia and the Federal Republic of Yugoslavia have also indicated that they will be seeking to close redundant bases in the upcoming years.

Belarus, the Russian Federation and Ukraine have all announced military restructuring programmes. The latest defence restructuring programme outlined by the Russian government in 2001 foresees a reduction of the armed forces personnel by 350

000 to 800 000 servicemen by the year 2005. Ukraine's Plan 2015 foresees the reduction of its armed forces from 400 000 (incl. 310 000 servicemen) to 240 000 (plus 60 000 civilian employees) by 2015 (Heinemann-Grüder, 2002). Professionalisation of the currently largely conscript-based armed forces has been debated in at least Russia and Ukraine. These reductions in personnel will be reflected in base closures as well.

1.3 Post-conflict base conversion

The 1990s were also a period of conflict in several areas of the region, most notably of course in former Yugoslavia but also in Moldavia/Transnistria and the Caucasus region. With the exception of the on-going brutal war in Chechnya, all of these conflicts have been pacified to some degree. In most cases, this involved the stationing of a peacekeeping force in the area. The peacekeeping forces have often utilised existing, vacated military facilities, such as barracks or air bases. In some cases, temporary structures have been constructed, such as the virtual settlements of containers surrounded by guard towers, razor wire and sandbags used to house peacekeepers across Bosnia-Herzegovina and Kosovo. The dismantling of these structures will naturally pose very different challenges than that of converting more 'traditional' bases (see also BICC, 2003).

The pull-out of Russian/CIS-peacekeepers from conflict areas in Georgia and Moldova has been marred by some controversy, including allegations of weapons proliferation from these bases (BICC, 2002).

1.4 New conflicts – new bases?

In addition to the peacekeeping efforts in former Yugoslavia, Moldova and the Caucasus region, additional bases have also been established or reopened in connection with on-going violent conflicts in the region. First and foremost is of course the on-going Chechen war, in which military bases have, according to human rights organisations, often been used as torture centres, euphemistically called "filtration centres" by the Russian federal authorities.

The US-led campaign in Afghanistan has seen the reopening of former Soviet military bases and the leasing of national military and civilian facilities in most Central Asian states. US forces have established themselves in Georgia as part of an anti-terrorist training programme while Bulgaria and Romania have also allowed US forces to use facilities in the campaign against Afghanistan as well as against Iraq, such as the Mihail

Kogalniceanu air base near Constanta in Romania, the Bulgarian facility at Sarafovo and port facilities in Burgas, Bulgaria, and Constanta, Romania (Brössler, 2003; Finn, 2002).

Whether or not the eastward expansion of NATO or the US-led military campaigns will probably lead to major new, permanent military bases in the conventional sense being established in the region remains to be seen. On the one hand, the US forces and their allies will in all likelihood seek the right to use temporary bases for a limited time in order to carry out 'expeditionary' campaigns (BICC, 2003). Bases may also be used temporarily for training purposes, as has been the case for example at the Drawsko training area in Poland. On the other hand, there have been rumours launched by the US administration that US bases in Germany might be closed and moved to the new NATO member states of Central and Eastern Europe. Unconfirmed reports have suggested that the US air force might station planes permanently at the Krzesiny air base in western Poland or at bases in the Czech Republic. Though this might well only have been an attempt to apply pressure on the German government to support the US line on Iraq, this nevertheless remains an option.

An interesting development in this respect are the discussions between the Czech Republic and the United Kingdom. As the Czech air force will decommission its fleet of MiG-21s in 2005 and the country will be left without supersonic aircraft cover, an option being explored is that of basing a British or a joint Czech-British unit at the Čáslav air base (Bennett, 2003).

