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PUBLIC ADMINISTRATION ASSISTANCE TO THE FEDERATION OF BOSNIA-HERZEGOVINA, CITY OF SARAJEVO AND CENTRAL BOSNIA-HERZEGOVINA

FINAL REPORT

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ABSTRACT

The U.S. Agency for International Development (USAID) authorized a team to travel to Bosnia-Herzegovina to assess the needs and capacities to receive and implement public administration assistance for the Federation of Bosnia-Herzegovina, the City of Sarajevo and Municipalities within Central Bosnia-Herzegovina. The team visited the cities of Sarajevo, Tuzla, Mostar, Zenica, Gornyi Vakuf and Novi Travnik. At the Federation level, the team found that, aside from the existence of a Constitution that does lay a foundation for a coherent federal system, the government has minimal organizational structure, administrative processes and operational systems, including inter-governmental (Federal-local) systems. Accordingly, public administration is needed in virtually every aspect of the institutional, policy and administrative arenas. At the local level, the team found that Municipalities require assistance primarily in mediation and conflict resolution and secondarily in technical areas, given that administrative structures do exist but largely in the form of dual governments. Advisory assistance would thus be most beneficial if linked to the USAID Municipal Rehabilitation Fund grant monies that are to be distributed by U.S. non-governmental organizations (NGOs) to local governments on the condition that they achieve multi-ethnic collaboration on areas of common purpose and establish systems or processes for interchange with the Federation. Delaying the provision of technical assistance, in view of the fragile peacekeeping situation, could mean a lost opportunity to support ethnic reconciliation, reconstruction and transition to a market economy at the grassroots level. Moreover, such support, if provided, could itself contribute to the peacekeeping process and prepare the Federation and its Cantonal and Municipal governments to assume their political and administrative responsibilities in the event that peace is achieved. For these reasons, the team believes that USAID assistance could be beneficial at this time and recommends that it commence as soon as politically and technically feasible.

EXECUTIVE SUMMARY

From January 25 through February 8, 1995, a joint ICMA assessment team, authorized under the USAID Democratic Governance and Public Administration Project, travelled to Bosnia-Herzegovina to assess the possibilities for public administration assistance to the Federation of Bosnia-Herzegovina and its local governments. The team's objectives were to assess the administrative systems in place at the Federation and local levels as well as identify priority areas of long-term and short-term technical assistance and training, including how that assistance could: be linked to the promotion of multi-ethnic cooperation at the local level; strengthen the interchange between the Federation and its local governments in relation to administrative policies and regulations; and be coordinated with the activities of the United Nations Special Coordinator for Sarajevo (UNSCS) and the planned USAID Municipal Rehabilitation Fund.

The Federation of Bosnia-Herzegovina has minimal organizational structure, administrative processes and operational systems. The Constitution provides for a federal government structure that includes an executive, legislative and judicial branch. However, the executive branch in only minimally operational, and the legislative and judicial branches have yet to be established. Within the executive branch, most of the ministers are working on a part-time basis only and do not possess the administrative support required for the Federation to operate at any significant level. The one exception is the Ministry of Reconstruction, which is operating with the support of international donors as coordinated by the government's Agency of International Reconstruction and Development (AICReD). The Constitution also provides for an ombudsmen system that is independent from any of these branches and, being comprised of three ombudsmen of multi-ethnic origin, has the exclusive responsibility for resolving ethnic and human rights disputes at the Federation level.

Accordingly, the Federation requires assistance in establishing the full breadth of institutions, policies and administrative and financial systems regarding every aspect of central government, including but not limited to customs, taxation, currency, mail service, telecommunications, transportation, and commerce and trade. Policies, processes and systems are also needed to build institutional and human capacity, leadership and governmental transparency and accountability in ways that also encourage ethnic reconciliation. Finally, assistance is required to forge inter-governmental collaboration -- both formal and informal -- and concomitant operational systems in order that the country as whole may function as an integrated governmental system.

At the local level, the Constitution establishes eight regional cantons, which are similar to U.S. state governments or counties, although presently only one Canton (in Tuzla) exists. While municipal governments are recognized and given certain authorities over local affairs, virtually all of the principal responsibilities that are typically afforded to municipal governments in the U.S. have been constitutionally given to the Cantons, which can at their discretion delegate responsibilities to the Municipalities. However, the advantage of authority being delegated to the local level is severely constrained by the existence of dual governments in many cities and

towns. While these governments do possess functioning administrative and delivery systems through which they can exercise local authority, their effectiveness and sustainability are limited by duplicate political and administrative structures that often do not collaborate or share resources under the other's control.

As a result, local governments in Bosnia-Herzegovina require, first and foremost, assistance in multi-ethnic collaboration and reconciliation. These governments could also benefit from assistance in various areas of public administration, including: the management and organizational structure of the local governing body and the powers of the executive; financial management, procurement and financing techniques; economic development; shelter assistance for displaced persons; public services; urban planning and capital investment planning; and democratic systems and participation. While specific technical priorities will vary from region to region and should be tailored to address local circumstances and the preferences of local officials, the overarching need is in conflict mediation and resolution.

As a corollary to technical assistance, the team also found that technical information and education are needed at all levels of government. The assessment team recommends that appropriate technical documents be edited, translated and distributed to all levels of government for educational purposes. Because institutions of higher education and programs for practitioner training are minimally available, the team proposes that a program in public administration commence in accordance with the School of Business and Economics at the University in Sarajevo, its branches in Mostar and Zenica and with the University of Tuzla. It is recommended that the proposed program be offered to all ethnic groups in order to enhance the possibilities for ethnic rapport and contribute to the Federation's expressed interest in creating one community of citizens. It is also suggested that this program be utilized to enhance the exchange of information and ideas among the universities, the Federation, Cantons and municipalities.

In summary, ICMA recommends that:

- At the federation level, USAID strengthen the policy making and administrative capacity of the Federation, including the development of inter-governmental systems, to promote ethnic reconciliation and help establish a foundation for reconstruction and restoration of public services;

- At the local government level, USAID foster reconciliation among ethnic groups and dual governments, primarily related to the decision making process for the use and disposition of grant monies from the Municipal Rehabilitation Fund as well as assist in strengthening the administrative capacity of local governments and inter-governmental systems; and

- To carry out this work, USAID provide at least three long-term advisors for up to twenty-four months for technical assistance and training in Central Bosnia and Sarajevo at the Federal and local levels. As the program develops, a fourth advisor could be added for work at the city level in Sarajevo.

Notwithstanding the current violence and uncertainty the country currently faces, the team believes that delaying the provision of technical assistance could ultimately mean that the window of opportunity to support ethnic reconciliation, reconstruction and transition to a market economy may be lost. Moreover, such support at the local and federal levels, if it were provided by the USAID, could itself potentially contribute to the peacemaking process and at the very minimum prepare the Federation and its cantonal and local governments such that they could effectively assume their political and administrative responsibilities in the event that peace is achieved. For these reasons, the team believes that USAID assistance, as described below, could be beneficial and recommends that it commence as soon as it is politically and technically feasible.

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INTRODUCTION

An assessment team was authorized to travel to Bosnia-Herzegovina during the period January 25 through February 8 to carry out a scope of work provided for under the Democratic Governance and Public Administration Project 180-0019, Delivery Order No. 1. The purpose of the trip was to continue the assessment and analysis for possible participation with public administration assistance for the Federation of Bosnia-Herzegovina, the City of Sarajevo and those Municipalities within Central Bosnia-Herzegovina where conditions appear to offer the best opportunities to foster cooperation and joint administration among Croat and Muslim communities. A list of contacts is attached as **Appendix A.**

Within the context of promoting the process of reconciliation, cooperation and collaboration among the ethnic groups and of establishing the basis for future reconstruction of Bosnia, the team focused on the following objectives:

1) Identify those areas of public administration assistance which can be targeted to provide maximum benefit and support for the Federation's efforts to demonstrate its capacity to represent the population, provide political and institutional leadership, and deliver the basic services normally provided by a central government.

