

OHR Reconstruction and Return, March 1998

RRTF: Report March 1998

An Action Plan in support of the return of refugees and displaced persons in Bosnia and Herzegovina

March 1998

B. Strategy

B.1. Goal and Priorities

17. According to the Dayton Peace Agreement, each citizen of Bosnia and Herzegovina shall be provided with the effective right to choose in a free and informed manner his/her place of residence within the country:
"All refugees and displaced persons have the right freely to return to their homes of origin" (Annex 7, Article I, 1)

"The Parties undertake to create in their territories the political, economic, and social conditions conducive to the voluntary return and harmonious reintegration of refugees and displaced persons, without preference for any particular group." (Annex 7, Article II, 1)

"Choice of destination shall be up to the individual or family, and the principle of the unity of the family shall be preserved. The Parties shall not interfere with the returnees' choice of destination, nor shall they compel them to remain in or move to situations of serious danger or insecurity, or to areas lacking in the basic infrastructure necessary to resume a normal life." (Annex 7, Article I, 4)

Freedom of choice requires that the right to return is truly effective (i.e. that political conditions are in place for safe return), but the "right to return" does not include any "right to a job" or "to a house" in the place of return even though assistance may be provided to that effect.
18. Financial assistance is not a major factor in the decisions refugees and displaced persons make about whether to return or to relocate. Using donor resources to generate movements is unlikely to be successful. But external support may well be essential for the eventual success of reintegration in areas where refugees and displaced persons have decided to settle. The goal of the assistance program should therefore be two-fold:
 - Helping to remove political blockages, through political efforts and use of appropriate linkages ("breakthrough approach"); and
 - Ensuring the success and sustainability of population movements through financial assistance.
19. Since resources for implementing the assistance program are likely to be scarce, priorities need to be set. They should include support to:
 - Sustainable minority returns, with particular focus on return to large cities and on rural community "group returns";
 - Returns of majority refugees and displaced persons (particularly from abroad);
 - Improvement of economic conditions and living standards in order to curtail further emigration; and
 - In appropriate cases, settlement in cities of rural people who are unwilling to return to a majority area (inter alia, to promote and facilitate returns of urban minorities).

B.2. Key Principles

20. Four key principles should guide donors:

BOX 4: ASSISTANCE AND RETURN: A THREE-STEP PROCESS

1. Political support of the international community for safe return. Preparation of projects to be implemented in case of actual returns.
2. Return movement initiated (e.g., precursors, effective measures taken to prepare return) possibly with emergency and essential, low level assistance.
3. Provision of donor assistance to ensure the sustainability of returns through reconstruction and economic development.

Accompany movements.

Most population movements will be spontaneous (although they will be influenced substantially by the level of political support provided by the international community). These movements can hardly be foreseen, since very little information is available on people's intents. Targeting beneficiaries adequately prior to actual movements is difficult. Donor financial support should, therefore, accompany (or even follow) movements which are actually taking place, to help ensure their success (see Box 4). Since the level of assistance likely to be available will probably not even be sufficient to support adequately actual returns, projects which aim to "precede" movements should be supported only when they have adequate linkages and are aimed at improving the political environment in a return area. A degree of flexibility must also be kept to make it possible to respond to unexpected (and confirmed expected) returns. UNHCR should play a critical role in keeping donors updated on population movements which are taking place. Criteria could also be further developed to identify areas where returns could take place (e.g., "cluster areas" and "regional axis") and which should therefore be subject to particular political efforts and close monitoring of movements.

BOX 5: A TWO-FOLD APPROACH

1. Incentive mechanisms should be developed with donor support and an appropriate legal and regulatory framework put in place by Bosnia and Herzegovina's authorities, for refugees and displaced persons to reintegrate without direct external financial assistance.
2. Direct assistance should be provided by donors in support of projects targeted at the most vulnerable and projects expected to have critical political impact.