2. Issues related to base conversion processes in CEE countries

While base conversion is, even in the best of circumstances, a long and complicated process, the municipalities and regions affected by the problem in CEE countries have had to face a number of additional difficulties. Especially in the first few years of the 1990s, base conversion had to be carried out in an environment of profound social, political, and economic transformation. All countries in the region have experienced a massive social and economic crisis after the collapse of the state socialist system. Land ownership questions were often unclear while the legal and administrative frameworks necessary for base conversion had to be built up from scratch.

Temporary bases
for interventions

2.1 *The local and regional economics of conversion*

The economic impact of base closures has been somewhat different in CEE countries than for example in western Europe. While in western Europe, one of the primary concerns in the base closure/conversion process tends to be the issue of the economic impact, i.e. the direct and indirect job losses incurred, the issue of job losses figured much less prominently in CEE countries, especially during the first wave of conversion. The main reason for this was the fact that the bases tended to be much more self-reliant (especially the Soviet bases) than in western Europe, having, for example, their own livestock farms and market gardens for food production. Furthermore, the buying power of the servicemen and –women was much lower than that of their western counterparts nor did they enjoy the same amount of freedom with respect to off-base activities, e.g. spending free time in cinemas, restaurants, discos or the like.

The economic
impact of base
closures

While the direct negative economic and social impact of the closures was thus smaller, the civilian redevelopment of the vacated sites has proven to be more difficult. In a situation where the previous structures virtually collapsed overnight, there was no local or regional economy to ‘absorb’ the former military sites and scant public or private funds available for their redevelopment. The economic collapse has also meant that the market has been oversaturated with ‘brownfields,’ i.e. former industrial and military areas, looking for new users and new uses. Given the fact that these brownfields often have unusable infrastructure – be it because of the poor condition of the structures or because they can not be sensibly used for anything but their original military purpose – and environmental problems (see section 2.4.), investors have often rather chosen to develop ‘greenfields,’ i.e. previously unbuilt areas, instead. Thus, while new shopping centres or industrial plants are constructed on the outskirts of cities, the old military bases remain vacant and unused spaces.

Arguably, some of the most successful examples of converting former military bases and integrating them into the local economic structures in CEE countries have been the transformation of these into residential areas (such as in Milovice and Jaromer in the Czech Republic), for educational purposes (such as in Legnica in Poland) or into social and cultural centres such as the Metelkova project in Ljubljana, Slovenia.

2.2 *Conversion and the reintegration of former servicemen into civilian society*

In the first wave of conversion, many of the former servicemen, - women and dependants employed or living on the military bases were either simply released into civilian society – especially in the case of conscripts – or, in the case of the Soviet forces, were pulled out of the host country completely. Often, though the release into civilian society was a simple process, this did not mean an easy reintegration, as the former members of the armed forces faced the same social and economic problems faced by the rest of the population.

In some cases, there has been an attempt made to combine the ‘double conversion’ of servicemen and –women into civilians and the conversion of former military sites to civilian sites. The most systematic approaches have been pursued in Russia and especially in Ukraine. In Ukraine, a national co-ordinating body – the National Co-ordinating Centre, NCC, - has been set up at the ministerial to co-ordinate both the social and economic reintegration of former servicemen as well as the conversion and redevelopment of former military bases – combining the two processes where possible.

2.3 *Conversion and gender*

An aspect of conversion which is often overlooked is that of gender and conversion. The closing of military bases has very different impacts on the men and women working and living on, or in the immediate vicinity of the military bases. Women tend to be employed on the bases in ‘supportive roles,’ e.g. in logistics or administration and not in technical or combat-related positions. Furthermore, they maybe living on or near the base as family members of servicemen, either fully dependent on their husband’s income or having a job of their own in addition to taking care of the household.

Thus women working for example as cleaners, cooks or secretaries whose jobs become redundant with base closures are in a more precarious position on the labour market than their male colleagues – especially if these are educated technicians or officers. Conscripts, meanwhile, tend to be ‘absorbed’ by their social and economic networks in their home communities – which, given the sometimes harsh economic realities, may not be much of an improvement.