2) Identify those areas of public administration assistance that have the highest immediate priorities for the City of Sarajevo and selected municipalities within Central Bosnia-Herzegovina and that have the greatest potential for fostering cooperation among the various ethnic groups.

3) Identify ways to promote both formal and informal inter-governmental relationships that enhance information sharing, collaboration, clarification, and increased understanding of and respect for the relative roles and responsibilities among the federal, cantonal and local levels of government.

4) Identify appropriate ways to link the assistance and recommendations of USAID advisors regarding changes to administrative municipal systems to collaborative (multi-ethnic) decision-making processes on the use of grant monies from the Municipal Rehabilitation Fund such that the acceptance and implementation of those changes will be maximized.

5) Identify appropriate mechanisms for training, study tours and other activities that will contribute to increased ethnic cohesion, interchange among the Federation and local governments, and the effectiveness of public administration at the federal and local levels.

ARGUMENTS FOR AND AGAINST PROVIDING PUBLIC ADMINISTRATION ASSISTANCE TO BOSNIA

Prior to presenting the detailed findings and recommendations from this mission, it is critical to address the rationale for providing any assistance to Bosnia, in light of the current unpredictability and volatility the country faces. An argument can be made that public administration assistance is premature until the war has permanently ended or at least until there is stronger evidence that guarantees for political and military accords will be secured. Without such assurance, one can both point to the potential human danger in providing technical assistance as well as question the reasonableness and usefulness of committing U.S. Government funds to a new and fragile governmental structure that may not last.

Although these arguments can certainly be made, the team believes that delaying action and support for reconciliation and reconstruction may ultimately mean that there will *never* be an opportunity. In other words, once the situation is no longer premature, it could already be too late, with fighting resumed and no opportunity remaining to make any positive impact. At that point, the most opportune moment may have already passed to support the change process for ethnic reconciliation, reconstruction, and transition to a market economy within an emerging democracy. It is for this reason that the team recommends that assistance and support should commence as soon as possible.

If and when the war does end, the Federation and local governments will be faced with enormous and immediate demands for reconstruction, resumption of basic services, economic development and a return to normalcy. Upon permanent cessation of hostilities, the Federation will need to establish the remaining seven regional governments or "cantons" and begin to exercising national authority and service delivery. The federal and local governments cannot begin to effectively prepare for the post-war period on the day this period begins. Instead, *planning and advance preparations must be begin as soon as possible in order that the Federation and local governments may be poised to effectively assume their political and administrative responsibilities when the time comes* as well as participate in the process of establishing the Federation and supporting the reconciliation process among the ethnic groups. As a result, efforts are necessary now to assist in this process and can be productive, assuming reasonable conditions for security of the field advisors, which necessitates the continued presence of the United Nations Protective Force (UNPROFOR).

Finally but equally important, the existence of USAID long-term resident advisors in Bosnia-Herzegovina, coupled with financial assistance provided through the Municipal Rehabilitation Fund, will provide much-needed evidence of tangible U.S. support for the Federation and its local governments. Because the U.S. has played a key role in establishing the Federation, an expectation in Bosnia exists for the U.S. to provide the monetary and technical support required to make that Federation viable and operational.

In summary, the possibility of a resumption of hostilities should certainly be viewed as a potential obstacle that may interrupt and even quite possibly force the cessation of any USAID assistance, in the event that hostilities do become serious enough to merit withdrawal. However, this possibility should not obviate the rationale for aid nor cause a delay in the delivery of the assistance at this time. On the contrary, an opportunity now exists that should be taken and maximized as long as the political situation allows it.

I. ADMINISTRATIVE SYSTEMS IN CONCEPT AND OPERATION

A. Federation of Bosnia-Herzegovina

The Federation is currently mostly at the conceptual stage, with minimal organizational structure, administrative processes or operational systems as of yet established in Sarajevo. With proper preparations now, federal and local governments in Bosnia will be positioned to move forward more quickly with major reconstruction later. Below is a summary of the administrative systems both envisioned by the Constitution and actually in operation.

The Constitution provides for an executive office, including a President, Vice President, and cabinet of ministers, which have been appointed. However, most of the ministers do not have any staff to provide administrative support. It is for this reason that most of the Federation is not operational.

At least one ministry, however -- the Ministry of Reconstruction -- is in operation. This Ministry is collaborating on reconstruction matters with the United Nations Special Coordinator for Sarajevo, the Directorate for Reconstruction and Development of Sarajevo (which is based in the Ministry), and another federal governmental entity called the Agency for International Cooperation for the Reconstruction and Development of the Republic of Bosnia and Herzegovina (AICReD). This agency, operating at least since August 1994 from the office of the President, has the responsibility for facilitating international participation in [and funding of] Bosnia's reconstruction. The relationship of AICReD to other Bosnian organizations is currently being worked out; however, the key objective of AICReD is integration of Bosnia's economic and infrastructure planning within the region.

Other ministries, such as the Ministry of Finance, are apparently formed in theory only at this point. It should be noted that the transitional and evolving nature of the Federation, with many institutional parts having been conceptually designed but not staffed or operational in any sense, made an assessment of actual standing institutions and administrative systems difficult. Accordingly, public administration assistance for these ministries and other governmental institutions is sorely needed, as outlined further in the report.

In addition to but operating independently from the executive office are three ombudsmen, who are provided for in the Constitution and already appointed: one Croat, one Muslim and one

"other." Their role is to discover or receive, examine and adjudicate situations of any institution or individual "...by whom human dignity, rights and liberties may be negated, including by accomplishing ethnic cleansing or preserving its effects." Accordingly, the ombudsmen are responsible for resolving ethnic conflicts, including if appropriate, through the court system. The ombudsmen are to act by initiating cases in any competent courts and intervene in pending proceedings, as necessary, including in the Human Rights Court. The ombudsmen are also entitled to receive assistance from the Judicial Police.

The Constitution has established a federal government structure that includes a legislative and judicial branch. The team did not find evidence that either of these branches of government were established, let alone in substantive operation. The Federation has not provided its legislative body with a building for Parliament or administrative offices. During this transitional period, the Constituent Assembly of the Republic of Bosnia is acting in dual capacities for the Republic and the Federation.

The legislature, as prescribed by the Constitution, shall ultimately include a House of Representatives and a House of Peoples. In light of the war, elections have not been held for these two legislative bodies. According to the Constitution, the House of Representatives is to be comprised of 140 members, elected in a Federation-wide vote, for which a Chairman and Deputy Chairman shall not be from the same ethnic group. The House of Peoples is to be comprised of 30 Bosniac, 30 Croat, and 30 "others" in the same relative proportion as in the House of Representatives. Delegates are to be elected from the Canton legislatures, and the Chairman and Deputy Chairman are not to be from the same ethnic group, as in the House of Representatives. Legislation will require approval of both houses. Voting in the House of Representatives will be by simple majority (one person-one vote). In the House of Peoples, decisions that concern vital interest of either the Croats or Bosniacs will require consensus. All other issues in the House of Peoples will be decided by simple majority.

The judicial branch, as envisioned by the Constitution, includes a constitutional court, supreme court and a human rights court. All courts of the Federation are to be comprised in equal number of Bosniac and Croat judges. "Others" shall also be appropriately represented on each such court. The judges of all courts shall be nominated by the President with the concurrence of the Vice-President and shall require the approval of a majority of the House of Peoples. It should be noted that the relationship between the Human Rights Court and the ombudsmen are described above.

