

2nd Report of the High Representative for Implementation of the Bosnian Peace Agreement to the Secretary-General of the United Nations

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1. INTRODUCTION

1. Pursuant to the Security Council resolution 1031 of 15 December 1995, which endorsed my appointment as High Representative to *"monitor the implementation of the Peace Agreement and mobilize and, as appropriate, give guidance to, and coordinate the activities of, the civilian organizations and agencies involved in the implementation of the Peace Agreement on Bosnia and Herzegovina*, I submit hereby my second report envisaged by Annex 10 of the Peace Agreement and the Conclusions of the London Peace Implementation Conference of 8-9 December 1995."
2. This report covers developments in the areas listed below during the period from the beginning of March to the end of June 1996.

2. INSTITUTIONAL ASPECTS

Office of the High Representative

3. My Headquarters in Sarajevo and the Secretariat in Brussels have in the period described been active in ensuring both operational level coordination of civilian implementation activities inside Bosnia and Herzegovina, strategic level contacts with the Headquarters of the respective implementation organizations and agencies as well as closely following, to the extent possible, the various international gatherings dealing with the Bosnian peace implementation.
4. In addition, a regional branch office of the High Representative was set up in Banja Luka, the largest city in the Republika Srpska, providing a valuable point of contact to the different official and political institutions in that entity and facilitating the RS participation in civilian implementation of the Peace Agreement.
5. Initial problems in establishing a funding key and adopting a budget of the High Representative have fortunately been resolved, and I am now confident that all the members of the Peace Implementation Council will live up to their obligations without undue delay.
6. Immediate staffing problems have also been addressed by Governments willing to second qualified personnel to my Office. However, continuous widening of the scope of OHR activities, together with some unavoidable rotation, still make proper staffing an important issue.

ICFY Working Groups

7. The Working Group on Regional Issues which I set up under Ambassador Martin Lutz has been active in the region of the former Yugoslavia. The Group has the mandate to recommend initiatives for resolving ethnic questions in the area of the former Yugoslavia. It has so far concentrated its efforts on Kosovo and is working on measures which would help reduce tension and improve the life of all people living in Kosovo.
8. On succession issues, two rounds of separate discussions with all 5 republics were held in April, May and June by the Special Negotiator on State Succession Issues, Sir Arthur Watts. A third round will take place in July.

Peace Implementation Council

9. The Steering Board of the Peace Implementation Council continued its monthly meetings at the level of Political Directors of the respective Foreign Ministries, each devoted to specific issues of the peace process. The discussion at the meeting in Sarajevo on 24 April, at which representatives of the OSCE were invited, centered on preparation of free and fair elections in Bosnia and Herzegovina. The meeting in Paris on 24 May, with participation of the Special Representative of the UN Secretary General and the Special Envoy of the UN High Commissioner for Refugees, focused on the problems concerning refugees and displaced persons, as well as on preparation for the Florence Mid-term Review Conference. The Steering Board also met in Florence on 12 and 13 June, prior to the Conference itself.
10. In addition to the Steering Board sessions other important international meetings in various formats, including that of countries that had witnessed the signing of the Peace Agreement, were taking place on a frequent basis. OHR was represented by myself or senior members of my staff. These meetings, some attended by delegations of Bosnia and Herzegovina, the Republic of Croatia and the Federal Republic of Yugoslavia, contributed to promoting the political and other aspects of peace implementation. It is my understanding that further meetings of this nature will take place.
11. These activities culminated in the mid-term Review Conference of the Peace Implementation Council, held in Florence on 13 and 14 June 1996 at the level of Foreign

Ministers under the chairmanship of the Italian Government in order to review progress in implementing the civilian tasks of the Peace Agreement. Conclusions of the Chairman are attached as Annex 1 to this report.

3. COORDINATION OF CIVILIAN IMPLEMENTATION

Overall Coordination

12. Two more meetings of the major implementation agencies were held at my office in Brussels, one on 29 March and the other on 29 May, in order to assess the efforts undertaken by the different international agencies and organizations involved in the implementation of the Peace Agreement, and also to coordinate preparations for the Florence Conference. Further meetings are planned, at approximately two-month intervals.
13. I have continued extensive consultations with representatives of governments and organizations. I had several meetings with the OSCE Chairman-in-Office. I have also addressed the General Affairs Council of the European Union. On 21 June I reported to the European Council in Florence and on 28 June to the Heads of State and Government of The Eight in Lyon.