Many of the conversion programmes designed to help ex-servicemen reintegrate into society tend to be geared towards the needs of the servicemen, with the wives seen as mere dependents.

Gender – an aspect often overlooked

Interestingly, psychological support for ex-servicemen tends to play a prominent role. This is often echoed by the affected themselves, who seek help for the transformation from a militarised self-view of their role as a man in society towards a civilian role (see for example NCC, 2001). One serious problem which needs to be addressed in this context is domestic violence which may be seen as one of the symptoms of this identity crisis.

A special problem which has been highlighted especially in the Balkans is the issue of prostitution linked to the presence of military forces. In the case of former Yugoslavia, the issue has gained media prominence through cases in which individual members of the peacekeeping forces have frequented brothels and allegedly been at times even involved in trafficking rings. While this problem was at first somewhat overlooked in the early missions in Croatia and Bosnia-Herzegovina, the United Nations Mission in Kosovo (UNMIK) has, together with the local mission of the Organisation for Security and Co-operation in Europe (OSCE) sought to actively tackle the problem.

2.4 Environmental problems and nature protection

A high level of pollution is often associated with former military bases. While in the case of barracks or warehouses, this may just consist of waste, surplus material and scrap left behind (though often in rather large quantities), the environmental problems tend to be much more serious in the case of former air bases, missile bases, maintenance and repair facilities, boilerhouses as well as fuel and chemical storage facilities.

By far the most common problem is that of fuel products and lubricants, such as kerosene, diesel, gasoline and heavy fuel oil. Further common contaminants are solvents, heavy metals, PCBs and PAHs. On former missile bases, one of the main problems is often the liquid missile fuels and oxidisers (see for Umweltbundesamt 1997).

Ammunition dumps and training areas pose a different kind of threat – unexploded ordnance (UXO) has in numerous cases lead to deaths and grave injuries when local inhabitants have attempted to dismantle UXO in the search for scrap metal. It is also not wholly unknown for improperly stored old ammunition to explode.

In many cases, the buildings and infrastructure left behind – often vandalised or ‘cannibalised’ (i.e. meaning that anything useful, be it only as scrap metal or firewood is removed) following the pull-out – are in such an unusable condition that they can only be regarded as construction waste.

Pollution as a
legacy of military
use

An especially problematic issue is the civilian and military nuclear waste often improperly stored on the Kola Peninsula in North-Western Russia (Bellona, 2001).

While the environmental problems at former military bases in CEE countries have often – and rightfully – been highlighted, it should be remembered that this is neither a problem confined to military bases in CEE countries nor one confined to formerly military brownfields. Certain aspects of the military system in the former Warsaw Treaty Organisation member states do however seem to have exacerbated the problem. These include lax or non-existent punishment for pollution (as was also the case in western militaries right up to the 1980s), low level of training, a derelict infrastructure, a centralised supply system which did not allow for much flexibility (e.g. jet fuel which was delivered but could not be used was dumped as sending it back was not an option) as well as a very high degree of intransparency and secretiveness.

In addition to the negative aspects, there have been some benefits for the environment as well, mainly in the area of nature protection. Having been hermetically closed off from the public for decades, military bases – especially training grounds – became havens for plant and animal species which were not able to survive in other areas. The conversion of former training grounds into recreational areas, nature reserves or national parks has been either planned or carried out at least in Belarus, the Czech Republic, Estonia, former East Germany, Latvia, Lithuania and Ukraine.

2.5 Problems of military towns

A prominent and problematic phenomenon in base conversion in CEE countries is that of military towns. These were more or less autarkic settlements, often completely closed to civilians, the largest network of which was those of the Soviet Armed Forces. Even in the case of bases which were not conceived as autonomous, closed settlements in their own right, similar problems do arise when the base dwarfs the nearby civilian settlement.