In summary, the situation at the Federation level is highly fragile, with only the most basic institutional structures established in the executive office for reconstruction and emergency concerns and in the independent "ombudsmen" system for resolution of ethnic conflict. The establishment of a legislative branch and ultimately a judicial branch is dependent on an electoral process, which in turn is dependent on the resumption of a certain level of peace and normalcy. In the meantime, there is much need for assistance in further establishing and strengthening the executive branch and various ministries such that the Federation can not only prepare for peace but, more importantly, possibly even contribute to that peace.

B. Cantonal and Local Governments

The Constitution provides for eight regional Cantons which are similar to U.S. State Governments and constituted (in theory) by an average of 6-12 municipalities. *However, the only Canton established to date is in the region of Tuzla.* All cantons are to have a legislature that will consist of one house, whose members (numbering 30-50 in each canton) will be elected in a Canton-wide vote. Decisions in the Muslim and Croat Cantons will be made by simple majority. In the mixed cantons, decisions on vital issues will be by consensus. Each Canton will also have a President, elected by the legislature, with the structure of government otherwise being determined by each Canton. Municipalities are also to have a governing council, elected in a municipality-wide election, that will approve a charter, elect an executive, approve the budget to be submitted to the Canton for approval, and enact any regulations needed to carry out municipal responsibilities.

The team noted a principal deficiency in the Constitution, which is not clear on the authorities and responsibilities for municipalities. Virtually all of the principal responsibilities for local governments are given to the Cantons, as illustrated in **Table I** below, but these, as may be interpreted by the Constitution, *may be delegated to the municipalities at the discretion of the Canton.* This is significant in that, during visits with Cantonal representatives in Tuzla, the team noted that these representatives have no intention of delegating to the municipalities important local functions, such as land use and zoning matters. The team did find a reference in "Transitional Federation Arrangements" (The Structure of the Federation), Prepared by Civil Affairs, Zenica/Zepec (amended 7/10/94) that *powers must be delegated to Croat municipalities in Bosniac Cantons, and vice-versa, and that in mixed cantons, they shall be delegated upon the municipality's request.* However, there was not evidence of this provision in the Constitution itself; as such, it may be necessary to determine if a separate proclamation was issued by the President on this matter.

As for the administrative systems and process in Sarajevo and the cities in Central Bosnia-Herzegovina, these are left over from the former Yugoslavia. They are typically Eastern European with uninformative, non-transparent financial systems, an overstaffed and politicized complement of employees, and limited contact with or responsiveness to citizens. There are dual administrative systems in many cities and towns, given the ethnic conflict and separation, which further complicate and even freeze the administrative potential for many cities, depending on who controls the resources.

On the positive side, however, cantonal and local governments, unlike most other countries in Central and Eastern Europe, have remarkable powers for local self-government and autonomy from the Central Government. They are, as noted above, empowered to levy taxes, charge fees for services unencumbered by regional and federal restrictions and develop and implement their own spending plans. There also is a well educated work force ready to receive appropriate

assistance to strengthen their administrative systems to prepare for the post-war transition to a market economy within their emerging democracy.

TABLE I: DIVISION OF POWERS (Major Functions) of the Three Levels of Government in Bosnia			
Federation	**Shared (Federation/Canton)**	**Canton**	**Municipality**
♦Foreign Affairs and Defense ♦Citizenship ♦Economic Policy ♦Commerce & Customs ♦Finance & Banking ♦International and Inter-Cantonal Crime ♦Energy Policy ♦Taxation for Federal Purposes	♦Human Rights ♦Health ♦Environmental Policy ♦Communications and Transport ♦Social Welfare ♦Immigration ♦Tourism ♦Natural Resources	**Residual Power including:** ♦Police ♦Education & Culture ♦Housing & Social Welfare ♦Public Services ♦Land Use & Zoning ♦Local Commerce, Tourism & Charity ♦Local Energy Production Facilities ♦Taxation for Cantonal Purposes ♦Radio and TV	"Self-Rule on Local Matters" (unspecified) **A Canton may, for example, delegate:** ♦Education ♦Culture ♦Tourism ♦Local Business ♦Radio & TV
Sources: "Constitution of Federation of Bosnia and Herzegovina" (March 13, 1994) and *"Transitional Federation Arrangements", Civil Affairs, Zenica/Zepec (amended 7/10/94)*			

Within this partially implemented constitutional context and post-communist/ethnically divided administrative environment, the cities in Bosnia are faced with destruction and desolation as well as political and administrative immobility created by the on-going ethnic conflict and effects of war. There is a real human need and readiness for peace among the general population and, despite the continuing ethnic conflict and divisiveness, a strong desire for outside assistance. The following descriptions of Sarajevo and Central Bosnia-Herzegovina shed additional light on the situation.

1. City of Sarajevo

Sarajevo is a city under siege. Portions of the city are occupied by hostile forces. Although a cease fire is currently in place, the threat of renewed hostilities is constantly present. Government buildings, public accommodations, all public utilities, transportation within the city, and connections with the outside world, are all within weapon range or under the direct control of Bosnian Serb forces. Although there are UNPROFOR elements operating the airport and providing some deterrent to active hostilities, they are insufficient to defend what remains of this city in the event of attack. During the period of the assessment team's visit, contact group

negotiations were underway with Bosnian Serbs in Pale, a suburb of Sarajevo. The talks terminated with no positive result. There is widespread apprehension that the fighting will resume in the Spring.

Sarajevo is the capitol of the Republic of Bosnia-Herzegovina and of the Federation of Bosnia-Herzegovina envisioned by the Washington Agreement. It is, like other cities in the former Yugoslavia, but unusually for Eastern Europe, remarkably self-governing. The City has responsibilities for activities normally considered municipal activities in western societies and it has independent authority to impose taxes, set the tax rates for those taxes, to collect fees and charges for municipal services and to enforce the collection of both, although this may change with the establishment of the Cantons. It has a complex and cumbersome organizational structure which hampers its ability to administer its activities effectively. The City's legal authority is largely irrelevant under the current circumstances, but very significant for the recovery and rebuilding to follow the final end to hostilities.

The economy of Sarajevo is virtually non-existent. With the exception of some retail commercial activity, there is no economy. Only humanitarian aid and support for relief activities can flow through the airport. Land access is blocked. Government employees are receiving no salary. There are very few goods being produced, and there are few resources available to purchase them. While there do not appear to be people without housing, who are forced to live in the open, few are adequately housed. Much of Sarajevo's housing stock has been damaged and much destroyed. Window glass has frequently been replaced by plastic sheeting. Gas for heating and cooking is not available. Electricity is available but strictly rationed to 100 kwh per month. Water is inconsistently available. Some buildings and some areas do not have water. Those who do have water cannot depend on the time of day or the duration of the service. There is no mail service and telecommunications within the country and with the outside world is minimal. The population has declined by at least 30% although there has been a large influx of displaced persons (i.e., refugees). Estimates of the number of native Sarajevo residents still in the city range as low as 20%. Much of the loss has been of professional, technical, academic and managerial people with the means to leave and with some prospect of employment elsewhere. Nevertheless, a cadre of skilled workers remain in Sarajevo and represent perhaps the greatest resource the city has to offer at this time.

2. Central Bosnia-Herzegovina

Circumstances within Central Bosnia-Herzegovina outside of Sarajevo are very different in many respects from the situation in Sarajevo. With the exception of a few relatively large cities such as Mostar, Zenica and Tuzla, most of the area is agrarian and laced with very small villages. The transportation and distribution system is difficult because of the temporary roadways, which are narrow, winding, steep, and largely destroyed or damaged, requiring significant time to navigate and negotiate the road system. Of even more significance to the economy is the damage sustained by the rail networks even though a few segments are still usable. This damage is critical given that the waters are non-negotiable and that railroads are key

for bulk transportation. As a result, restoration of the rail system will be critical to the restoration of the economy. The principal aggression in Central Bosnia-Herzegovina is between Croats and Muslims (neighbor against neighbor) whereas in Sarajevo the principal aggressor is the Serb army. The smaller cities are typically divided--the Croat "side" and the Muslim "side"-- and most have dual administrations and service delivery systems. In some instances, one side controls a part of the infrastructure and the other side, the rest. Accordingly, they do need each other to work together to regain a reasonable quality of life, which may provide the best opportunity to establish some semblance of ethnic cooperation.

