

PROGRAMME
ADDITIONAL SUPPORT PROGRAMME FOR BOSNIA AND
HERZEGOVINA IN 2001 – PHASE II

1. IDENTIFICATION

Beneficiary state:	Bosnia and Herzegovina
Programme:	Council Regulation (EC) No.2666/2000
Year:	2001
Cost:	€1.08 million
Expiry date:	31.12.2003 contracting 31.12.2004 disbursement
Sector:	AA
Group:	M
Budget line:	B7-541
Implementing Body:	European Commission Delegation on behalf of the local authorities

2. SUMMARY

Council Regulation (EC) n° 2666/2000 of 5 December 2000 provides a legal basis for the use of funds from the budget heading B7-541 under the CARDS Programme. Art. 2 of the Regulation stipulates that the Community assistance shall, inter alia, be for reconstruction, aid for the return of refugees and displaced persons, facilitating social development and strengthening the rule of law. This Financing Proposal responds to these objectives and makes specific provision for a tranche of assistance to Bosnia and Herzegovina of EURO 1.0 million for 2001 in addition to the previous tranche of Euro 37.3 million allocated to Return in year 2001.

Return - € 1.08 million: to support Refugees and Displaced Persons in urgent need of assistance (during the winter period). Funding shall be utilised to sustain breakthrough (minority) and spontaneous returns, to assist the Property Legislation Implementation Plan, and to ensure the sustainability of return through the development of business and employment opportunities in return areas.

The slow return and re-integration of displaced persons and refugees remains one of the main obstacles to the restoration of political stability and the return to economic and social normality in Bosnia and Herzegovina. As long as hundreds of thousands remain displaced, recovery will be slow and inefficient. The capacity of the international community to provide a rapid and flexible response to support the return process has been challenged by the sheer volume of returnees.

This Programme is in line with the objectives defined in Annex 7 of the General Framework Agreement for Peace, the priorities identified by the Return and Reconstruction Task Force (RRTF), the analysis of the UNHCR¹, and the "Agenda for Regional Action" of the Stability Pact². Additional funding is required in 2001 to achieve additional sustainable returns.

Maximum available: €1.08 Million

¹ See statements of UNHCR Secretary General, Ms. Ogata, at the Humanitarian Issues Working Group of 11th September 2000.

² Adopted by the Steering Committee of the Stability Pact's Return Initiative on 11th June 2001.

3. BACKGROUND

According to the UNHCR figures, 43,150 minority returns were registered throughout Bosnia and Herzegovina in the period January to July 2001 (some 90% increase over the same period of last year). Also, there were some 10,500 registered cross-border refugee returns in the same period. This reflects the continuation of the increasing return trend established last year. In 2000, there was a considerable increase in minority returns and a number of significant breakthroughs particularly in Eastern Republika Srpska. Some 67,500 minority returns were registered during the year, double the number recorded in 1999, with additional 18,000 cross-border refugee returns.

During 2000, the donor community committed funds to reconstruct or repair approximately 8,000 houses and apartments for returnees, to rehabilitate the supporting infrastructure and to provide support for the sustainability of these returns. However, there remain significant funding needs for those that are already in the process of returning and are awaiting assistance.

Approximately 488,000 people registered with the UNHCR as still displaced within Bosnia and Herzegovina and according to the RRTF approximately 249,600 property repossession claims have been filed, of which 30% have been solved by July 2001 (21% in January 2001). The implementation of the Property Legislation Implementation Plan initiated and imposed by the High Representative in October 1999 may lead to the relocation of at some 450,000 families, i.e. approximately half of the population of Bosnia and Herzegovina.

The State Ministry for Human Rights and Refugees estimates that a further 300,000 refugees are still living abroad, and that the majority of the refugees are now located in the Former Republic of Yugoslavia (200,000) and Croatia (80,000). In view of the recent changes within the Federal Republic of Yugoslavia the return issue now has a regional dimension, which is likely to increase over the next few years. According to available statistics approximately 1.2 million people still remain displaced within the countries of former Yugoslavia as of 1st January 2001 (excluding Kosovo). More than 60,000 people are currently living in collective accommodation in the region (7,500 in 80 Collective Centres in Bosnia and Herzegovina).

In order to take advantage of the momentum gained, in year 2001 the European Commission will continue supporting the return of Refugees and DPs with increased attention to regional cross-border issues in line with the recommendation from the Stability Pact - Regional Return Initiative.