Military towns pose special challenges. These include:

- the fact that they are often only tenuously linked to civilian structures, be it in the sense of the infrastructure, the economy or society;
- the ending of military activities means the end of the main – if not the sole – economic activity;
- the military provided the settlement with most if not all services – be it child care, schools, wastewater treatment,

The complex
problems of
military towns

heating, medical care, brickworks, small-scale agriculture and food production or cultural activities;

- unless the base in question was used by a foreign force which pulled out, often a large number of those formerly employed there remain living on site with their families,
- if the troops are pulled out completely, i.e. no or few ex-servicemen or servicewomen and dependants are left, a vast, built-up but unused area is left behind.

Thus, following the ending of the military involvement at the base, what remains is the shell of a town with minimal economic opportunities, minimal infrastructure, a populace of ex-members of the armed forces with few civilian job skills – and this often in structurally weak areas rather far away from other population centres. A particularly problematic issue has been that of former members of the Soviet Armed Forces, many of whom are pensioners, who have stayed behind in the former Soviet military towns in the Baltic States. Not fluent in the local languages and eyed with suspicion by local nationalist politicians, they have more than once become the catalyst for strained relations between the Russian Federation and the Baltic States.

Therefore, especially in those countries which still maintain these kinds of military installations, the question arises how the closure of these bases could best be planned in order to minimise the dramatic impact which the process will have on the surrounding community. On the one hand, the conventional approach to security sector reform and to restructuring armed forces calls for a reduction of non-military activities in which the armed forces are involved, be it military-run business activities, small-scale farming or provision of utility services. On the other hand, there are not necessarily any civilian structures in place which would be able to take over the provision of these services. Any civilian structure would also in all probability be in need of subsidies - comparable to the support received from the current military budget – in order to be able to maintain the current level of services.

3. Structuring the base conversion process

The approaches towards structuring the base conversion processes on national, regional and local levels have been very varied. They can be divided roughly into four categories:

- the ‘ministerial’ approach: responsibility for conversion lies with a national ministry

- the ‘agency’ approach: responsibility for conversion is transferred to an agency or an organisation
- direct transfer of former bases to local and regional administrations,
- ‘ad hoc’ organisation of base conversion: responsibility for the conversion process varies from case to case

Given the turbulent situation in which much of the initial conversion process took place, it is hardly surprising that the ‘ad hoc’ model was often initially used. The problems of this approach are evident: lack of clear responsibility and accountability, lack of transparency and an ‘overloading’ of the process once the amount of cases which need to be addressed rises into the hundreds.

The direct transfer of the vacated military bases to local and regional administrative bodies has been practised in a large number of cases. While this is a convenient way for the respective national agencies of getting rid of the problem, it often places the local and regional actors into a difficult position. In most cases – unless the municipalities in question happen to be prospering economic centres – the lower-level administrative bodies are overwhelmed by the process. Often, they lack the capacity to address the variety of problems and issues posed by the areas – be it environmental, economic, financial or social.

The need for clearly structured processes

3.1 *The ‘ministerial approach’*

The first two models can be viewed as equally good, each presenting their own benefits and drawbacks. In the ministerial model, they can be summarised as follows (Table 3).

Table 3.: A summary of some benefits and drawbacks of the ‘ministerial approach’

Benefits	Drawbacks
Political accountability	Lack of capacity
Use of existing structures	Lack of necessary professional skills
Has a ‘standing,’ i.e. an existing ‘power base’	Lack of necessary flexibility
Based on existing legislation	Tied into political processes

In an ideal case, unless there is widespread mistrust of the ministry and its ambitions, the ministry can also be seen as an impartial, ‘honest broker’ in the process.

This approach has been used for example in the Baltic States, where much of the initial work on the former Soviet military bases, such as the databasing and assessment of the sites, was carried out by the respective environmental ministries, as the environmental problems posed by the sites were seen as an overriding problem. In Croatia and Romania for example, the key player in the national process has to date been the Ministry of Defence, though Romania is considering the establishment of a separate agency.