In light of the above, the Federation, which is fragile and incipient itself, faces enormous challenges to effect multi-ethnic cooperation at the central, cantonal and local levels of government described above while addressing the critical national issues of: reconstruction and restoration of the physical infrastructure (particularly the rail system), postal system, telecommunications and a transportation network; establishment of housing and restitution policies for refugees; restarting the engines of production and commerce; and reestablishing a stable fiscal/monetary environment, including the provision of a credible currency. The Federation needs urgently to develop policies, institutions, and administrative capacity in close coordination with cantonal and municipal governments to lead the country towards a process of reconciliation and reconstruction.

II. MULTI-ETHNIC COOPERATION

Multi-ethnic cooperation and participation within the Federation and as observed within the local governments vary widely from region to region, although all of the local officials with whom we met professed that this is their common goal. In Mostar, it is not apparent. Mostar like many cities is divided with enclaves and "sides" for Croats and Muslims physically divided by a river. Technical assistance for the city government is provided by the European Community which is attempting to create a city administration modeled after German local government. The EC is trying to encourage collaboration and cooperation, but local separatist sentiment is still very intense.

In Gornyi Vakuf where there is substantial war damage, there are dual administrations, but they have established a multi-ethnic joint committee prescribed by the Constitution. The meetings, however, are very divisive often ending in verbal conflict and adjournment.

Novi Travnik is divided, but without even pretended willingness to meet and confer about issues of mutual interest. For example, the Croats control the landfill on their side, but will not allow the Muslims to use it. The Muslims control the source of the water supply and apparently are allowing access to it by the Croats. Zenica is now predominately Bosniac, though it was previously 60-40 with the minority evenly split between Serbs and Croats. It is a predominately

Muslim community with only lip service paid to cooperation with the smaller Croat minority and the now almost non-existent Serb minority.

Tuzla prides itself on successful multiethnic relations with Croats who serve in the city administration and in the Cantonal administration, although the number of Croats in the city have diminished considerably. It is at least successful enough that the Federation has created the first of eight proposed Cantons in the area. It should be noted, however, that many Croats have left Tuzla, and the city is now over 90% Muslim.

The assessment team made it very clear that one of the principal objectives of the proposed technical assistance is to effect stronger multi-ethnic relations and that their understanding and acceptance of this is essential. A key connection and contact here will be with the recently appointed Federation ombudsmen discussed in the previous section and to work with the cities at the joint committee level. It is important that our advisors work closely with the ombudsmen and the joint committees because the effectiveness of the advisors in achieving ethnic cooperation and resolving conflict will be based on the success of these organizational entities established for ethnic reconciliation. These will, in turn, substantially define the success of the new Federation.

III. PRIORITY AREAS FOR TECHNICAL ASSISTANCE

Technical assistance is needed pervasively and quickly for the Federation and throughout all local governments, including the cantonal governments. However, in view of the complexity and enormity of the task, the technical assistance strategy should be sufficiently flexible to allow for adjustments in the initial recommendations once there has been an opportunity to observe the situation at close range and over a period of time. Below are recommendations for specific areas of assistance to the Federation, inter-governmental linkages and cooperation, and local governments.

A. Federation Level

The Federation Government in Sarajevo needs assistance in establishing basic administrative and financial systems and addressing other institutional and legal issues, such as laws and policies governing customs, taxation, currency, mail service, telecommunications, transportation, and commerce and trade. Policies, processes and systems also need to be established at the Federation level to develop administrative capacity, establish Federation leadership, and promote transparency and accountability of government while encouraging ethnic reconciliation. Finally, assistance is required to forge inter-governmental collaboration -- both formal and informal -- and concomitant operational systems such that the country as whole can function as an integrated governmental system.

It is important to emphasize that the consistent advice -- given the assessment team by the American Embassy and USAID officials in Bosnia-Herzegovina and Croatia, NGOs and the representatives from the EC working in Mostar -- is that *any credible and effective efforts to support the Federation in Sarajevo must be tied concurrently and substantially with assistance in Mostar, Tuzla, Zenica and Sarajevo*. Mostar and Tuzla are cities of contrasting extremes. Mostar is a city divided and predominately Croat, the capital of the illegal parastate of Herceg-Bosna, and with a strong, divisive tension among ethnic groups. Tuzla, on the other hand, has demonstrated the capacity to commence the process of forging ethnic cooperation, has established a single administrative and political structure, exhibits interest in the return of the Croat residents who fled, and is the location of the only Cantonal Government established to date. We were advised on several occasions that the success of the Federation will be commenced and defined in Mostar and Tuzla.

Of equal importance is linking Federation support to the cities of Sarajevo and Zenica. Sarajevo, of course, is critical because the Federation is located there and because it is the most significant city in terms of population, expertise and human resources. Finally, Zenica is very important given its accessibility and strategic location within Central Bosnia.

Accordingly, the assessment team is proposing that priority technical assistance for the Federation be simultaneously directed at technical assistance in Sarajevo, working to establish the physical presence and functioning of the Central Government, and within key cities of Central Bosnia. The resident advisor assigned to support the Federation should be based in Sarajevo, but maintain regular contact with the field advisors assigned to work with local governments in Sarajevo, Zenica, Tuzla, Mostar and other target cities.

Priority technical assistance is proposed in the following areas:

1. Organizational Structure and Administrative Systems

The Constitution provides for legislative, judiciary and executive structures and functions for the Federation, Cantons and Municipalities. As previously noted, the executive functions for the Federation include: foreign affairs, citizenship, economic policy, commerce and customs, finance, internal and international crime, energy policy and federal taxation. Shared functions with the Cantons include: human rights, environmental policy, communications and transport, social welfare, immigration, tourism, natural resources. These functions are largely non-existent due to the absence of an administrative as well as legislative and judicial system.

While a legislative and judicial system may require peace before becoming operational (due to the need for elections), work can begin almost immediately on the development of key policies and basic administrative systems. Accordingly, the team recommends that technical assistance be directed to administrative strengthening as well as legal and policy assistance. That assistance should build upon the existing organizational structures to establish some semblance of administrative systems within which the Federation can begin to operate and coordinate with the

local governments and emerging Cantons in preparation for reconstruction. The two ministries that are recommended for targeted assistance are: 1) the Ministry of Reconstruction, with a focus on building on the existing strength of this institution in order to address the key non-financial and reconstruction-related technical areas of USAID assistance; and 2) the Ministry of Finance, in order to help establish a financial and accounting system and fiscal policy for the country as well initiate a system for management of human resources at the Federation level.

a. Ministry of Reconstruction

The team recommends careful examination of the current and potential roles and effectiveness of the Ministry of Reconstruction, given that it is dedicated to the central subject of reconstruction, is already in operation, and is coordinating with AICReD, the UN SCS, and at least to a certain extent with the City of Sarajevo through the Directorate of Reconstruction and Development for Sarajevo (DRDS). Avenues should be explored for strengthening the relationship with the City of Sarajevo and formalizing Ministry of Reconstruction relationships with other cities to which USAID will provide assistance. This will have the desired effect of coordinating international donor and Federation reconstruction efforts with USAID rehabilitation support as well as strengthening inter-governmental linkages to the maximum extent possible. These efforts should be closely coordinated with the UN Special Coordinator for Sarajevo, as described below in Section IV.

b. Ministry of Finance

With regard to commencing new critically needed administrative systems, the team recommends the establishment of a Ministry of Finance, which would have the principal responsibility for monetary and fiscal policies and procedures of the Federation as well as currency and many other financial concerns. Assistance would be directed to internal operating systems for accounting, budgeting, finance and accountability, related to both the Federation and local governments, as appropriate (i.e., for establishing inter-governmental finance systems). This assistance will also be coordinated with the UN SCS as well as with the AICReD, due to the connections of both these institutions with international donors and funding for emergency, relief and reconstruction. Assistance is also recommended in human resource management. Accordingly, the team recommends the establishment within the Ministry of Finance of sub-units that will be essential to the ultimate functioning of the Federation. These might include but would not be limited to; offices of budget and research, treasury, banking, governmental accounting and internal audit. Other possibilities with ministries and in the establishment of new offices could be explored. For example, there may be a need to establish an office on commerce and trade or an office on human resources and personnel management. The key areas, however, are to begin providing support to the Ministry of Reconstruction and also enhance federal government capabilities in finance and budgeting.