Operational Coordination

14. On the ground in Bosnia the Joint Interim Commission (JIC), composed of delegations led by the Prime Ministers of Bosnia and Herzegovina, the Federation and the Republika Srpska and chaired by me, continued to deal with questions concerning the political and constitutional implementation of the Peace Agreement, providing also an opportunity for essential direct political dialogue between the parties on a wide range of issues. The JIC met alternatively in Sarajevo and Banja Luka on 16 and 30 March and on 6, 18 and 25 June as well as on July 2. At two of these meetings, representatives of Republika Srpska were not present.
15. The Joint Civilian Commission (JCC) has been meeting on a fortnightly basis in my office in Sarajevo, chaired by my Principal Deputy in Sarajevo, Ambassador Michael Steiner. The JCC, a body bringing together representatives of governments of Bosnia and Herzegovina, the Federation and the Republika Srpska, as well of the most important implementation agencies, dealt with a wide variety of practical issues concerning civilian aspects of the peace process, including economic reconstruction, freedom of movement, return of refugees and displaced persons.
16. Four regional Joint Civilian Commissions have now been established, covering the Northern, Western and Southern parts of the country as well as the Sarajevo area. JCC-N and JCC-W have been meeting regularly since 26 March and 10 May respectively on the territory of the two entities to discuss specific issues related to those regions. Efforts are being made to re-establish inter-entity economic, transport and communications links on regional and local levels, and also in the field of confidence-building measures aiming at facilitating the return of refugees and displaced persons to homes of origin. The first session of JCC-South took place in Mostar on 19 June. The Joint Civilian Commission for Sarajevo, which had proven to be a useful coordinating organ during the period of transition of parts of the city to Federation authority, continued its regular sessions, focusing in the ensuing period on the problems of retaining the multi-ethnic and multi-cultural character of Sarajevo.
17. By the end of March all the Commissions provided for in the Peace Agreement had been established and have been since holding regular sessions. Some of them are chaired by

OHR, others by various international organizations acting as lead agencies in specific fields, with OHR participation.

18. In the field of human rights, the Human Rights Task Force continued to meet on a regular basis and has established subcommittees to address problems requiring more coordinated action. The Human Rights Coordination Centre (HRCC), established under the auspices of my office on 14 March, has been actively engaged in the daily coordination of human rights monitoring activities. Representatives of the main human rights implementing organizations, including UNMIBH, OSCE, UN High Commissioner for Human Rights, ECMM, UNHCR, and ICRC, collaborate closely with the HRCC, including by assigning staff to the HRCC.

Economic reconstruction

19. Economic revival and long-term rebuilding of the economy remain major preconditions for peace and political stability. In this context my efforts have been aimed at ensuring an early and convincing start to economic rehabilitation and reconstruction. I have cooperated in this endeavour with economic implementation agencies, namely the World Bank, the European Commission, the European Bank for Reconstruction and Development, the International Monetary Fund and the International Management Group. Regular meetings of the above organizations were held to discuss and coordinate plans and establish priorities.
20. The Ministerial Donors Conference sponsored by the World Bank and the European Commission was held in Brussels on 12 – 13 April. Although funding pledges necessary to meet the target of 1.8 billion US dollars for 1996 were said to have been made, subsequent review has noted that part of this refers to non- reconstruction efforts, bilateral programs not co-ordinated with the priority efforts or funds not yet committed. It can be assessed that around 1 billion US dollars will be available for the planned programs during 1996, thus causing significant and serious funding shortfalls also in the programs that I have attached the highest priority to.
21. It is regrettable that as a result of internal political implications Republika Srpska declined the invitation for its government to participate in the Brussels Conference, thus effectively cutting itself off from the funds designated for specific economic projects in its territory. I have made it clear to the RS leaders that a continuation of this line would be against the interests of the people of Republika Srpska and would only increase the economic problems facing the entity.
22. Within the framework of reforms that would facilitate economic recovery and transition of Bosnia and Herzegovina to a market economy, the reconstruction programme should focus on such priorities as infrastructure revival; employment generation and restart of production; institution-building and strengthening of implementation capabilities of government and its agencies at all levels; promoting the social sector and providing social support for vulnerable groups and refugees.
23. I consider it also of importance that bilaterally financed and implemented projects are coordinated within the agreed priority programme.
24. Economic reconstruction and rehabilitation are major instruments in promoting reintegration of the country. I consider it therefore vitally important that emphasis is made in the course of planning and fund allocation on projects leading to re-establishment of inter-entity links.
25. I am convinced that external economic assistance, be it from international institutions or through bilateral channels, should be, and has so far been, directly linked to compliance with the terms of the Peace Agreement. I have continuously made it clear that the Parties cannot expect such assistance to be forthcoming unless they commit themselves to full compliance and that no partial or selective approach would be acceptable. In several