3.2 The 'agency model'

The 'agency model' has been utilised for example by Poland, where the Military Property Agency AMW has been tasked with the sale of the former military sites or in Bulgaria, where the Ministry of Defence has taken the interesting step of contracting an NGO to co-ordinate the conversion process.

Table 4.: A summary of some benefits and drawbacks of the 'agency approach'

Benefits	Drawbacks
Professionalism	Need to create new structures
Transparency	Possibly need for new legislation
Necessary flexibility	Will need to find (fight for) its place
Independent of constraints which ministry might have	Impartiality maybe questioned

3.3 A combined approach

A further possibility is the combination of these approaches, where for example the responsibility for the process lies with a national ministry but where the majority of the actual work is carried out by an agency, e.g. the respective state property fund or a sub-contracted third party, which has more flexibility and more expertise. This is for example the approach used in the state of Brandenburg, eastern Germany, where the process is overseen by the regional Ministry of Economic Affairs while the Brandenburgische Boden, a publicly owned company, is responsible for the day-to-day running of the conversion process.

At the end of the day, whichever model is chosen, the main points are to ensure that the process is well-structured, with a clear separation of responsibilities and accountabilities, that the process is transparent and that the responsible agency or ministry

has the necessary legal and administrative tools as well as the capacity to carry out the process in a professional manner. Of further importance is that this main actor should, as far as possible, be seen as an 'honest broker,' ensuring that the needs and concerns of the various parties – e.g. the local population, municipality and potential investors – are addressed in the process.

4. Support mechanisms

As mentioned above, the various administrative bodies tasked with running the respective base conversion processes in CEE countries are often overwhelmed by the problem and require support – be it financial or non-financial. A number of support mechanisms exist, both national and international, but unfortunately the majority of them are not specifically designed to meet the challenges posed by base conversion.

4.1

Finding indigenous funding for base conversion projects in the transitional economies and societies of the CEE region is no easy task, but not an impossible one. Funding sources should be bundled, e.g. by integrating base conversion projects with regional development initiatives, reemployment programmes or nature conservation projects.

4.1.1 Revolving funds

As in the case of privatisation of former state-owned companies, the former military assets can be basically divided into three categories, A, B and C.

Category A consists of conversion sites which have been or will be able to use their attractive location and existing infrastructure to their benefit. Thus for example the former military ports of Liepaja in Latvia and Paldiski in Estonia have been able to establish themselves more or less successfully in the cargo shipping market. At other times, e.g. in the case of the Black Sea resort town of Mangalia, Romania, it is the attractive location of the real estate which ensures the interest of local and foreign investors.

Conversion objects in category B are ones for which a civilian reuse possibility can be found, but which require some more work – be it environmental clean-up, refurbishment of the existing infrastructure or the improvement of links to the surrounding areas – before redevelopment and conversion can

Conversion – a partially self-financing process?

take place. Category C then consists of sites for which no sensible civilian reuse option can be found. For these, the most feasible option often is 'renaturation' – the tearing down of the existing derelict structures and environmental clean-up.

An innovative model for the financing of the necessary measures which need to be undertaken at the category B and C sites is the 'revolving fund' model used for the conversion of former Soviet military sites in Brandenburg, eastern Germany. In this model, the proceeds from the 'A'-sites flow into upgrading the 'B'-sites and renaturing the 'C'-sites.

4.1.2 Offset-areas

A further tool used in Brandenburg is that of 'offset'-areas. In this model, those wishing to construct on a 'greenfields' area required to make an equivalent area free on a former military site (mostly category 'C') by removing the derelict structures. A number of category 'C'-sites are kept in the so-called 'Ökopool' for this purpose. They are divided into categories depending on the type of biotope which they represent. Thus a built-up forest, meadow, or marshland can be 'off set' by the renaturation of a similar site.