2. Democratic and Participatory Systems

At the federal government level, laws, institutions and processes will need to be designed and established that will promote transparency and accountability of the federation beyond the area of finance and budgeting mentioned above. The purpose of these legal and institutional systems will be to enable citizens to directly or indirectly participate in the electoral, legislative, and administrative processes.

a. Ethnic Representation and Adjudication Without Elections

Initially the federation has no choice but to commence operation with ethnic but not necessarily democratic representation. To that end, a system has been established, wherein ombudsmen for the Croatian, Muslim and "Other" communities now serve to adjudicate ethnic conflicts at the federal level. Accordingly, these ombudsmen should theoretically assume the role of conflict resolution in federation level matters as well as in local and cantonal matters that have not been resolved by those governments or by the "joint" committees established to facilitate conflict resolution in local administrations that are ethnically divided. In this manner, the ombudsmen system could serve as a form of "appeals" system prior to the establishment of a formal judicial and legislative process.

The team recommends exploring two avenues of assistance to *enhance and support the existing ombudsman program and joint committees*. First, it is recommended that assistance be provided by long-term (and possibly also short-term) advisors in conflict resolution techniques at the local and federal levels. Second, it is recommended that the advisors explore with the federal ombudsmen the possibility of establishing a national level *human and civil rights commission* with local and cantonal counterparts that is non-governmental and multi-ethnic in composition and that could review and make recommendations on local human rights abuses and unfairly imposed regulations based on ethnic origin that are *not* resolved by the local joint committees. These local commissions could serve in an advisory capacity, whereby dual administrations and/or ombudsmen could have the opportunity to consider or reconsider a case reviewed and assessed by these local commissions. It should be noted that such commissions would not interfere with the functions of the ombudsmen or local coordinating committees but rather would offer a second non-governmental opinion on ethnic conflict.

b. Electoral Process and Democratic Representation

A system of elections that allows for universal and proportional representation will ultimately be essential for Bosnia-Herzegovina, given that democracy is rooted in the electoral processes and democratic representation at the municipal, cantonal and federal levels. While the constitution envisions a democratically elected legislature that will in turn elect the executive leadership for the federation, the current situation prohibits elections from effectively taking place and for universal representation to be secured, due to the war, refugee situation and unknown residence status of many inhabitants.

However, initial efforts must commence to design a workable system that can begin functioning once the political situation is resolved, even if it is one based on the temporary residence status of federation inhabitants. Once the situation does allow for elections to take place, it will be critical to commence a voter contact, outreach and registration program to identify the whereabouts of citizens, educate them on the electoral process, and mobilize their participation. It will also be important to design an electoral process wherein the safety and privacy of the citizens as well as the transparency and validity of the election process itself are assured. In addition, it will be important that the electorate is enabled to maximize its participation through choices on individual candidates as opposed to being limited in selecting party "slates" of candidates. This will not only increase the possibility for "participation" but also can have the desired effect of allowing for multi-ethnic representation, where that is the choice of the populace. The team recommends that this assistance be targeted to the office of the President and ombudsmen and/or other organizational entities they designate.

c. Legislative Process

A transparent system will also need to be designed and established for legislative processes. A legislative structure of government has been devised but, aside from requiring that its members be democratically elected, it does not specify other systems to make the legislative process transparent. Such transparency can be enhanced or achieved by constitutionally opening parliament to public attendance; allowing civic organizations, businesses, municipal associations and others to review draft legislation; and permitting testimony to be presented by interested parties outside of parliament on such legislation. At the same time, a system should be established to record proceedings of all legislative sessions and make them available to the public. A public education strategy should be developed such that once the political situation is resolved enough to allow for the legislature to be established and operate, a campaign would commence to educate the public on their rights and responsibilities as citizens in the federal legislative processes.

d. Standards for Public Service

Ethical standards of conduct for democratically elected legislative representatives as well as for the executive leadership should be established to promote "good government" and public accountability. Such standards would serve to provide a basis upon which to evaluate and hold responsible the conduct of public officials. Such standards should include expectations of conduct on ethnically divisive issues.

B. Intergovernmental Relations and Linkages

The relative *roles and responsibilities* among officials from the Federation, Cantonal Governments and Municipalities require institutional and legislative clarification at the same time that *relationships* among these different levels of government will require nurturing and support in effective and productive ways for inter-governmental communication and

collaboration. Formal relationships can be established, as suggested above, between the Ministries and the Cantonal and local governments. In addition and perhaps more importantly, informal relationships and interaction can be promoted through various means, such as:

- **formal Federation liaison with local governments.** There is merit in considering the establishment within a ministry of an Office of Intergovernmental Relations to formalize the necessary on-going process of sharing and exchanging information on policy issues affecting the various levels of government and the proper interchange with academia and the NGO community.

- **networks of institutions and activities** related to the UN Special Coordinator/Trust Fund, the Municipal Rehabilitation Fund and the various agencies with the central government, the City of Sarajevo and the principal Municipalities (Mostar, Tuzla and Zenica) can provide an excellent forum for commencing and continuing this interchange. The team sees the field advisors as key catalysts in effecting stronger communications links and multiethnic cooperation from this network of relationships.

  As part of these networks, AICReD can potentially also play an important role. The team met with Dr. Sead Kreso, AICReD's Executive Director, who is enthusiastic about working in cooperation with our proposed public administration program and will be an important resource to strengthen the interchange of issues, ideas and understanding among the three levels of government. Dr. Kreso also agreed to assist with the coordination and cooperation with The Directorate for Reconstruction and Development of Sarajevo (DRDS) which is a division with the recently created Ministry for Reconstruction responsible for Sarajevo.

- **inter-governmental fora** between cantonal/municipal associations and the federal government where issues of concern can be freely debated and discussed to encourage understanding, cooperation, and collaboration. Such fora would be facilitated by the development of associations and networks of cities and city officials, as mentioned below.

- **municipal associations.** The team sees the establishment of municipal associations as key to the effective exchange of information among the Federation, Cantons and Municipalities. This linkage and interchange could address all issues affecting governmental reform, not just reconstruction. Associations of municipalities also tie well to the public administration curricula, training and research program proposed through the universities. The associations can become involved in various aspects of training and information dissemination.

- **training courses, including seminars and workshops**, through which officials from various levels of government can interact and learn about their respective roles and responsibilities as well as techniques and processes in a structured environment. This training will include but should reach beyond technical material into the human side,

including support for multi-ethnic cooperation through training in conflict resolution and negotiation.

- **inter-governmental study tours** in the U.S. and possibly even other European countries. These can be planned and executed to include representatives from the Federation, the Cantonal Government in Tuzla and officials from Bosnian Municipalities. The tour group participants should also have multi-ethnic representation. An exemplary program could encompass a two-three week observation tour, with site visits to federal, state and local governments in order to learn how these different levels of government communicate and collaborate.