Accompany local "integrated projects" with structural reforms (see Box 5). Local integrated projects, which aim to revive local communities through a combination of interventions in housing, local infrastructure and employment generation, are vital in many instances. But the cost of these projects is such that they can assist only a small percentage of potential returnees while the reintegration process cannot be successful if the overwhelming majority of refugees and displaced persons is neglected. For those who cannot benefit from integrated projects, donors should assist in ensuring that regulations and financial mechanisms enable returnees and displaced persons to effectively remedy their current difficulties without significant external

financial support (mainly through market mechanisms). To that effect, donors should:

- i. encourage Bosnia and Herzegovina's authorities to address a series of key policy issues, possibly by using appropriate linkages;
- ii. leverage private resources (particularly for housing reconstruction and employment generation); and
- iii. target grants towards the most vulnerable.

Provide assistance to all, in proportion to needs. In principle, support should be extended to all, regardless of ethnicity and destination choice, provided that:

- i. the property rights of others are respected (i.e. no occupation of a housing unit against the will of its owner); and
- ii. assistance is a step towards a durable solution (i.e. no return for repairing and selling a house only).

Efforts should be made to direct part of the assistance to the residents in communities where returns take place since reintegration requires not only aid projects, but also the rebuilding of the social fabric. When selecting project beneficiaries, particular attention should be paid to striking a proper balance between returnees, displaced persons and residents, in order to prevent or accentuate the widespread resentment of residents against returnees. In view of the scarce resources available, however, support should be proportionate to the vulnerability of beneficiaries and the nature and level of assistance provided should reflect the situation of the different groups (e.g., minority returnees have, in general, greater needs than majority returnees).

Fully involve all relevant authorities of Bosnia and Herzegovina. Organizations active in reintegration-related sectors often see the involvement of local authorities in both project design and implementation as the most critical factor for success. Successful reintegration cannot be possible without the participation of the society, and falls ultimately under the responsibility of its elected leaders. All relevant authorities in Bosnia and Herzegovina should therefore be associated with donor efforts. In particular, they should be involved in the selection of projects in their territory.

22. Reintegration-related activities should also be considered in a broader perspective. Successful reintegration will require continued economic revival. Donor support has made it possible to initiate such an economic restart and should be pursued. Financial assistance is still necessary for projects not directly related to the reintegration of refugees and displaced persons (e.g., countrywide infrastructure), and additional efforts are also essential to improve the macro-economic framework (e.g., privatization). The EC and the World Bank have prepared a report outlining the main requirements in each economic sector. The OHR-chaired Economic Task Force is also providing useful guidance for best use of donor resources.
23. Last but not least, time is a critical factor for successful reintegration. Wounds need time to heal. Minorities need time to feel "at home" again in areas controlled by other ethnic groups. Time is essential for the rebuilding of the social fabric. Donor assistance cannot replace this essential element and will still be needed, although possibly in a different form, in the years to come, with emergency projects gradually replaced by transitional strategies.

B.3. Conditionality and Linkages

23. Financial assistance can play an important role not only in developing conditions conducive to successful reintegration (e.g., through housing, employment, education or infrastructure projects), but also in encouraging all relevant authorities to comply with Dayton Peace Agreement provisions (and in particular to accept minority returns). Donors should consider using their assistance in ways which will maximize its impact on the attitudes of authorities vis-à-vis returnees and displaced persons.

24. Aid should be targeted in a privileged manner to areas where local authorities have adopted a positive attitude (“positive linkage”), e.g., “Open Cities”. Care should, however, be taken to allocate resources based not only on political, but also on economic criteria. In order to qualify for assistance, projects should:
- i. meet agreed political conditions; but also
 - ii. address priority needs; and
 - iii. be sustainable over the medium-term.

Efforts should be made to avoid financing activities which, although politically correct, would have little impact on poverty, or would not be sustainable over the medium-term.

25. Effort should be made to avoid directing aid to municipalities where authorities obstruct the reintegration of refugees and displaced persons (especially minority return). Exceptions could be made for emergency projects which directly benefit returnees and are implemented by organizations independent from the municipal authorities. Some public and private enterprises have also been actively impeding returns. Donors should make all efforts, to ensure that such companies do not benefit, directly or indirectly, from their assistance (e.g., as contractors or beneficiaries of lines of credit), and should discourage private investors from developing business relations with these companies. “Negative conditionality”, which would prevent the allocation of assistance to specific municipalities, could also be applied, upon decision of the High Representative, as agreed within the context of the Economic Task Force.