The International Community is now starting to reap the fruits of its past efforts. From the political point of view the local authorities are for the first time becoming actively involved in the sector. In November 2000 the BiH Council of Ministers established the Return Fund under the responsibility of the Ministry for Human Rights and Refugees. The Return Fund would not only provide the financial means to support the return of Refugees and DPs but also be part of the decision making process and co-ordinate all the return-related activities. Furthermore, in January 2001 a Protocol on Co-operation was signed between the Local Authorities (both at state and entity level), the UNHCR and the OHR (as co-chairs of the Reconstruction and Return Task Force) to identify the needs in the sector and set up priorities of intervention. At regional level and under the auspices of the Stability Pact Working Table I a co-ordination mechanism is being established between representatives from Croatia, BiH and FRY with the aim of (a) exchanging data on property repossession, (b) harmonising the property legislation, and (c) removing the remaining obstacles for return.

There is an urgent need for integrated assistance to the Return Sector in BiH in order to capitalise upon the increasing levels of spontaneous return. Hence this programme has been prepared in advance of the formal approval of the Country Strategy Paper and the National Indicative Programme by the Commission. However, the Programme is consistent with the principles identified in the CSP and the priorities elaborated within the MIP.

Legal and institutional framework

In Bosnia and Herzegovina, refugee issues are regulated by Annex IV of the BiH Constitution, which stipulates that "the issues of migration, refugees and asylum fall within the competence of the Bosnia and Herzegovina institutions".

The State Ministry for Human Rights and Refugees was established on 17th April 2000. The main task of this Ministry is to protect human rights and co-ordinate all issues related to return of refugees and displaced persons in accordance with Annex VII of the GFAP.

In the Federation of BiH and the Republika Srpska, Ministries were established to deal with the issues of refugees and displaced persons, the Ministry of Social Policy, Displaces Persons and Refugees and the Ministry of Displaces Persons and Refugees, respectively.

At canton and municipal level, issues related to the return of refugees and displaced persons fall under the responsibility of competent Ministries and authorities.

Annex 7 of the General Framework Agreement for Peace provides the basis for the implementation of programs to support the return of Refugees and DPs. The international community, under the auspices of the Return and Reconstruction Task Force (RRTF), has subsequently introduced a number of initiatives designed to assist refugees and displaced persons to return to their original places of residence and to provide them with a sustainable income stream. These initiatives have provided support for the reconstruction of housing, the rehabilitation of related infrastructure, the creation of business and employment opportunities.

The RRTF has defined the following priorities for the year 2001:

- facilitate an increase **regional cross-border returns** from Croatia and FRY to BiH;
- support **breakthrough minority returns**;
- **consolidate returns** that have already taken place and remain unassisted;
- provide **flexible support** for spontaneous returns;
- support the **Property Law Implementation Plan**;
- establish programs targeting the **sustainability of returns**.

The 2001 programme has been designed in close co-operation with the Reconstruction and Return Task Force which provide its members (OHR and UNHCR as co-chairs, CRPC, EC, German Govt., IMG, IOM, OSCE, SFOR, UNDP, UNMIBH, US Govt. and the World Bank) with a forum in which policies can be developed and activities co-ordinated aimed at ensuring the sustainable return and reintegration of Refugees and IDPs.

In November 2000, the BiH Council of Ministers established the "Return Fund", a state body led by the Ministry for Human Rights and Refugees, to co-ordinate all return related activities. Representatives from the Ministry for Human Rights and Refugees are fully involved in the decision making process leading to contract awarding.

In view of an International Community's medium term exit strategy, it is likely that the Ministry for Human Rights and Refugees will take over the role of the RRTF in the year 2004.

4. PROGRAMMING CONTEXT

4.1 The programme rationale

This Programme builds upon and consolidates the achievements of previous Programs financed under PHARE, Obnova and CARDS in support of the return of refugees and displaced persons.

4.2 The programming criteria

The main programming criteria are:

- To provide assistance that can be contracted and absorbed quickly and efficiently;
- To ensure a sense of local "ownership" of the Programme, and in particular that it accords with the priorities established by the local authorities (particularly at state level), the Reconstruction and Return Task Force and the International Community;
- To ensure that individual program components are mutually supportive of the primary goal of facilitating sustainable return, and that they are also consistent with the priorities and planned interventions in other key Sectors: Economic Regeneration, Institution Building and Infrastructure Rehabilitation;
- To work closely with other donors in order to avoid duplication and create synergies.

