# OHR RRTF Report December 1997 – Annex 6

## RRTF: Report December 1997

### Annex 6

The issue of relocation and property exchange

### December 1997

**Relocation**

Relocation describes the situation when repatriating refugees or displaced persons, under prevailing circumstances in Bosnia and Herzegovina, end up in places that are not their homes of origin. The war aim of forcibly displacing groups of people and systematically depriving them of the fundamentals for life at home makes the choice between return and relocation of major political relevance to the establishment of a sustainable peace.

Return to homes of origin is not only a right under Annex 7, but a barometer of progress in the overall implementation of the GFAP as such. Democratic institution building on the basis of the rule of law and the protection of human rights, the benefits of the market economy and the normalisation of the country cannot be achieved when separating people. Exclusiveness on ethnically consolidated territories whilst the geo-political interests of each ethnic group are themselves mutually exclusive, is a recipe for perpetuated instability. Victims of war will perceive their forced displacement as an injustice for generations to come. Without genuine return, the international engagement in the stabilisation of the country will only be drawn out. Cyprus

and the Middle East can serve as examples for the destabilising character of unfulfilled desires of return. International support to return will have to take precedence over relocation for reasons of regional stability as well as economic sense.

Relocation is, however, a fact. Statistics indicate that, at least, 50% of repatriating refugees relocate, particularly to the Bosniak areas of the Federation. People who cannot yet return for political and security reasons are increasingly settling down elsewhere rather than waiting and hoping that things will change. People who could return to their homes, choose not to do so for economic, political or personal reasons (no jobs, destroyed houses and infrastructure, no desire to return to rural areas after living in towns during the war, family has settled elsewhere, fears of members of minority groups ). Some NGOs and implementing agencies are providing support, even in housing, in areas where relocating persons concentrate, often in a "staging area" for their eventual return to their homes close by. Relocation turns into ethnic engineering when the authorities try to move their own national group into areas previously inhabited by an other nationality.

Some relocation was to be expected in Bosnia and Herzegovina. Rural-urban migration is an integral part of modernisation; labour migration naturally accompanies the transition from a planned to a market economy, as unprofitable enterprises shut down and people must move to where the jobs are. Such demographic changes would have happened irrespective of the war. The post-war developments encourage their own migratory patterns, because of physical and social infrastructure destruction, land mine, and psychological factors. Relocation is, in part, a transition phenomenon.

It puts pressure on existing housing stock, notably in urban catch areas with economic growth potential. This directly affects minority return. There is limited inhabitable housing

stock for relocating persons as well as genuine returnees in the most popular destinations (e.g. Sarajevo and Mostar). There are only two logical solutions. Either the housing stock will have to be expanded to accommodate more residents and to avoid a race for available housing, with overtones of “first come, first serve.” Allocation of this housing would have to be appropriately managed. Or, return to homes of origin has to be vigorously pursued.

Should international reconstruction aid and rehabilitation efforts as well as local government programmes support relocation? This decision has to be taken between sound economic, political and humanitarian parameters. Unfortunately, reliable data on relocation patterns, desired destinations of the expected further number of repatriating refugees, regional economic development and sustainability of various areas of Bosnia and Herzegovina are not sufficiently available. Planning has to be based on assumptions. A first survey of the scope of the relocation phenomenon will be presented at the PIC-HIWG meeting on 17 December 1997. A comparative analysis of the relative importance of industrial centres now as opposed to in pre-war Yugoslavia has to be undertaken in the relocation context. In any case, a solution to the refugee issue should not be sought through relocation. Relocation adds to the set of return-related problems.

The trend in international assistance is moving away from housing reconstruction. Unless the international community decides to change this trend, the “race” between minority returnees and members of the majority community relocating will become a reality in 1998. The choice is simple: either major breakthroughs in minority return take place in early 1998, allowing refugees and displaced person to return to their pre-war dwellings, or the space will be filled by relocating persons, property legislation notwithstanding. (For operational purposes, a real breakthrough could be defined in relation to (i) credible numbers (ii) the return of “normal”

family units and not just the elderly, and (iii) the return of all three national groups to both Entities. Presently, so-called minority return is most often limited to the elderly, and therefore should not be regarded as a sustainable return of the expelled community). It is also of paramount importance that host countries must act responsibly by pressuring openings for return instead of accepting and inducing relocation.

A closer look at the relocation problem reveals its complexity. The most immediate need resulting from relocation is proper accommodation. International as well as local budget resources will not be available to adequately address the effects of relocation, given the large funding gap in the housing and social infrastructure sectors. So far, international grant aid has not been allocated to new housing, apart from some war-time refugee camps. In a limited number of places, apartment blocks that were under construction but had remained unfinished due to the war, were completed under the World Bank housing programme. Loan financing to cover needs arising from relocation still appears as the only identified source of funding. New creative solutions to provide relocating persons with mid-term temporary accommodation still have to be sought, in a way that does not impede minority return nor risk being centres to which refugees are pushed to go.* The legal situation on property that, in both Entities, still has to be brought into compliance with Annex 7, will also determine solutions. Possible assistance to relocating persons must be determined by guiding principles and should not prevent minority returns to that area. Support could be linked to current initiatives supporting minority return and become part of an integrated approach which assists the entire community: relocating and displaced persons, returnees and local residents alike. Relocation movements should not be forced and should only occur on the basis of individual informed choices (preferably, to where there is identified accommodation). Location-specifical, elements such as the

vicinity to the original place of origin, the absorption capacity, accommodation possibilities, employment opportunities or family links in the place of intended relocation, are also of relevance. Many refugees and displaced persons will prefer to relocate to urban areas rather than to go back to rural areas. Urbanisation trends could, however, also differ from the pre-war situation, with a modern agricultural sector, based on European models, able to hold mountain farmers, and some industrial centres becoming obsolete. Social tensions will arise between residents and relocating persons.