- **academic fora** in coordination with the Universities of Sarajevo and Tuzla. Commencing the restoration of the university curricula in business management, economics and public administration provides another excellent forum for advancing effective exchange of information and the establishment of long-term relationships among academia, the Federation, Cantons and Municipalities.

C. Cantons/Municipalities

When settlement of the war allows reconstruction to commence, the task facing local governments will be enormous. The following areas of priority assistance are based on brief discussions with officials from five Municipalities and the Cantonal Government in Tuzla and should be adjusted by the resident advisors as circumstances require. Moreover, the priorities will vary from region to region and should be tailored to address local circumstances and the preferences of the local officials.

1. Management/Organizational Structure

The Constitution provides for the establishment of the Cantonal Governments and substantial restructuring of the Municipalities, including the local governing body and the powers of the executive. The Mayor will become the executive officer, a function that is now performed by the President of the Executive Committee. The Mayor will have a Cabinet rather than an Executive Committee. The authority relationships between the Mayor and his key staff will need to be rationalized and established. The only city to date which has commenced to restructure and reorganize is Tuzla.

2. Financial Management, Procurement and Financing Techniques

Local governments do not have transparent financial systems based on accrual accounting methods which address receivables and payables or reliable reporting methods that ensure accountability to the citizens or potential lenders from the credit markets. Enterprise

accounting and funding does not exist where funds are segregated by function and revenues and expenditures are related by purpose (e.g., water and public transport). Nor do local governments have budget documents and processes that facilitate public policy decisions by the governing body or proper execution by the administrative staff. Strengthening these systems will prepare localities for reconstruction and also facilitate assistance to the localities in effectively managing the grant funds provided through NGOs from the Municipal Rehabilitation Fund. Other related systems which can be improved include cash management and procurement and contracting methods. Finally, assistance can be provided in local financing and revenue generating techniques utilized throughout the world, including taxes, user fees, and impact fees to fund public services and infrastructure at the local level. While these systems may seem to have a lower priority now given the war reconstruction environment, such assistance now will prepare these governments for the post-war environment.

3. Economic Development

The former Federation of Yugoslavia and its Republics had an economy that was very nearly first world. Because Bosnia-Herzegovina is centrally located, many of Yugoslavia's most important industrial facilities were located there, notwithstanding the fact that many of these industries had no real market for their products. Therefore, there is a huge reservoir of trained workers who are eager to resume work as soon as the means of production are restarted. Assistance could be beneficially applied to this task, and as importantly, to the process of small business development. All of the cities are desperate for economic activity to increase disposable income, commence the process of production and distribution of goods and services, and restart the process of raising revenue from taxes, fees and charges to fund the delivery of municipal services and infrastructure investments.

Sarajevo has the capacity to become the financial and commercial capital as well as the governmental center of the country. It will need substantial economic development capacity in the city government, and it will need this capability before the reconstruction and recovery can begin.

4. Shelter Assistance

The dilemma of displaced persons (refugees) is not only baffling but enormously difficult to handle. The thousands of people and families forced from their homes are now wanting, in many cases, to return. For the most part, their homes are either occupied by others or destroyed. This presents a huge problem for the governments and raises issues of equity, fairness and legal restitution of property rights.

Short-term technical assistance in shelter alternatives may be appropriate for the development of a short to mid-term plan for relocating the refugees into acceptable housing. It is recommended that the specifics for this assistance be developed, if appropriate, once USAID has had time to review

the issue directly in the field and with the local officials. Federation legislation, a national housing policy and shelter strategy will doubtless be required.

5. Public Services

From roads and buildings to water and other public utilities, assistance is required for the entire range of public services and infrastructure. Assistance in this area could be closely coordinated with the Municipal Rehabilitation Fund as well as with the work of the UN SCS and DRDS in Sarajevo.

6. Urban Planning/Capital Investment Planning

Planning at the local government level is based on the former communist model of centralized planning and not on planning concepts tied to a market economy and "guided" rather than strictly controlled land use. Moreover, there is minimal capital investment planning which strategically develops an infrastructure investment plan based on priorities debated and selected based on available resources and takes into account the operation and maintenance costs of the project over time. Assistance in these areas would be extremely beneficial for officials in reorienting the role of government in urban planning and market development and in prioritizing programs when capital funds again become available through the international development banks or their own resources.

7. Democratic Systems and Participation

Processes and systems for democratic representation and on-going participation must be devised and established at the Federation, Canton and Municipal levels. Given that *local* representation and participation are the building blocks for democracy, elections and democratic representation are as, if not more, essential at the local and cantonal government levels as at the federal level. Accordingly, only once the municipality is sustained and legitimated by the citizenry through local representation and participation, can it then act as the representative and voice of the citizens before government at the cantonal and ultimately federal levels. Some municipalities, such as Zenica, have a reasonably homogeneous population and representation and, accordingly, have been able to declare themselves properly constituted. However, in most places, entirely new municipalities will need to be formed.

In addition to local electoral processes or otherwise "properly constituted" municipalities, democratic and participatory processes and systems will need to be established. Local governments must be given the authority and responsibility through mandates or constitutional provisions for allowing, encouraging and ensuring citizen participation in government. The federal, cantonal and local governments may need legal assistance to ensure the rights of the citizenry in this regard. Care may need to be taken in drafting these rights as well as the obligations of local governments so as to ensure that multi-ethnic participation is allowed and encouraged to the maximum extent possible.

Before local governments can assume these responsibilities and begin to encourage effective citizen participation, training programs and education campaigns will need to be developed and conducted for both government officials and staff and private citizens and groups. Often legislation regarding participatory government is vague, requiring much interpretation at the local level as to how to implement participatory systems and processes.

Inasmuch, information regarding a range of participatory techniques and processes will need to be disseminated among cantonal and local executive leadership and councils as well as to the public. Technical assistance and training will also need to be provided in:

- **instituting codes of ethics and public disclosure laws** for public officials and **establishing the power of recall** to recall officials who are not responsible or responsive.

- **holding city council meetings** that are open to the public and that invite public input on council decisions, budgets, and other key matters. Assistance would include training elected leaders and other local officials in conflict resolution skills and how to run an open city council meeting and prepare and control a meeting agenda.

- **requiring and utilizing a public referendum technique for major city decisions** ranging from property taxation to bond issues.

- **using the media to inform citizens and keep government accountable.** This would include the local media as well as publishing an informational newsletter to keep citizens informed on current municipal issues.

- **promoting citizen advisory boards and commissions** (such as human rights commissions) or other formal structures for continued involvement of concerned citizens in fundamental areas of local government. In this regard, the joint committees could continue to play a role on resolving ethnic conflict.

- **promoting a strategic city planning process that is participatory.**

- **promoting the concept of contracting out public services** to private organizations and individuals to both improve the effectiveness and transparency of government and increase citizen participation in government operations.

- **promoting the development of community associations** to address local housing and other concerns and to serve as an informal means of community and neighborhood representation and participation.

- **hiring a citizen liaison** to administratively deal with citizen concerns and complaints.

- **conducting surveys** to continually gauge the opinions and satisfaction of the citizens.

- **developing public outreach and education programs** to reach out to special interest groups. This could be done through a special office to interface with community or other special groups.

Concomitant to improving techniques for citizens to participate in government would be supporting the development of municipal associations. In many countries with traditions of centralized political control, mayors have had little influence when facing the central government. Strong *municipal associations* can serve as a cohesive advocacy group for local government concerns at the national level. Through municipal associations, local governments in effect extend local citizen participation and democratic governance to the broadest national level.

The above will require the support and assistance of both resident advisors and short-term experts to focus on bringing together government and citizens to address an array of interests and common purposes and to help them form entities and develop processes that will maximize participation and minimize ethnic conflict.