instances during the last three months it was the perspective of economic assistance being withheld that led to an improvement of the Parties' compliance record.

Preparations for Elections

26. Following discussions within the OSCE Permanent Council, the OSCE Chairman-in-Office, Federal Councillor Flavio Cotti, has decided to certify national elections on 14 September, in accordance with the timetable in the Peace Agreement. This decision was in line with the political conclusions of the Florence Mid-term Review Conference. I consulted closely with the Chairman-in-Office on this matter, as had been envisaged in the decision of the OSCE Ministerial Council Decision on OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina of 8 December 1995. I warmly welcomed the Chairman-in-Office's decision.
27. The forthcoming elections will constitute a major milestone in the process of peace implementation. They will enable us to proceed with the complex task of establishing the common institutions, thereby halting and reversing the drift towards the partition of Bosnia and Herzegovina. The extremely difficult and complex task of elections preparation, supervised by the OSCE, is gaining momentum on the basis of the Rules and Regulations adopted by the Provisional Election Commission (PEC) with participation of the Parties. Much of the regulatory work of the PEC has now been completed. Local Election Commissions have been set up in most locations and the majority of them are now functioning. Voter registration is under way. Party registration was completed by 14 June. The Provisional Election Commission has approved registration applications from 49 parties and 33 independent candidates. An Elections Appeals Sub-Commission has been established. Arrangements to ensure that all refugees will be able to participate in the elections are being developed. But there will continue to be major logistical challenges which need be overcome to ensure that the elections can be held in an organized and effective manner. The OSCE, which is leading this effort, must be able to count on the full support of the international community in the critical weeks ahead.
28. In the short time available, there must be a concerted effort to realize freedom of movement between and within the entities. This is essential to the successful conduct of the elections. To enable voters to be properly informed, more needs to be done to ensure that all candidates and political parties are able to have access to the state media. The Parties must facilitate the development of the independent television network.
29. No one can expect these, the first post-war elections, fully to meet the highest democratic standards. Bosnia and Herzegovina will still have a long way towards building a democratic society based on political pluralism and respect for human rights. But the September elections will constitute an indispensable first step towards the achievement of this essential goal.

Freedom of Movement

30. Since my first report in March there has been considerable improvement in ensuring freedom of movement throughout the territory of Bosnia and Herzegovina. Permanent roadblocks and check-points have been dismantled and attempts to reinstall unauthorized check-points, even on a temporary basis, are effectively countered by concerted action of UNIPTF and IFOR. Mobile check-points have also been reduced, but it requires constant monitoring to prevent local police adopting an over-zealous approach to their duties.
31. But check-points are not the only obstacle for the freedom of movement. Although there is an evident increase in the number of people crossing the IEBL, much remains to be done to overcome the feeling of insecurity and mutual mistrust. Intimidation and harassment are not infrequent on both sides of the IEBL, as well as within the Federation

between its constituent ethnic groups. Also, given the large number of men who served in the armed forces, the lack of clarity on who is being sought for war crimes and the fact that both the Federation and Republika Srpska have been slow in passing amnesty legislation have had serious implications for freedom of movement.