5. PAST EC FUNDING

Past EC funding has been focused on infrastructure repair, sustainability measures and activities to facilitate the return of Refugees and Displaced Persons.

PROGRAMME	SUM (MEURO)	DESCRIPTION
Essential Aid (Phare 1996)	9	Integrated return projects
Europe for Sarajevo (Obnova 1996)	8	Reconstruction of housing and related infrastructure
Special Aid to Refugees (Obnova 1996)	26	Rehabilitation, monitoring and TA
Social Infrastructure and Housing (Phare 1997)	6	Integrated return projects and monitoring
Assistance to the Return of Refugees (Obnova 1997)	37	Housing credit schemes, integrated return projects, vocational training
1998 Integrated Return Programme (Obnova 1998)	111	Integrated return projects and sustainability measures
1999 Integrated Return Programme (Obnova 1999)	69	Integrated return projects and sustainability measures
2000 Integrated Return Programme (Obnova 2000)	53	Integrated return projects and sustainability measures

Since 1996, approximately Euro 319 million have been committed under both the PHARE and OBNOVA instruments through Integrated Return Programmes (IRP) to facilitate the return of refugees and displaced persons (excluding the CARDS 2001 program).

European Community funds have been used to implement sustainability measures, rehabilitate properties, basic utilities and social infrastructure. The total number of properties that will have been reconstructed with EC funds (ECHO and DG ER) is approximately 25,000 (excluding the CARDS 2001 program). Additional assistance has been provided by supporting Annex 6 and 7 GFAP institutions (e.g. CRPC, Benefits Commission) and by addressing civil society issues strictly related to return.

The main indicator of achievement to assess the impact of the housing component of the return programmes is the occupancy rate. According to the EC Return Evaluation Facility, over a sample of approximately 10,000 units, circa 80% of reconstructed dwellings were occupied by their pre-war owners on project completion³. This already significant figure is likely to increase as a result of the implementation of the property legislation.

With reference to the assessment of the impact of the sustainability measures a study carried out at the end of year 2000 on a sample of 260 beneficiary families shows that such activities had a satisfactory impact upon the objective of creating job opportunities within local communities or meeting immediate survival needs of the returnees⁴.

Support was provided in the form of *Grants for Agriculture, Grants for SMEs and Grants for Accessing Credit*.

The resultant products from *Grants for Agriculture* were largely consumed by the beneficiaries and, therefore, used principally to meet immediate survival needs or to facilitate subsistence farming and gardening.

The *Grants for SMEs* were used for the creation of new enterprises (66%) and the expansion of existing operations (34%) in the building, trade, agriculture and service sectors. The survival rate of these enterprises is high (83%).

The *Grants for Accessing Credit* have proved very effective. The credits were used to establish new businesses or to develop existing businesses. All loan repayments have been met on time and in full. The survival rates were good (above 80%). Furthermore, 86% of the products was sold into the local markets. As a result, the beneficiaries are now extensively integrated into the local economy and approximately 80% of the beneficiaries became credit-worthy and received additional credits.

³ ref. August 2001 report from the EC Return Evaluation Facility

⁴ ref. report titled 'Return Programme to BiH (job creation and economic regeneration components)' from EC Monitoring Support dated 11th October 2000.

Donor Co-ordination

The responsibility for the overall co-ordination of international donor assistance to Bosnia and Herzegovina lies with the Reconstruction and Return Task Force (RRTF) co-chaired by the OHR and UNHCR. The High Representative, who is selected by and accountable to the Peace Implementation Council, is the highest civil authority and is responsible for the implementation of the General Framework Agreement for Peace. The PIC Brussels Declaration (May 2000) reinforced the mandate of the OHR to provide political leadership and to ensure the co-ordination of donor activities.

This programme has been developed in close co-operation with the OHR/RRTF, the United Nations High Commissioner for Refugees (UNHCR) and the responsible State and Entity Ministries. It carefully takes into account the current and prospective activities of other donors in Bosnia and Herzegovina, particularly the programmes developed by the United States Agency for International Development (USAID) and other bilateral donors, notably the EU Member States.

In 2002 the World Bank Community Development Project will open the possibility for a close synergy in the area of building the capacity of municipalities in the field of economic regeneration in return areas.

The programme also reflects the on-going discussions of the Working Table I of the Stability Pact, particularly with regards to the regional dimension of the assistance.

