

**REUNIFYING MOSTAR:
OPPORTUNITIES FOR PROGRESS**

19 April 2000

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APPENDICES

MAJOR AGREEMENTS RELATED TO MOSTAR (1994-2000)

GLOSSARY OF ABBREVIATIONS

Map of Bosnia and Herzegovina



Source: www.odci.gov/cia/publications/factbook/bk.htm



REUNIFYING MOSTAR: OPPORTUNITIES FOR PROGRESS

EXECUTIVE SUMMARY

Reunification of Mostar is key to the reintegration of separatist Herzegovinian Bosnian Croats into Bosnia. After years of fruitless post-Dayton efforts to wean the Bosnian Croats from Zagreb and reorient them toward a constructive role in Bosnia, the international community at long last has the capability to achieve this goal. The success of the democratic forces in Croatia in the January-February elections there has brought reliable partners to power with whom the international community can work in Bosnia. Policy initiatives in Herzegovina will not require new resources and, if achieved, can lead to a reduction in the international profile in Bosnia. Failure to act on these opportunities will cripple the Bosnian peace effort and weaken the new government in Croatia. These issues present serious policy challenges.

Past failures of policy need not divert the international community from the opportunities at hand. Today's Mostar remains almost completely divided. Croats and Bosniaks still live in different parts of the city; refugees are unable to return to their pre-war homes; residents pay taxes to parallel ethnic governments that administer separate infrastructures, public services, schools, healthcare and police. The illegal parallel structures of Croat-controlled Herzeg-Bosna are alive and functioning.

It was not meant to be this way. Following the March 1994 Washington Agreement, which established a Federation of Bosniaks and Croats, top officials from the two sides met in Geneva to decide the future of Mostar, a city divided in half by the Bosniak-Croat conflict. The Memorandum of Understanding (MOU) signed in Geneva gave the European Union broad powers to administer Mostar over an interim period, and establish a multiethnic, unified city administration.

Since Geneva, the international community has spent hundred of millions of dollars (the European Union alone about 200 million euros) in Mostar. So too, the international community invested significant political capital and effort in Mostar, negotiating more than thirty major agreements between the two sides (see Appendix). In these agreements, the international community repeatedly brokered deals on the same issues: return of refugees and displaced persons, unification of police, unification of city and canton budgets, unification of city and canton institutions. These negotiations proved to be futile and frustrating attempts to reinvent the wheel.

The reasons for failure are simple. Every major agreement made to date has been broken unilaterally by the Croatian Democratic Union (HDZ) of Bosnia and Herzegovina. The international community failed in Mostar precisely because it chose to rely on the good will of the HDZ -- the party responsible for the ethnic cleansing of west Mostar -- to respect agreements for reunification. The HDZ has disregarded all agreements, worked against the national interests of Croats in Bosnia and Herzegovina, and followed a clear policy of ethnic division, while maintaining the illegal Croat third entity (Herzeg-Bosna). Poorly targeted international assistance, lack of international co-ordination, and suspect foreign investment by western companies have cemented the ethnic divide.

Rather than face up to the real causes of the ongoing conflict -- HDZ obstructionism and separatism -- the international community found it less burdensome to treat both sides as equally at fault, following the course of least resistance. This policy has failed, discrediting international community efforts in the eyes of many local politicians and international observers. The international community, meanwhile, hoped that a post-Tudjman government in Croatia would make the problem of the hard-line Herzegovinian HDZ disappear.

It is hardly surprising that the HDZ in Bosnia is reluctant to co-operate with the new government in Zagreb. In fact, HDZ politicians in western Herzegovina and Mostar appear to be following increasingly hard-line and uncompromising positions. The HDZ sweep of the 8 April municipal elections in Croat-majority municipalities positions the hard-liners to continue their obstructionism for the next four years.

The policy stakes remain high. Mostar is more than simply reunifying a city. It is also symptomatic of the larger Bosniak/Croat conflict in the Federation, which centres on the issue of Herzeg-Bosna. As long as this illegal third entity remains, Mostar will remain divided, the Federation will not function, the Dayton Peace Agreement will remain stalled, and pressure will mount for an international draw down that would vindicate the hard-liners.

The international community has a window of opportunity to move ahead with the reintegration of Mostar, thereby helping both Bosnian and Croatian democracy and its own self-interest in linking withdrawal from Bosnia to completion of the international mission. This will require determined action to resolve the problem of continued parallel institutions within the Federation. Such an approach should be co-ordinated with the Croatian government, and concentrate on weakening the financial basis of the separate Herzeg-Bosna institutions. SFOR must play a far more active support role to make this work.

After focusing on conflict and immediate post-war tensions in Bosnia for four exhausting years from 1992-1996, policymakers have generally been relieved that Bosnian issues have faded from the headlines. This has not prepared them for the policy opportunity they now confront there. The Balkans are not known for producing such opportunities with any frequency. It is tempting fate to expect this window to remain open indefinitely.