32. Since the beginning of the summer season, especially during the lead-up to the Bajram holiday (mid-to-late April), the situation has been additionally complicated with continuing attempts of organized visits by large groups of displaced persons, some numbering several hundreds of people, to their former places of residence. This sometimes led to violent confrontations these groups and local residents, and in a number of cases brought injuries; one particular incident on 28 April resulted in three casualties. However smaller-scale visits have in most cases gone unhampered.
33. Through coordinated efforts of the UNHCR, the UNIPTF and my office in Sarajevo guidelines regulating such visits were negotiated and adopted by the Parties, thus defusing the situation to some extent.
34. At the political level I have been stressing to the leaders of the Parties that ensuring the freedom of movement was their obligation under the terms of the Peace Agreement. I shall continue to monitor closely this aspect of compliance.
35. As it is not only the right to move freely that is an essential cornerstone of a lasting peace in Bosnia and Herzegovina, but also the ability to do so, efforts within the JCC framework will be continued to ensure unimpeded vehicle circulation, mutual recognition of travel, insurance and vehicle registration documents, as well as restoration of inter-entity bus service and railroad links.

Return of refugees and displaced persons

36. The right of people who have been displaced or fled the country to return to their homes is another basic principle of the Peace Agreement. The dimensions of the problem of refugees and displaced persons are enormous, with more than half of the pre-war population of Bosnia and Herzegovina falling into either of the two categories.
37. So far the number of those who have exercised the right of return is, unfortunately, disproportionately small, compared to the displacement of more than half of the country's population. Return is being obstructed by political blockages as well as acute lack of housing space which still has to be overcome by an immense housing reconstruction effort. Return, so far, has been nearly exclusively limited to areas of own ethnic dominance. In numbers, it has even been offset by further post-war movements of continued ethnic separation.
38. The UNHCR Action Plan and the conclusions reached at the Humanitarian Issues Working Group meeting in Geneva on 13 May constitute a starting point for the repatriation and reintegration of refugees. Creation of conditions in which UNHCR would be able to recommend the lifting of temporary protection and support progressive free and safe return is now an urgent matter affecting the future political and economic viability of Bosnia and Herzegovina. To bring these about the Parties must remove political obstacles, cooperate in housing rehabilitation as a step to larger-scale reconstruction, as well as in making refugees welcome on the territory under their control.
39. The Commission on Real Property Claims of Displaced Persons and Refugees established in Sarajevo under OHR auspices will now proceed with the registration of such claims so as to provide property owners with the assurance that their rights will be preserved. Cooperation of the local authorities will of course be essential.
40. Another practical obstacle hindering the right to return are existing property laws, particularly those concerning the use of "socially-owned" property, which do not respect the rights set forth in the Peace Agreement. As a result of enforcement of these provisions, persons have been denied the ability to return to their pre-war residences. The

Parties must be called upon to suspend enforcement of these laws and amend such statutes in a manner which is consistent with the Peace Agreement.

Missing persons. Mass graves

41. National authorities and international mechanisms and organizations dealing with these issues, notably the Expert Group on Exhumation and Missing Persons, the membership of which includes ICRC, the UN Special Rapporteur on Human Rights and the UN Expert on Missing Persons, and the Working Group on Unaccounted for Persons have undertaken considerable efforts towards establishing the fate of missing persons and mass grave sites. Within the framework of the Working Group, the Parties have agreed on a set of guidelines concerning exhumations, to ensure that these are conducted professionally, in full cooperation between the Parties and lead to as many identifications as possible. The development of an antemortem database on missing persons and the establishment of a team of forensic experts to monitor and supervise exhumations is now an urgent task. The UN Expert on Missing Persons has launched a world-wide fund-raising campaign to support these projects.