6. PROGRAMME OBJECTIVES AND RESULTS

The wider objectives are:

- to contribute to national and regional democratic stabilisation;
- to support the implementation of Annex 7 of the General Framework Agreement for Peace, which guarantees the right to return;
- to support the implementation of the conditionality set out in the EU Road Map regarding the return process;
- to contribute to the establishment of the rule of law and the respect for minority rights.

The specific objectives are:

- sustainable return of refugees and DPs;
- strengthening local organisations and/or institutions active in the return sector

The results are:

- repair of at least 75 properties and related infrastructure;
- at least 25 jobs created
- strengthening of at least one local organisation and/or institution active in the sector

7. ACTIVITIES

Justification

In 2000, there was a considerable increase in minority returns and a number of significant breakthroughs in the return process⁵. Some 67,500 returns were registered during the year.

However, given that according to the UNHCR 43,150 minority returns were registered throughout Bosnia and Herzegovina in the period January to July 2001 (some 90% increase over the same period of last year) and that there were some 10,500 registered cross-border refugee returns in the same period, there remain significant funding needs for those that are already in the process of returning or

⁵ In 1999, UNCHR registered 41,007 minority returns.

have spontaneously returned and live in shelters or tents during the winter period. These cases should be urgently supported in a quick and efficient manner.

Scope of Work

Building on the first tranche of the CARDS 2001 return program (worth 37.3 MEuro), the activities of this additional program will cover:

- (a) housing and infrastructure repair
- (b) implementation of sustainability measures
- (c) on-the-job capacity building of local organisations and/or institutions active in the sector

Housing and Infrastructure Repair

In order to maximise the results of the program and reduce the cost of reconstruction per property, it has been recommended that wherever possible⁶ the self-help methodology should be applied. This would in turn facilitate community development and contribute to increased occupancy rates on project completion.

Implementation of Sustainability Measures

In the framework of the sustainability measures, both livelihood measures and job creation activities to generate employment opportunities in return areas will be included in each project and closely coordinated with the Quick Impact Facility. Livelihood measures are likely to be strictly adopted for vulnerable beneficiaries.

This component has a twofold crucial importance in the return process. First, from the economic perspective, it contributes to the creation of employment opportunities for both returnees and domicile population. Second, from the social point of view, is a tool for re-establishing the social texture destroyed by the war (most of returnees are minorities). This is achieved by having returnees working together with the domicile population.

On-the-job capacity building of local organisations and/or institutions

In each project an amount is to be set aside to strengthen the capacity of local non profit making organisations and/or institutions active in the return sector. Such entities should be entrusted with the implementation of some soft components of the program (e.g. selection of beneficiaries, local market audits and job creation components) under the supervision of the implementing organisation. For this purpose, partnership agreements shall be signed between implementing organisations and local non-profit-making entities.

The accounts and operations of the programme components will be checked at intervals by an outside auditor contracted by the Commission without prejudice to the responsibilities of the European Commission, including the European Antifraud Office (OLAF) and the European Union's Court of Auditors.

8. BUDGET

Programme Component	Budget in MEuro
Housing, sustainability measures and capacity building:	1.08
TOTAL	1.08

9. INDICATIVE DISBURSEMENT SCHEDULE (M € cumulated)

Jan 2002	Sept 2002	Apr 2004
0.5	0.9	1.08

⁶ This depends on the beneficiary age and skills as well as on the cohesion of the returning community

10. IMPLEMENTATION

General implementation arrangements

The Programme will be implemented by the Delegation of the European Commission in Sarajevo on behalf of the local authorities, in close collaboration with the RRTF and the local authorities, particularly at State and Entity levels.

Full devolution will apply to the management of the Programme by the Delegation.

Selection of the implementing organisation

One Grant for External Aid Contract for the amount of Euro 1.08 million shall be awarded to a non-profit-making organisation following a Direct Award procedure.