4.1.3 Other funding

To a limited extent, the sites themselves maybe able to create a certain amount of revenue themselves, be it for example through the forestry assets, the agricultural produce produced on site or even through the resale of oil products recovered during clean-up activities.

In the end, however, once the most lucrative sites have been redeveloped and increasingly more difficult sites will be left to deal with, additional funds will be needed for the conversion process, be it from the national budget, private investors or international donors.

4.2 *European Union*

The support mechanisms of the European Union (EU) can be divided into three groups:

- support extended to the candidate countries (<http://europa.eu.int/comm/enlargement/index.htm>)
- the CARDS-programme for the non-candidate countries of South-Eastern Europe (http://europa.eu.int/comm/europeaid/projects/cards/index_en.htm)

- and the TACIS-programme for the successor states of the former Soviet Union (minus the Baltic States) plus Mongolia (http://europa.eu.int/comm/europeaid/projects/tacis/index_en.htm).

The 10 candidate countries of the CEE region are eligible for three support programmes,

- PHARE (divided into the ‘small project fund’ (SPF) and ‘cross-border co-operation’ (CBC) fund)
- ISPA for infrastructural and environmental projects, and
- SAPARD for projects in rural areas.

In addition, the candidate countries can participate in a host of other smaller, sector-specific EU programmes, such as LIFE in the environmental and nature protection field.

The key problem with the EU support mechanisms is that while base conversion-related projects have been co-financed at least through the PHARE- and TACIS-programmes, it is not one of the central themes of the programmes. Thus conversion projects need to be ‘relabelled’ for example as environmental, social or regional development projects.

4.3 Development Banks

In addition to grants, such as those from the EU, there is of course also the possibility of obtaining loans either from commercial banks or ‘softer’ loans from development banks. One problem, however, is that a number of the banks in question, such as the European Investment Bank (EIB) or the European Bank for Reconstruction and Development (EBRD) tend to concentrate on financing larger projects in for example the energy and transport sector.

Some conversion-related projects have been supported by the Nordic Investment Bank (NIB), such as an environmental audit of the former Soviet base in Paldiski, Estonia, which was co-financed by the Nordic Environment Finance Corporation (NEFCO) of the NIB. The Council of Europe Development Bank (CoEDB) also supports smaller projects, but these must have a visibly social dimension. A conversion project which was able to obtain a loan from the CoEDB is the redevelopment of a former air defence facility in Fundulea, Romania, by a local NGO and the University of Bucharest into a rehabilitation centre for street children.

A list of several development banks active in the CEE region:

- World Bank (<http://www.worldbank.org/>)
- European Investment Bank (EIB - <http://www.eib.org/>)
- European Bank for Reconstruction and Development (EBRD - <http://www.ebrd.org/>)
- Nordic Investment Bank (NIB - <http://www.nib.int/>)/Nordic Environment Finance Corporation (NEFCO - <http://www.nefco.fi/>)
- Council of Europe Development Bank (CoEDB - <http://www.coebank.org/>)

4.4 Other support mechanisms

In addition to financial support mechanisms, there are also a range of technical support mechanisms available. These may be bilateral, e.g. through the national ministries of defence, environment, economy or finance, or multilateral, e.g. through international organisations such as the OSCE or the United Nations Development Programme (UNDP). There are also regional networks which at times deal with issues related to conversion, such as the Union of Baltic Cities (UBC).

5. Future Outlook

The process of 'Euro-Atlantic integration' which – with the exception of Belarus and Russia – is part of the official foreign policy of all states in the region will have its impact on base conversion as well. The restructuring of the armed forces towards more specialised and professional forces, which in all likelihood will be geared more towards foreign interventions than classical national defence, will inevitably lead to a downsizing process as well as turning largely conscript-based armed forces into smaller more agile forces. This will inevitably mean increased redundancies in the base infrastructures – translating into new former military sites looking for redevelopment opportunities.