Release of prisoners and cooperation with ICTY

42. As a result of concerted effort undertaken by my office in Sarajevo in close cooperation with ICRC, UNIPTF, and the International Criminal Tribunal for the former Yugoslavia (ICTY), including the strong political support from the international community, the Parties were brought into compliance with Annex 1-A of the Peace Agreement. Intensive pressure, including the possible sanction of non-complying Parties, resulted in the release of most prisoners registered by the ICRC who were detained in relation to the conflict. For the remaining prisoners, a process was devised whereby case files on persons alleged to have committed war crimes were passed to the ICTY for review. The Parties complied fully with this process, including release of all persons for whom ICTY determined there was insufficient evidence to warrant further detention.
43. The apparent success achieved on this issue is still incomplete, however, because of substantial evidence indicating that the Parties continue to detain persons arrested prior to 19 December 1995 who have not been registered by ICRC. In addition, there have been numerous arrests of suspected war criminals in the past several months contrary to the "Rules of the Road" measures agreed to in Rome on 18 February in which no such arrests would be made prior to ICTY review of the case. My office, in conjunction with ICRC, UNIPTF, and ICTY has been working to operationalize the "Rules of the Road", but this process will require active cooperation of the Parties. Finally, there continue to be numerous arbitrary detentions of persons, including frequent cases of tit-for-tat arrests and unsubstantiated "war crimes" arrests, which have the effect of impeding freedom of movement for those who perceive they are at risk of arrest.
44. While there has been some improvement by the Parties to comply with their obligations with respect to war crimes and cooperation with ICTY, the record is incomplete and inadequate. No state or entity in the area has been able or willing to comply fully with the terms of the Peace Agreement on this important point. To date, only the authorities of the Federation of Bosnia and Herzegovina have partially complied by arresting, on the territory controlled by the B/H Army, and transferring into ICTY custody in the Hague, individuals of the same ethnicity who had been indicted by ICTY, but have not been able to do the same concerning individuals on the part of the Federation territory controlled by the HVO. On the territory of Republika Srpska there have been no attempts to live up to the obligations of the Peace Agreement on this point. According to the UN Security Council Resolution 827(93) the Parties are under the obligation to surrender persons

indicted by the Tribunal. There can be no exception to this obligation.

45. According to the Peace Agreement, persons indicted by the Tribunal can not hold or seek public or elected office. On this point, Republika Srpska has stood out against all others in not being in compliance. However, on 30 June Mr. Karadzic handed over all his functions as President of the Republika Srpska to one of his Vice-Presidents, thus leaving public office. Although this is significant progress in this regard, the same obligation is not yet met in respect to General Mladic.

Human Rights

46. Respect for human rights and rule of law are prerequisites for a lasting peace in Bosnia and Herzegovina. Despite commitments to uphold the highest standards of human rights protections, the Parties have not fulfilled their obligations in this regard. While it would be unrealistic to expect immediate implementation of all the human rights provisions of the Peace Agreement, the Parties have not taken concrete steps to eliminate conditions which threaten the goal of a multi-ethnic society which had been envisioned in the Peace Agreement. The political leaders must commit themselves to ensuring that the full range of civil and political rights are protected for all citizens.
47. In order to accomplish these objectives and reverse the trend toward ethnic separation, the Parties must take certain urgent concrete steps, including adoption of amnesty laws, permitting freedom of movement, instructing local officials that harassment and intimidation of vulnerable populations will not be tolerated, bringing property laws into compliance with the Peace Agreement, releasing all persons who have been detained arbitrarily, and ensuring that officials responsible for abuse and human rights violations are punished appropriately. My office, in cooperation with the international community, is working continuously to achieve each of these goals, but these efforts are ultimately the responsibility of the Parties and therefore require the active cooperation and support of the political leadership. A report on the implementation of the human rights provisions of the Peace Agreement prepared by my Office for the Mid-term Review Conference in Florence is attached as Annex 2.
48. With the aim of coordinating the efforts of various international organizations active in the human rights field a Human Rights Coordination Centre was established on 14 March under the auspices of my office in Sarajevo. It has been dealing with individual cases appearing daily, as well as monitoring the overall human rights situation in close contact with the UNHCHR, UNIPF, OSCE, ICRC and the European Community Monitoring Mission.