In March 2001, Non Profit Making Organisations which successfully implemented complex return projects or had been ECHO Framework Partners, were requested to forward to the Delegation project proposals to support spontaneous/regional returns or the implementation of the property legislation. These project proposals were collected in the framework of the CARDS 2001 Flexible Reaction Mechanism. A Standing Assessment Committee, comprising representatives from the RRTF (UNHCR, OHR), the EC Delegation, the State Ministry for Human Rights and Refugees and the Association of Refugees and DPs shall meet to identify one priority location where significant spontaneous or regional cross-border returns are in urgent need of assistance or where there is a need to rapidly support the implementation of the property legislation. Project Proposals received and addressing the needs in the identified priority location would then be brought before the Standing Assessment Committee. The Committee members shall be introduced with the main components of each of these project proposals and eventually recommended one of them for further technical and financial assessment. This latter shall be carried out by the Delegation. The priority location identified by the Standing Assessment Committee shall be kept confidential until the relevant grant for external aid contract is signed.

11. MONITORING, EVALUATION AND AUDIT

This programme will be monitored and supervised by the EC Delegation in Sarajevo who shall:

- a) Monitor the implementation of the programme on the basis of regular reports;
- b) Carry out regular monitoring and evaluations to follow the progress of the programme and its components as well as ex-post evaluation after the completion of the programme. In this task, the Delegation will be assisted by two units: Monitoring Support and the Return Monitoring and Evaluation Facility.

The accounts and operations of the programme components will be checked at intervals by an outside auditor contracted by the Commission without prejudice to the responsibilities of the European Commission, including the European Antifraud Office (OLAF) and the European Union's Court of Auditors.

8. RISKS AND ASSUMPTIONS

Risks

The Programme will be implemented in a complex and fragile environment, and its successful completion will be dependent upon a number of conditions. The principal risks which may affect the implementation of the Programme:

- Political stability in the Country and in the region;

- The failure of the State and Entity Governments to fulfil their obligations under the General Framework for Peace and the Stability Pact, the conditions set out in subsequent Peace Implementation Councils, or the deadlines established by the High Representative;
- The unwillingness of local communities to work constructively and effectively towards the reintegration of returnees;
- The uncertainties surrounding the peace process within BiH, and the possibility that hostilities might be resumed in parts or the whole of BiH;
- The possibility that a new political or military crisis might erupt in the region, which might threaten the stability of the State of Bosnia and Herzegovina, or might inhibit the inter-regional or cross-border co-operation necessary to ensure the safe return of refugees and displaced persons;
- The possibility that the international community might withdraw or reduce their financial support to BiH;
- The Recipients of the assistance lack the institutional, budgetary and human resource capacity to support the implementation of the Programme.

Assumptions

This Programme is predicated on the assumption that the Governments of the State of Bosnia and Herzegovina and its constituent Entities will:

- accept their responsibilities under the General Framework Agreement for Peace;
- work constructively to create the legislative, economic, social and security environment supportive of the return of refugees and displaced persons.

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Overall Objectives			
<ul style="list-style-type: none"> Democratic stabilisation in BiH and the region Implementation of Annex 7 of the GFAP Implementation of the EC Road Map Contribution to the establishment of the rule of law and the respect for minority rights 			
Specific Objectives			
<ul style="list-style-type: none"> Sustainable return of refugees and DPs Strengthen the capacity of local organisations and/or institutions active in the sector 	<ul style="list-style-type: none"> On project completion at least 75% of rehabilitated properties are occupied At least 66% of jobs created are for returnees 	EC Return Monitoring and Evaluation Facility database; Housing Verification and Monitoring Mission database; progress and monthly reports on program implementation	
Results			
<ul style="list-style-type: none"> Repair of properties and related infrastructure New jobs created Local organisations and/or institutions active in the sector supported 	<ul style="list-style-type: none"> At least 75 properties rehabilitated and connected to the utilities At least 25 jobs created At least one local organisation and/or institution active in the sector supported 	EC Return Monitoring and Evaluation Facility database; Housing Verification and Monitoring Mission database; progress and monthly reports on program implementation	
Activities			
Return Programme consisting of : <ul style="list-style-type: none"> Housing and infrastructure repair, Sustainability measures (e.g. creation of jobs for returnees); On-the-job capacity building of local organisations and/or institutions active in the sector. 	Direct Award for one Grant for External Aid contract with NPOs (sub-letting of reconstruction activities or procurement of construction material; partnership agreements with local organisations and/or institutions active in the sector to entrust them with the implementation of some project components)	Budget: Euro 1,08 million	This Programme is predicated on the assumption that the Governments of the State of Bosnia and Herzegovina and its constituent Entities will: <ul style="list-style-type: none"> accept their responsibilities under the General Framework Agreement for Peace; work constructively to create the legislative, economic, social and security environment supportive of the return of refugees and displaced persons.