Much has been learned over the past decade and a half in the region, and these 'lessons learned' should be made available to the 'newcomers,' e.g. through the establishment of networks such as the Conwertnet-network (see also section 6) which links conversion-affected municipalities in the EU and in candidate countries in the Baltic Sea Region.

Furthermore, with the EU accession of 10 Central and Eastern European states, all with similar problems in the field of base conversion, the question arises whether or not it would make sense for the EU to have a new conversion-specific support programme for these states (as well as for the 'old' EU members

also facing the same problems) similar to the highly successful KONVER I and II programmes of the 1990s.

6. BICC's base conversion activities in CEE countries to date

Since the foundation of the centre in 1994, BICC has been actively following the conversion processes in Central and Eastern European countries in all areas of conversion – be it military expenditure, surplus weapons, demobilisation, conversion of military research and development, conversion of defence industry or base conversion.

In the area of base conversion, this has consisted of closely following, reporting and analysing the processes in

- the annual BICC Conversion Surveys
- BICC Report 11
- BICC Briefs 8
- BICC Papers on Base Closures in Hungary and Poland
- and an extensive study on the use of former military lands in CEE countries commissioned by the German Federal Ministry of Environment (<http://www.bicc.de/bases/bmu/content.html>)

Base conversion projects by BICC in Central and Eastern Europe have included:

- setting up an EU-sponsored network by the name of Converternet for municipalities and regions affected by base conversion in the Baltic Sea region which includes partners from the Czech Republic, Estonia, Finland, Germany, Latvia, Lithuania, Poland and Sweden;
- participation in the Stability Pact Expert Team for base conversion in South Eastern Europe;
- participation in an EU TACIS-funded project on base conversion and the retraining of former servicemen in Ukraine;
- participation in an OSCE project on structuring the base conversion in Ukraine (for the full report, see <http://www.conversion.org.ua>);
- active participation in bilateral and multilateral consultations on base conversion issues with key actors in Belarus, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Russian Federation, Slovenia, Yugoslavia and Ukraine.

Through its experience and its extended network of contacts, BICC has been able to act as an 'honest broker,' an information clearinghouse, bringing together various parties and disseminating information.

7. References and further reading

- Bellona, 2001. *The Arctic Nuclear Challenge*, Bellona Rport Volume 3/2001, Bellona Foundation, Oslo.
- Bennett, M. 2003. Army, UK discuss airspace protection plan. *The Prague Post*, April 16-22, 2003.
- BICC, 1997. *Conversion Survey 1997*, Global Disarmament, Demilitarization and Demobilization, Bonn International Center for Conversion, Bonn.
- BICC, 2002. *Conversion Survey 2002*, Global Disarmament, Demilitarization and Demobilization, Bonn International Center for Conversion, Bonn.
- BICC, 2003. *Conversion Survey 2003*, Global Disarmament, Demilitarization and Demobilization, Bonn International Center for Conversion, Bonn.
- Brössler, D. 2003. Von der NATO siegen lernen, *Süddeutsche Zeitung*, 09.05.2003.
- Finn, P. 2002. Black Sea: New Focus of NATO Expansion, *The Wahington Post*, 26.03.2002, <http://www.iht.com/articles/52397.html>
- Heinemann-Grüder, A. 2002. *Becoming an Ex-Military Man – Demobilisation and Reintegration of Military Professionals in Eastern Europe*. BICC Brief 26, BICC, Bonn
- NCC, 2001. *Conference Proceedings, International Conference on “Released Military Personnel and Conversion of Former Military Assets and Base Closures,” Yalta, 25.-26.04.2001*. National Coordinating Centre, Kyiv.
- Umweltbundesamt, 1997. *International Experience and Expertise in the Registering, Investigation, Assesment and Clean-Up of Contaminated Military Sites*, UBA Texte 5/97, Umweltbundesamt, Berlin.