D. Information Dissemination and Training (Federation and Local Levels)

1. Information Dissemination

Technical information is widely needed at all levels of government. The reforms experienced in other Central and Eastern European countries -- as well as written information regarding those reforms -- over the last several years have virtually bypassed Bosnia as a result of the war. This was established by ICMA's first assessment team sent to Sarajevo last September. As a result, appropriate technical documents can and should be edited, translated and distributed to all levels of government for educational purposes. This can be an important adjunct to the work of field advisors and any training programs developed.

2. Education and Training

Institutions of higher education and for practitioner training are minimally available. The assessment team met with the Head of the School of Business and Economics at the University of Sarajevo. He indicated that professors have received no salary for three years, professors have been leaving, and the curricula and research capacity are diminishing rapidly.

The team proposes to develop a program in public administration with the School of Business and Economics at the University in Sarajevo, its branches in Mostar and Zenica and with the University of Tuzla. In addition to the development of curricula for new students in public administration, an extension training program could be developed for existing practitioners. A program for public policy research could also be established. Working with Federation institutions ensures sustainability after USAID's departure and will assist in restarting the vital role of the academic infrastructure in the Federation. The government officials and the University of

Sarajevo representatives were enthusiastic about this proposal. The team also believes that this program to commence the restoration of the academic infrastructure is highly relevant for technical training support for the Federation, Cantons and Municipalities.

In Sarajevo, the university provides instruction without regard to ethnic group membership. In Mostar, however, the university system is divided with a Muslim faculty and a Croat faculty. The proposed program in public administration would be offered to all ethnic groups as a joint effort of both faculties. This will enhance the ability to achieve ethnic rapport and contribute to the Federation's expressed interest in creating one community of citizens. This program will allow communication of information and ideas among the universities and with the Federation, Cantons and Municipalities.

IV. LINK TO THE MUNICIPAL REHABILITATION FUND AND THE UN SPECIAL COORDINATOR FOR SARAJEVO (SCS)

A. Municipal Rehabilitation Fund

USAID has established a Municipal Rehabilitation Fund with an initial funding level of $20 million. Grants will be provided to NGOs through a competitive bid process and then be made available through the NGOs to local governments for discrete projects. The team views the linkage between the field advisors and this fund to be principally in fostering the process of reconciliation that can and should occur between the ethnic groups during the project identification and decision-making stage. Assuming ethnic cooperation and agreement are achieved, such projects will be funded from the Fund, from which resources will originate and be dispersed by the NGOs to the Municipalities. In other words, the advisors will focus primarily on the decision-making process rather than the product or outcomes from implementation of the grants, although assistance should also be provided to support the effective utilization of those funds. In addition, complementary assistance from the field advisors can occur in the development of improved municipal financial and administrative systems that are more transparent and accountable. When such systems are fully in place and functioning effectively, the Municipalities can potentially be the direct recipients of some of the fund proceeds.

B. UN Special Coordinator for Sarajevo (SCS)

The United Nations established a trust fund supervised by a Special Coordinator for Sarajevo (SCS) and his staff for partial reconstruction assistance to the City of Sarajevo. USAID has agreed to contribute $1 million to the fund. The assessment team met with the Special Coordinator, and he is anxious for the resident advisor to recommend projects for this money. The OAR for Bosnia-Herzegovina and Croatia agrees that this should be one of the tasks for the field advisor(s) in Sarajevo. Moreover, the team recommends that USAID through the resident advisors assist in the clarification of the relative roles and responsibilities of the SCS, the

Federation, the City of Sarajevo, the Municipal Rehabilitation Fund and in the framing of overall reconstruction plans. Clarification of these relationships and decision-making processes can provide the context for important long-term relationships among the Federation and the local governments, including enhanced opportunities for multiethnic cooperation.

V. RECOMMENDATIONS FOR PRIORITY AREAS AND SUPPORT FOR RESIDENT ADVISORS

A. Recommended Areas of Assistance

ICMA recommends that the USAID assistance, whether through long-term and/or short-term assistance, focus on the following areas:

1. Federation Level

At the Federation level, ICMA recommends that USAID strengthen the policymaking and administrative capacity of the Federation, including in the development of inter-governmental systems, to promote ethnic reconciliation and help establish a foundation for reconstruction and restoration of public services. Within this broad goal, ICMA recommends that USAID:

a. Assist in the development and strengthening of policies, institutions and administrative systems that are critical to the long-term viability of the Federation, i.e., that foster ethnic reconciliation and promote the reconstruction of a market-based, democratic government in Bosnia.

b. Support and facilitate the establishment of formal and informal institutions, systems and processes that promote inter-governmental understanding, cooperation and collaboration. While assistance should be provided for linkages between the Federation and all targeted communities, particular emphasis should be paid to linkages with Sarajevo and coordination with the long-term local government resident advisor based there. At the same time, provide assistance and information regarding democratic and participatory practices that might be utilized by the federal government to foster the process of ethnic reconciliation.

c. Coordinate federal and inter-governmental education and training programs with long-term resident advisors working on local government training programs, including those to be developed in conjunction with the University of Sarajevo (and branches in Mostar and Zenica) and University Tuzla. In addition, coordinate with other USAID-funded programs supporting federal government training and information dissemination.

d. Assist in the clarification and coordination of the various international donors operating in Bosnia-Herzegovina in relation to reconstruction efforts as well

as in helping to frame a program for reconstruction. These would include the UN SCS and the EC as well as NGOs involved in the reconstruction process through the Municipal Rehabilitation Fund.

2. Local Government

At the local government level, ICMA recommends that USAID foster reconciliation among ethnic groups and dual governments, primarily related to the decision making process for the use and disposition of grant monies from the Municipal Rehabilitation Fund as well as to assist in the strengthening of the administrative capacity of local governments and inter-governmental systems. Within this broad goal, ICMA recommends that USAID:

a. Establish and maintain effective working relationships with relevant ethnic groups, governments and joint committees, as appropriate, in the city or cities within which technical assistance is being carried out.

b. Provide technical advice and mediation/negotiation assistance to local governments and joint committees, with the ultimate purpose of achieving consensus on common goals and relevant projects that may be financed with grant monies from the Municipal Rehabilitation Fund.

c. Provide assistance in strengthening the financial and administrative capacities of local government and their staff in the management of MRF monies and in the design and implementation of funded projects (in various technical areas) that may further contribute to ethnic cooperation and reconciliation and that may further strengthen local government planning, development and management capacities.

d. Support the development of inter-governmental linkages by assisting in the development of municipal associations and in the establishment of formal and informal institutions, systems and processes that promote understanding, cooperation and collaboration between the Federation and its local governments (including both Cantons and Municipalities).

e. Provide assistance and information regarding democratic and participatory practices that might be utilized by the local governments in both existing and future programs and processes and that might contribute to the process of ethnic reconciliation.

f. Coordinate local government education and training programs with other local government resident advisors and with the federal government advisor working on federal level and inter-governmental programs. These programs should be developed in conjunction with the University of Sarajevo (and branches in Mostar and Zenica) and the University of Tuzla. In addition, coordinate with other USAID-funded programs supporting local government training and information dissemination.

B. Staging, Deployment and Support for Resident Advisors

Three long-term advisors for up to twenty-four months are recommended for the program in Central Bosnia and Sarajevo. As the program develops, a fourth resident advisor could be added for work at the city level in Sarajevo.

Because of the unstable political and security situation that exists at present, it is recommended that the program be phased in incrementally, with roughly the following schedule:

1. Set up Base of Operations in Split

To get the program started, the first step would be to send out two of the long-term advisors, along with program management staff from the contractor, to organize a base of operations in Split, including needed office space, equipment, interpreters, and initial support staff. Split serves as the administrative base for a number of the NGO programs (including the International Rescue Committee), and it is expected that a USAID staffer responsible for the NGO programs will shortly be based out of Split. It has several road links into Central Bosnia, and now has direct UNPROFOR flights to Sarajevo. Split offers a secure base of operation for the initial period when there are so many uncertainties as to whether war will break out again.