Sarajevo

49. Recognizing the importance of a multi-cultural and multi-ethnic Sarajevo to the process of reconciliation in Bosnia and Herzegovina, my office has been working intensively to monitor developments in Sarajevo since the completion in the second half of March of the transition of territories between the two entities. I am concerned about the continued harassment and intimidation of remaining Serb population in the Sarajevo suburbs, and note that it is the responsibility of the political leadership to create conditions in which Serbs can live in Sarajevo without fear. My office is facilitating this process through the Joint Civilian Commission for Sarajevo, which has reached several important agreements to address the needs of vulnerable populations in Sarajevo. These decisions cover preservation of property rights, freedom of access and continuity of the educational system and participation in public life.
50. Some practical steps in this direction have been achieved, including the participation of Serbs in the Ilidza Municipal Council and the resumption of the educational program for Serb children in that municipality. However, many of the other arrangements agreed to in

the JCC for Sarajevo have yet to be fulfilled by the local authorities; the result is that there has not been a substantial return of Serbs to the Sarajevo area. Federation authorities are not doing enough to regulate the occupation of empty houses by refugees or displaced persons from other parts of Bosnia and Herzegovina, nor are they taking sufficient steps to protect Serbs who have chosen to remain in Sarajevo from threats and occasional violent incidents.

IEBL and Brcko arbitration

51. The Parties have by now made substantial progress in adjusting the Inter-Entity Boundary Line (IEBL). Most of the practical issues which had been outstanding at the time of the signing of the Peace Agreement are now resolved, with discussion continuing under IFOR auspices on the last remaining sections of the IEBL, and in particular on the sensitive Sarajevo district of Dobrinja.
52. The Federation has nominated Dr. Cazim Sadikovic, and the Republika Srpska Dr. Vitomir Popovic as their members of the Brcko arbitration tribunal. The Parties have until 14 July to agree on the candidature of the third arbitrator.
53. I have urged the nominated arbitrators to agree urgently on the third persons, who will also be the presiding officer of the Arbitration Tribunal, thus making it possible for it to convene as soon as possible.
54. Arbitration will undoubtedly be a difficult issue. But the sooner it is tackled by the Parties the better chance there is for a mutually acceptable negotiated solution, which would take into account the legitimate interests of all Parties and would best serve the people of Brcko.

Mine clearance

55. With more than 3 million land mines still scattered all over Bosnia and Herzegovina mine clearance is a matter of great urgency and importance and remains a major prerequisite for any large-scale reconstruction projects or return of refugees and displaced persons to succeed. This task will require consistent efforts of all Parties and the international community.
56. The Mine Clearance Policy Group, established under the auspices of my office in Sarajevo and chaired by my military advisor has succeeded in formulating a national mine clearance strategy for Bosnia and Herzegovina. It will now concentrate on setting priorities for further efforts on international, B/H and entity level. Several pilot projects are already under way in Sarajevo, and a national demining-training school has opened in the Republika Srpska.
57. In order to coordinate these efforts a Mine Action Centre was set up in Sarajevo on 20 May, as part of UNMIBH, with active participation of IFOR and my staff. It is expected to initiate a wide-ranging programme of mine-clearing and training of local personnel, inviting potential donors to provide financial support and expertise.

Regional stabilization

58. Negotiations on sub-regional arms control, pursuant to Article 4 of Annex 1-B of the Peace Agreement, chaired by the OSCE, have been successfully concluded, and the relevant agreement was signed in Florence on 14 June.
59. Implementation of this Agreement will facilitate the opening of the last round of negotiations on regional arms control envisaged in Article 5 of the above-mentioned Annex.

Constitutional arrangements

60. The implementation of the Peace Agreement is expected to culminate with the creation and functioning of new common institutions of Bosnia and Herzegovina following the elections. That will constitute, in effect, the start of the process of political reknitting of the country, without which any long-term stability is hardly possible.
61. In order for this complex process of post-election implementation of the Constitution to succeed preparations have to start now. It is therefore especially disappointing that the Parties are still behind their obligations in amending existing Entity constitutions to bring them into conformity with the Constitution of Bosnia and Herzegovina, something they had had to complete as early as 14 March.
62. In view of the importance and urgency of the issue I have drawn the attention of the Parties to the necessity to initiate preparatory work on the organizational and logistical modalities concerning post-election formation of common institutions, specifically convening without delay the Presidency of Bosnia and Herzegovina, followed immediately by the nomination of the Chair of the Council of Ministers; convening the Parliamentary Assembly and selecting the delegates to the House of Peoples; adopting the internal rules of procedure of the above bodies within one week upon convening.

