Speech by the High Representative, Wolfgang Petritsch, at the opening of the OHR Travnik office

Ladies and Gentlemen,

I would like to express my thanks to Ulrich Bucher and all his staff in Canton Six. As the Special Envoy for Bugojno, Gornji Vakuf-Uskoplje and Prozor-Rama, Mr Bucher was responsible for streamlining OHR operations, closing the Bugojno office and establishing headquarters in Travnik, where he is the new head of office.The Travnik office will also serve as the premises for the Reconstruction and Return Task Force staff, who were previously accommodated elsewhere in the town, and there is additional space for staff from other international agencies.

OHR's Canton Six streamlining exercise may serve as a model for the streamlining which will shortly get underway throughout Bosnia and Herzegovina. The object is to increase the efficiency and effectiveness of the IC, even as international resources allocated to BiH decline. Tasks will be clearly benchmarked, and operations will wind down as and when tasks are completed. At the same time, responsibility for strategic decisions will be systematically handed back to the local authorities.

Streamlining is based on fulfilling objectives, not abandoning them. This is illustrated by the Canton Six experience, especially in the field of return. Return depends on the rule of law, including property law, and on the integrity of institutions, including efficient and impartial town hall administration and professional community policing. These

criteria have largely been met in Canton Six. In 2001, the local authorities reported 8,500 returns. Although this was down from the 13,500 returns reported in 2000, there has been an increase in the number of Serb returns, a development that promises to restore the Canton's traditional demography.

In addition to a positive administrative and security environment, substantial sums have been invested in Canton Six housing reconstruction, by the local authorities and the IC working productively together to establish co-financing schemes that optimize resources and expertise. A project run by the US NGO the Cooperative Housing Foundation (CHF) is pioneering the provision of commercial credits and long-term mortgages to people who are building or rebuilding their homes. This is an example of the important shift away from grants. The Canton and the Federation must now do everything in their power to increase transparency in the beneficiary selection process. Too many citizens are not informed about how to qualify for assistance.

We have also seen a positive development in the form of citizens' return associations which have been established in Bugojno, Donji Vakuf and Jajce. These associations help identify infrastructure reconstruction needs as well as potential beneficiaries, and they show returnees taking ownership of the return process.

The 1999 Property Laws have provided the local authorities with the legal infrastructure to facilitate return. In 2001 most municipalities and the Canton had allocated funding for alternative accommodation. Property law implementation has gradually come to be seen as a "win-win" situation, as many temporary occupants are also claimants in nearby municipalities. However, there are still black spots in Central Bosnia where alternative accommodation is not being provided. Also, in some areas multiethnic policing has yet to be established. These are matters that must be addressed urgently.

Return has also been facilitated by the beginnings of economic recovery in Canton Six. This, needless to say, has benefited everyone, not just returnees. The Federation is seeking to improve its tax collection regime, which will eventually generate increased income for the Canton. There has been a tendency for Cantons to resist more effective Entity taxation and instead promote their own local property taxes. Yet, if local property taxes are excessively high, they will hinder the private sector's capacity to deliver an economic upturn, and it is exactly this upturn which will in due course provide the cantons with the income they need to support adequate schools, public amenities, policing, and all the other services which citizens have a right to expect from their local authorities.

There is still a huge amount of work to be done, yet we are now discussing future prospects in the context of mass return and economic growth. This is a very positive start for the new OHR office in Travnik. You will have my full support in your work, and I am confident that you will be able to build on the success you have already achieved.

Thank you.