During the first two months, the two advisors will revisit cities that expressed interest in the program, to work out a more detailed understandings on specific assistance to be provided. They will also visit additional local governments that appear to have potential for assistance programs fostering multi-ethnic cooperation. They will discuss with NGOs working in the various target municipalities potential modes of cooperation and will work with USAID field staff (and appropriate NGOs) to identify more precisely the most useful roles the municipal advisors can play in making effective use of the municipal development funds. They will also, during this two-month period, visit federal officials in Sarajevo to work out detailed plans for the assistance proposed for the Federation level of government.

2. Deployment of the Advisors

By the third month of the program, the third advisor should be brought to Bosnia. One advisor would then be assigned to Sarajevo, to take the lead on the assistance activities for the Federation (based on a detailed work program developed during the first two months).

In providing assistance to local governments in Central Bosnia, there are several alternative approaches that will be examined by the team during the first two months. After the two-month period, recommendations will be made by the team to USAID officials on which approach is likely to be most effective for the on-going program. The alternatives to be looked at include:

- Keep the team of municipal advisors in Split, with constant travel from Split out to the target local governments around Central Bosnia.

- Keep a central office operation in Split, with one of the advisors posted out to a second office in Central Bosnia.

- Post both municipal advisors in Central Bosnia, with a locally staffed support operation in Split.

3. Local Staff/Consultants

Municipal advisors should attempt to identify a team of Bosniac professionals (including a Muslim and a Croat) in each of the communities where intensive technical assistance will be provided. If there are ten such target municipalities, there would be ten teams located throughout Bosnia. There are many unemployed (and under-employed) professionals in Central Bosnia, and based on discussions with NGOs working there, it should not be difficult to come up with such teams. The municipal advisors will use these teams as resources to help bring leaders together from the various ethic communities to collaborate on community projects. The local teams will also provide day-to-day implementation assistance to the target municipalities for agreed-on activities.

Having these local teams in place should greatly facilitate the work of the resident advisors, and also hopefully contribute something towards building local expertise in conflict resolution approaches. (During the course of the program, these local staff/consultants would be provided training opportunities in community organization, conflict resolution, and other skills appropriate to their roles.)

4. Possible Fourth Advisor

It is contemplated that for the first six-month period of the program, three resident advisors should be adequate, together with the local teams working in the various target municipalities, and short-term technical assistance as needed.

Approximately six months into the program, it might be useful to bring in a fourth resident advisor. Depending on how the program develops, this advisor could be assigned full time to the city government of Sarajevo, or might be assigned to strengthen efforts with local governments in Central Bosnia. Alternatively, if it is found that hiring local multi-ethnic teams in the various target communities has shown a significant payoff, USAID might want to consider providing funding to expand the number of such teams in Central Bosnia and Sarajevo.

C. Logistical Support

Logistical support for the resident advisors will be unusually difficult. Because air and rail transportation is absent or minimally available, vehicles will be necessary and four-wheel drive essential. Free passage through UN checkpoints is necessary so arrangements for UNPROFOR or UNCHR registration of the vehicle and UN identification for all personnel will be necessary. Living arrangements will require wood stoves in Sarajevo, generators and provisions for shipment of consumables. Telephone and mail service are unreliable or absent, so provisions must be made for communications among the advisors and with USAID and the relevant contractor in Washington DC. Satellite, E-Mail and HF radio capabilities are suggested.

Also, there is a wide array of U.S. NGOs working in Sarajevo and Central Bosnia-Herzegovina, many of which the assessment team contacted during the field visits. These men and women will be a very important resource for resident advisors and provide advice and assistance on the need and appropriateness of technical assistance. They will also provide needed collegiality for the advisors as they go about their difficult, complex responsibilities.

APPENDIX A

LIST OF CONTACTS IN BOSNIA-HERZEGOVINA/CROATIA

ZAGREB, REPUBLIC OF CROATIA

MR. ZDRAVKO JURCEC
Deputy Minister
Planning, Building, Housing

MS. DJURDJA ALANOVIC-BOJOVIC
Head
Institute for Public Administration

MR. ROBERT MAHOVIC
Institute for Public Administration

REPUBLIC OF BOSNIA HERZEGOVINA EMBASSY, ZAGREB

MR. NEDZAD RAYKOVIC
Economic Officer

DR. MENSR SABULIC
Political Officer

CITY OF SARAJEVO, REPUBLIC OF BOSNIA HERZEGOVINA

DR. MUHAMED ZLATAR
Vice Mayor

MR. MUHAMED KRESELVLJAKOVIC
Former Mayor
Bosnian Consul to Milan, Italy

CATHOLIC RELIEF SERVICES (CRS) SARAJEVO

MR. PHIL OLDHAM
Head of Office

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

MR. DAVID E. SMITH
Director
Programme Support Unit, Vienna

MR. SIBA DAS
Deputy Director
Europe and the CIS

MR. JORGE CHEDIEK
Programme Management Officer
Europe and the CIS

CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE)

MR. H.P. (HANS) KLIENER
Head of Mission

MR. CHARLES B. SMITH
Mission Member

SARAJEVO UNIVERSITY, BUSINESS SCHOOL, ECONOMICS FACULTY

DR. BORIS TIHI
Director

US EMBASSY, SARAJEVO

MR. JOHN MENZIES
Deputy Chief of Mission

CITY OF SARAJEVO

DR. TARIK KUPUSOVIC
Mayor

REPUBLIC OF BOSNIA HERZEGOVINA, AGENCY FOR INT. COOP. FOR RECONSTRUCTION AND DEVELOPMENT

DR. SEAD KRESO
Executive Director

SORO FOUNDATION, SARAJEVO

MS. AMELA HADROVIC
Head of Office

CITY OF SARAJEVO

MR. SEVKIJA OKERIC
President of Executive Committee

MR. ANTO ZELIC
Vice Mayor

CITY OF MOSTAR, EU ADMINISTRATION

MR. NORBERT WINTERSTEIN
Head of City Administration

MR. JUHANI VAANANEN
Political Counselor

CITY OF GORNYI VAKUF, BOSNIA HERZOGOVINA

MR. LYUBUNCIC OMER
President of Council (Muslim)

MR. ANTE OREC
Mayor (Croat)

CITY OF NOVI TRAVNIK, BOSNIA HERZOGOVINA

MR. JOSIP UDOVICIC
Mayor (Croat)

MR. SALIH KRNDIE
Mayor (Muslim)

CITY OF ZENICA, BOSNIA HERZOGOVINA

MR. BESIM SPAHIC
Mayor (Muslim)

MR. ZIJAD IMAMOVIC
Chief of Protocol

CITY OF TUZLA, BOSNIA HERZOGOVINA

MR. SELIM BESLAGIC
Mayor

MR. JASMIN IMAMOVIC
City Secretary

MR. MIRZA KUSLJUGIC
Head of Office
International Relations

DR. MEVLIDA VLADIC
Sector Coordinator
International Relations

TUZLA-PODRINJE CANTON, FEDERATION OF BOSNIA HERZOGOVINA

MR. MUHAMED BILAJAC
Minister for Reconstruction
Development & Enterprise

DR. ESAD ZUNIC
Ministry Officer

MR. BOZO PERKIC
Ministry Officer

SIBENIK, REPUBLIC OF CROATIA

MR. ANTE SUPUK
Mayor

MR. PASKO BUBALO
County Executive

ZADAR, REPUBLIC OF CROATIA

MR. SIME PRTENJACA
County Executive

MR. PAVAO RACIC
Deputy County Executive

MR. MARKO KUMAN
Chief of Protocol

MS. ANA LOVRIN
Deputy Mayor
City Zadar

GOSPIC, REPUBLIC OF CROATIA

MR. ANTE FRKOVIC
County Executive

MR. IVAN BLAZEVIC