Federation issues

63. The Federation of Bosnia and Herzegovina continues to be an indispensable building block for the successful implementation of the Peace Agreement. Efforts aimed at setting up all necessary Federation structures and promoting relations between the Federation partners have been continued by my staff with the helpful assistance of some governments.
64. These efforts resulted in the signing by the top leaders of the Federation of the Sarajevo Agreement of 30 March stipulating freedom of movement, transfer of governmental structures, namely in the areas of finance, internal affairs and defense, formation of cantonal governments and making the overall federation mechanism functional.
65. This was followed by the Petersberg Declaration of 25 April and the Joint Statement of the Federation Forum of 14 May covering various aspects of Federation implementation, including, among other things, elections, media, human rights, police and defense issues. Regrettably, on the ground, implementation has not progressed quickly. The Defense Law has not yet been passed, and command and control agreement for a single Federation Army has not been achieved.
66. In spite of some progress towards creating a stable and democratic Federation of Bosnia and Herzegovina, there still remains a lot to be done, however, to achieve that goal. Relations between Federation partners, especially on local and regional level, have to be strengthened and outstanding issues resolved. This can only be possible with active and genuine cooperation of the political leaders of the constituent communities in the Federation.

4. COOPERATION WITH IFOR

67. Relations with the NATO-led Implementation Force have continued to be extensive and constructive.
68. At the political level I have maintained close contact with the NATO Secretary General, Mr. Javier Solana. I also briefed the North Atlantic Council on a regular basis.
69. At the strategic level my Brussels office and my team of military advisors, led by General de Lapresle, were in liaison with the NATO military authorities, including the Supreme Headquarters Allied Powers Europe (SHAPE).

70. At the operational level my team is in constant contact with IFOR and the ACE Rapid Reaction Corps (ARRC). Representatives of IFOR and ARRC participate actively in the work of joint commissions and working groups established by my Sarajevo office, both at national and regional levels. I am represented on the Joint Military Commission.
71. Since the completion of some of the more urgent tasks of military implementation IFOR has been in a position to allocate more assets and resources to meeting the needs of civilian implementation. Coordination meetings are held on a regular basis with participation of major civilian implementation agencies to define the practical modalities of the use of IFOR assets and resources. Some projects in the field of infrastructure restoration, telecommunications, elections preparations are already under way.
72. I particularly appreciate IFOR's practical assistance to my office in terms of providing in-theatre air transportation and communication facilities.
73. Of particular significance is also the support provided by IFOR to UNIPTF on the ground. As recent developments have shown, this support is an essential element in enabling the UNIPTF to effectively supervise freedom of movement and public order throughout the country.

5. LOOKING FORWARD

74. After six months of peace implementation, the record is a mixed one. The progress in the daily lives of ordinary people is sometimes staggering, at the same time the political tensions that caused and drove the war are still very much in evidence. Peace as the continuation of war by other means is still dominating over peace as genuine reconciliation after the horrible years of war.
75. The economy is gradually coming back to life. Although I am concerned with the funding shortfalls in the vitally important joint infrastructure programmes that must be supported by the international community, progress is now evident when it comes to restoring the economy. The problems ahead are however massive, with the triple task of the reconstruction after the destruction of the war, the reintegration of an economy that has been brutally torn apart and the fundamental reform of an old socialist system towards a modern and open market economy.
76. Some refugees and displaced persons are now coming back, although it must be a source of serious concern that practically all of the returns so far have been to majority areas, and there have so far been larger numbers of new refugees and displaced persons generated as a result of the transfers of territories than there has been refugees and displaced persons coming back after the war. As a climate of thrust is gradually established, and movements across the Inter-Entity Boundary Line gather momentum, it is of the greatest importance that accelerated efforts are made to facilitate the return also to what is presently seen as areas of dominance of another ethnic community. Over the longer time period, this is crucial for the success of the peace implementation efforts.
77. I must report my serious concern with the fact that the Parties are not implementing their commitments in respect of human rights. Even taking all of the problems resulting from the war into account, the performance of the respective authorities can in no way be seen as satisfactory. Of particular concern is the pattern of either encouragement or tolerance of ethnic harassment, as detailed in my Report on Implementation of the Human Rights Provisions of the Peace Agreement to the Florence Conference. This causes the country to continue to drift apart in a development that is contrary to the declared aim of re-establishing a multi-ethnic society. While declared official policy is different in the different communities, with Republika Srpska and the so-called "Croat Republic of Herzeg-Bosna" authorities openly speaking about resistance to inter-ethnic integration, the