RECOMMENDATIONS

Financial

1. In keeping with numerous signed agreements, the international community (USAID's Macro-economic Assistance Program, World Bank, and Office of the High Representative (OHR)), working in concert with the Federation Ministry of Finance, should immediately force the six Mostar municipalities to cease and desist all revenue collection and treasury activities through the payments bureaux (ZPP and ZAP). These activities should be transferred to one unified account in a private, commercial bank, under the control of the city central administration. A logical candidate would be the European Bank for Reconstruction and Development (EBRD) controlled Market Banka, which includes both Croats and Bosniaks among its top management;
2. At present donations flow through a myriad of ethnic institutions. The World Bank, European Union (EU), International Management Group (IMG), and OHR should ensure that donors funnel all donations to Mostar through the city's central government, and not through the various ethnically controlled municipal structures;
3. USAID and the U.S. Department of Treasury should create -- within 60 days -- a treasury/revenue-collection agency in the Mostar city administration. All official revenue and treasury functions of the payments bureaux should be immediately transferred to this newly created treasury office in the city administration. USAID should tightly supervise the functioning of the two payments bureaux (ZPP and ZAP) until overall payment bureaux reforms are completed;
4. To provide greater accountability and transparency, the Croatian government should channel all remaining financial support to Bosnian Croats through the Bosnian central government or Federation government organs and institutions;

Crime/Corruption

5. The Federation Ministry of Finance, the Croatian government, OHR and USAID, should carry out an immediate joint financial audit of key Bosnian Croat institutions that provide the support network for the HDZ's obstructionism of Mostar reunification (list provided in final recommendations);
6. The OHR anti-corruption unit should work closely with the Croatian government, the Federation prosecutor's office, and the SFOR intelligence services to identify, monitor and investigate individuals and companies in Mostar identified with organised crime and corruption;
7. OHR's anti-corruption unit should assist the Federation to form a Criminal Assets Bureau, which will have powers to freeze assets and accounts supporting criminal activity. The Bureau would also have power to obtain information for investigations. This Bureau could begin by freezing all assets related to illegal operations uncovered by last year's Westar operation undertaken by SFOR against the Herzeg-Bosna and Croatian intelligence apparatus in Mostar;
8. OHR's anti-corruption unit should immediately review the Federation government's electricity-for-aircraft deal with Debis International and Daimler-Chrysler for possible irregularities;

9. The Customs and Fiscal Assistance Office (CAFAO) and the newly created national border police should place increased emphasis on customs monitoring in western Herzegovina;
10. The Croatian government, OHR anti-corruption task force, and Federation prosecutor should carefully review the activities of the key individuals who are rumoured to form the Bosnian Croat *de facto* shadow government involved with criminal activities and illegal Bosnian Croat parallel institutions of Herzeg-Bosnia. Those who hold public office and are found to be obstructing unification should be immediately removed by the OHR. Others should be subject to criminal charges, where applicable;

Economic

11. To stimulate private investment and economic growth, CAFAO and USAID should create -- within 60 days -- a new tax code for Mostar, based on the EU standard Value Added Tax system, preferably at a level of no more than 10 percent;
12. The OHR should return physical and legal control over the three Mostar hydroelectric dams to the central city administration. This will provide the city with the needed revenues to finance a unified administration. The opportunity to exercise control over these revenues will entice recalcitrant HDZ hard-liners into co-operating with the central administration. These revenues will also make Mostar financially self-supporting;
13. USAID, the World Bank, and Mostar's city administration should undertake a 60-day action program to revamp existing business regulations. This will create an investment-friendly environment and stimulate business growth;
14. USAID, the Federation Agency for Privatisation, and Germany's aid agency (GTZ, Gesellschaft für technische Zusammenarbeit, acting under authorisation from OHR, should immediately create a panel to review the manner in which state-owned firms and assets were privatised in the Mostar region. It should also review the performance of divided state-owned companies. This panel should ask each of the two sides to submit a list of privatised companies for review. This panel should review these firms and -- where necessary -- reverse suspect cases of privatisation, as well as audit their accounts;

Political

15. OHR should place all six Mostar municipalities into a national-level condominium district, similar to Brcko. In addition, a special envoy should be appointed for Mostar;
16. The OSCE and OHR should draft a plan for the establishment of international community managed housing offices in west Mostar, including hiring of new staff, and giving a supervisor from the international community the legal right to sign property decisions;
17. Because of the HDZ's six-year record of obstruction of the Dayton Peace Accords, OHR and OSCE should take advantage of the 8 April 2000 municipal elections to deny final certification to all elected officials from the HDZ list. They should extend probationary certification, with final certification dependent on the officials