B.4. Pillars and Cost Estimates

26. A four-pillar assistance program should be implemented, including activities in the following areas:
- **Political environment and security.** Political and security-related constraints to return and reintegration should be removed, through:
 - i. exerting adequate political pressure to enhance acceptance of return, e.g. through the RRTF Regional Centers;
 - ii. supporting UNHCR in addressing protection issues, in Bosnia and Herzegovina as well as in a broader regional context;
 - iii. assisting the United Nations International Police Task Force (IPTF) in its efforts to restructure and retrain police forces for improving security over the medium-term;
 - iv. providing financial support and technical assistance to the authorities of Bosnia and Herzegovina, in order to ensure the smooth functioning of the social safety net and satisfactory delivery of education and health services.
 - v. providing financial support and technical assistance to the Bosnian authorities to ensure the proper functioning of the social safety net and other public services;
 - vi. promoting judicial system reform and strengthening human rights institutions, such as the Ombudsperson and Human Rights Chamber; and
 - vii. strengthening civil society initiatives, including ensuring a satisfactory education system for all.
 - **Economic revival and employment.** Assistance should be provided to create sustainable jobs over the medium-term for returnees and displaced persons, through:
 - i. promoting private sector development and sustainable growth, with a combination of policy interventions and specific projects;
 - ii. implementing emergency measures, for alleviating unemployment during the transition period (with a view to directing scarce resources to areas which have some economic potential for sustainable employment to be generated beyond this period) and
 - iii. reducing discrimination against returnees and displaced persons on the labor

market.

- **Housing.** Support should be provided for returnees and displaced persons to have satisfactory accommodation, with due respect to property rights, through:
 - i. supporting the restoration of property rights;
 - ii. improving the housing sector's regulatory environment, and in particular removing unnecessary rigidities to ensure better matching between demand and supply (and improve existing space allocation), and developing adequate mechanisms for leveraging private financing; and
 - iii. addressing issues which cannot be resolved through market mechanisms, and in particular accommodation for the most vulnerable.
- **Local infrastructure.** Infrastructure works should be carried out to support return and reintegration, through:
 - i. remedying existing shortages, which may impede return and reintegration; and
 - ii. encouraging municipal authorities to accept returns (and in particular minority returns) by using "positive linkages".

27. A number of "host countries" are also providing returnees with "incentive packages" (mainly financial assistance for the first months of return). Such assistance has proven both helpful and effective. Annex 7 provides a description of the main schemes currently in place. Asylum countries planning large repatriation movements are encouraged to continue providing such support, and, to the extent possible, to review and improve their incentive packages as necessary.

28. The assistance program is part of the Priority Reconstruction Program designed by the EC and the World Bank and supported by the international community. Within this framework, about US\$520 million of the 1998 requirements is directly linked to reintegration (see table 3, box 6 and breakdowns in next sections). Several donors, and particularly the EC and the US, have already announced their commitment to contribute significantly to this effort through programs already undertaken or currently being designed:

Table 3: Reintegration-related External Financing Requirements (US\$ million) 1998 Requirements	
Political Environment and Security	90
Economic Revival and Employment	125
Housing	125
Local Infrastructure	180
Individual "Packages"	-
Total	520
BOX 6: ASSESSING EXTERNAL FINANCING REQUIREMENTS	

Financing needs for effective reintegration are huge, and donor assistance can cover only part of them. In preparing this Action Plan, several elements have been used to assess and prioritize external financing requirements in support of each pillar, including:

- relative needs in each sector, as assessed during the preparation of the reconstruction program, with a focus on needs resulting from expected population movements; and
- demonstrated and expected absorption capacity in each sector based on the experience of the last two years, the level of development of institutions, the existence of detailed programs to be financed, etc.

Authorities in Bosnia and Herzegovina have, however, underlined that about US\$8,000 to US\$10,000 per person would be needed for successful return and reintegration, i.e. about US\$3 to US\$4 billion for the expected 300,000 to 400,000 persons.

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Office of the High Representative Reconstruction and Return Task Force