In terms of resource allocation, relocation is costly. Aggregate costs have to be determined in comparison to genuine return. Training skilled staff to replace people who do not return, losses in production skills have to be vectored into decisions on where to sustain return or relocation. New housing and new settlements can only be cost-effective if land is provided by municipalities, free of charge, and if housing construction is undertaken in areas with some level of social infrastructure is already in place. On the other hand, genuine returnees will have added motivation to work on their own houses and invest own resources. In some cases, however, secondary housing might be provided by the international donor community, giving new housing space to displaced persons on a temporary basis. To ensure the provisional character of such housing, the respective international donor should arrange, with the consent of the local authority, the management of the allocation of temporary housing space before such buildings can be handed over for their final use, preferably as social centres, homes for vulnerable people and the like. It is also evident that such new housing for temporary use will be established in municipalities that can expect, for reasons not related to the war, to attract domestic migration due to their economic potential, and therefore be in need for a corresponding increase in social facilities. In such areas, private funding of new housing space by development companies

and building societies could be encouraged. The RRTF will further elaborate guidelines on such secondary housing.

Overall, international or local government support to relocating persons would be a costly and complex affair. Decisions will be exasperated by the lack of consensus between the Entities of Bosnia and Herzegovina as well as of a joint policy towards return and reconstruction at the central State level. It is therefore justified also from the point of view of resource allocation, to actively pursue return to homes of origin as a priority, whilst only reactively to find temporary or permanent solutions for relocating persons. Initiatives such as Open Cities, the return to Central Bosnia and the implementation of elections' results, aiming to enable people to re-start their lives at home, will remain in the fore.

* **New creative solutions to housing space needs, not only in the context of relocation, might include:**

1. Move away from grant-based donor repair programmes. Repair of private houses on a grant basis has no longer an economic justification (but has a political justification, particularly in support of minority returns): residents are either able to repay the value of repairs on a long-term credit basis (30 years maturity, low interest), or contribute up-front in cash x% (e.g. 20%) of the cost of works. Moving away from grant programs will: (i) increase leverage of scarce donor resources; (ii) improve ownership responsibility of new/ returning residents to maintain the rebuilt houses; (iii) increase likelihood of actual return to the property by owner.
2. Move away from repair programmes towards housing loan programmes. Donors should be encouraged to support a mortgage-based private home repairs loan programme.
3. Build up sustainable public housing management systems. Privatisation of flats is not the answer to the issue of maintenance of public apartment buildings. Housing

management companies need to be created, which charge rents that cover the full cost of building operations and maintenance, plus an allowance for future investments for building improvements. Today, rents are not charged everywhere, and actual collections on billed amounts are very poor.

4. Introduce targeted income support, if needed. Once step (3) is accomplished, there may be a need to support low-income families with financial assistance to reduce their monthly rental bills. But this should be strictly limited based on social criteria. However, there is no public revenue available at this time for such support by Cantons or municipalities. Public revenue and expenditure patterns will have to be radically changed to meet the demands of return and reconstruction.
5. Encourage new private-sector based building construction. A significant share of the population may be willing and able to pay for higher-quality new living space. These persons would move out of lower-quality public housing which would become available for returning refugees and displaced persons. Therefore, laws and regulations should facilitate and attract the investment by private-sector building developers which would produce new high-quality living space. Government support for that purpose could include provision of land, as well as investments into sites and services (water, roads, telecommunications, etc.); the latter could be financed in part through donor funding.

## Property exchange

Another angle of relocation, the phenomenon of property exchange, illustrates some of the dangers which can arise through currently occurring transactions. According to the limited and often anecdotal information which is presently available, property exchanges are taking place and are on the increase, both within and between the Entities. Concerns

presently arise about the scope for exploitation, and for exchange activity to undermine the goal of return. The sale of property by persons decided not to return under present conditions, is leading to social tensions when property is sold in one Entity whilst the vendor continues to occupy a displaced person's property in the other. Property exchange and sales currently also consolidate ethnic separation.

Unlike in many other countries, exchange as a form of property transfer has traditionally been an accepted and an entirely lawful alternative to sale (largely made necessary because of the unavailability of credit finance in the market). In the present environment, however, where exchange value is unregulated and where many parties are in unequal bargaining positions, manipulation is distinctly possible. Cases are reported where intermediary 'agents' have offered properties for exchange which are not vacant, or which are not owned by one of the purported exchanging parties. Further, even where the intention is genuine, discrepancies in laws and practices between Entities may prevent exchanges being legally effective, or leave one or both parties unprotected.

There is a need for the RRTF to explore this area further in 1998. More information will be sought and obtained on the scale of exchange and other transfer activity. Based on this, further steps can be taken to ensure greater protection for property owners and occupants, including both returnees and genuinely voluntary relocating persons. It is not desirable or practical for the international community to prevent exchanges, or to intervene to control or regulate it. However other approaches will be considered, which aim to improve the potential market environment, such as support for training of property agents (including in skills and ethics). Programmes which aim to improve the conditions in which a truly free and functioning property market should be encouraged over the year to come. The practice of exchange and sale as an effect of forced displacement will, however, remain problematic until

full compliance with the GFAP, giving freedom of movement and real freedom to dispose over one’s property without the current constraints, will provide for a genuinely free and true property market.

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