difference in practice on the ground between all the different parts of Bosnia and Herzegovina is sometimes not easy to detect.

78. As reported to you, no one of the Parties have co-operated fully with the International Criminal Tribunal for the Former Yugoslavia in the handing over of persons indicted. Reports to me indicate that of those so far indicted, 50 are likely to be found on the territory of Republika Srpska, 15 on the territory of the Federation with some of them alternating with the Republic of Croatia and three on the territory of the Federal Republic of Yugoslavia. We must continue to make clear to all the authorities concerned the important obligations they have under the Peace Agreement to cooperate fully with the ICTY. My office will do whatever it can to support this.
79. Focus of activities in Bosnia during the third phase of peace implementation that we have now entered is the holding of nation-wide elections on 14 September, as recently certified by the OSCE Chairman-in-Office. There will be no less than 10 different elections, out of which five are necessary in order to pave the way for the setting up of the common institutions of Bosnia and Herzegovina. The task of organizing these elections is far from easy, with more than half of the electorate displaced since the latest election in 1990, including a large number in foreign countries, and with freedom of movement and communications inside the country still seriously restricted.
80. Certain key conditions for elections must be improved during the weeks and months ahead. I am particularly concerned with the lack of objectivity of existing media, and my office in cooperation with the OSCE and key countries is trying to facilitate the development of independent media networks across the country in order to improve the climate for the elections.
81. The elections are the key to setting up the common institutions without which it is almost certain that the country will continue to be partitioned, or perhaps even drift even further apart.
82. The setting up of these common institutions – Presidency, Parliamentary Assembly, Council of Ministers, Constitutional Court and Central Bank – will be the crowning task of the first year of peace implementation. Given the fears and tensions that still exists, as well as the complexity of the constitutional arrangements of the Peace Agreement, this task will be no means be any easy one. Within the framework of the Joint Interim Commission, I have started contacts between the Parties in order to try to prepare the ground for the talks on these issues that will be initiated immediately after the result of the elections becomes available.
83. Prior to that, more progress is needed in implementing the different agreements on the setting up of the Federation. I am concerned that lack of progress in setting up the Federation could be used also to prevent or complicate the setting up of the common institutions.
84. The international community must safeguard the integrity of the structures agreed upon in the Peace Agreement. This will be especially important in view of the tendency by different Parties to interpret the Agreement only according to their interests. We must be firm in preserving the internationally recognized united state of Bosnia and Herzegovina, although this will be not be a unitary state, but a highly decentralized one with more extensive devolution of key responsibilities to the two entities than seen anywhere else in the world.
85. The process of setting up the common institutions will dominate the period after the elections. This is the same time as the Brcko issue will have to be solved, the different other public bodies on different levels elected will have to start their work and a transition will begin to the post-1996 international peace implementation structures, including the withdrawal of IFOR. This will be the by far most important phase of peace implementation during this year.

86. In spite of all the obvious problems that we have to deal with, I remain convinced that the goals of the Peace Agreement can be achieved. It would however be naïve to believe that this can be done fully in just one short year, and that it will happen without an active involvement by the international community over time. The Florence Conference gave a mandate to the Steering Board to start a discussion on these issues in the near future. It is my view that our involvement must not only be longer in time than 1996 but also wider in geographic scope in view of the interrelationship between the different areas of tension in South-Eastern Europe.

Carl Bildt