- fulfilling a minimum set of Dayton-related conditions. The OSCE should make the HDZ's participation in subsequent elections subject to strict conditionality;
18. The EU, US, Canada and the Croatian government should institute travel bans on politicians identified as obstructionist or involved in criminal activity;
 19. OHR and the international community should urge the Croatian government to channel all financial aid to BiH Croats through central and Federation government channels;
 20. SFOR should physically halt construction on all buildings in the central zone which have not received the necessary permission from the city government;
 21. UNESCO and OHR should work in concert at the Federation level to help develop a multi-ethnic educational curriculum acceptable to all three national groups in Mostar. This curriculum would be applied throughout the entire city, beginning with the First Gymnasium in the central district;
 22. The international community must stop pressuring both sides equally in situations where one side clearly bears more of the burden of non-compliance;
 23. OHR and the Department of Urban Planning of the Mostar City Administration should immediately evaluate the use of all buildings in the city's central zone to prevent illegal use of these buildings;
 24. The OHR should immediately apply pressure at all levels for the passage of the Canton Seven Law on Self-Government, and the Law on the Distribution of Revenues. If the law is not passed, it should be imposed;
 25. If an acceptable version of these laws is not passed immediately, the OHR should remove cantonal Governor Rade Bosnjak, according to the terms of the warning letter that Deputy High Representative Hoffman sent to Bosnjak in November 1999. In this case, the OHR should also impose these two laws;

Security

26. SFOR needs to significantly increase its security support for international community initiatives in Mostar in accord with its Dayton obligations to provide assistance to those organisations charged with implementing civilian aspects of the Dayton agreement;
27. To provide greater accountability and transparency, the Croatian government should channel all military aid to the HVO (Bosnian Croat Armed Forces) through the Standing Committee on Military Matters (SCMM);
28. SFOR should immediately publish the findings of the Westar raid;
29. SFOR should continue to take aggressive action (a la Westar) against the *de facto* Herzeg-Bosna intelligence service. In particular, it should locate and close their offices;
30. In the interim period while unification measures are taking place, SFOR should be prepared to assume responsibility for civilian security, in the absence of co-operative local police partners;
31. SFOR should immediately increase the level of support it offers the Refugee Return Task Force (RRTF) for refugee returns. Increased support should include physical assistance in supporting evictions, crowd control, and providing increased security for returnees;
32. SFOR, acting under authorisation from the OSCE, United Nations Mission in Bosnia and Herzegovina (UNMiBH) and OHR, should physically remove from office

- all officials in Mostar residing in housing that belongs to a refugee or displaced person. This should be done on the basis of legally valid decisions by the Commission for Real Property Claims (CRPC), Ombudsmen, Human Rights Chamber, and Housing office. The people who have been removed should be forbidden from holding public office in the future;
33. The UN and the Peace Implementation Council (PIC) should give the International Police Task Force (IPTF) a stronger security role, particularly where SFOR is unwilling to fulfil its responsibilities. This could include the formation of elite armed IPTF units, as well as the authorisation for IPTF to take over policing responsibilities in those municipalities deemed to be non-compliant;
 34. SFOR should immediately provide the physical security necessary for IPTF to carry out the unification of the cantonal and city police forces;
 35. The police should be paid from one common source, utilising the newly created treasury functions within the city administration. Those police who do not accept the new unified administration should be fired;
 36. SFOR should maintain close scrutiny of HVIDR-a (the Association of Croat War Invalids of the Home War) and UDIVDR as potential terrorist organisations;

Media

37. The International Media Commission (IMC) should continue to press forward with its laudable and to date successful efforts at media reform in the region; and
38. OHR should authorise OSCE and the Open Broadcast Network (OBN) to undertake a long-term media campaign in the Mostar region to overcome the impact of years of nationalist hatred and rhetoric.

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REUNIFYING MOSTAR: OPPORTUNITIES FOR PROGRESS

I. INTRODUCTION

Mostar is a city divided. The *Bulevar* and its shrapnel-riddled no man's land of destroyed buildings separate the Croat controlled west from the Bosniak controlled east. A few blocks away from the *Bulevar*, the Neretva River gorge cuts through the city. Ten years ago one could cross the gorge in numerous places on a variety of bridges, some dating back to the Turkish era. During the war, all bridges were destroyed -- both literally and figuratively -- by either the Serb or Croat armies. Since the war, the Bosnian Croat HDZ (Croatian Democratic Party) has actively opposed all efforts, both figurative and literal, at bridge building.

Since 1994, the international community has invested hundreds of millions of dollars in Mostar, ostensibly to reunite the city. The European Union (EU) alone spent approximately 200 million ECU¹ to implement the reunification goals established in Geneva in April 1994. Through mainly EU assistance, much of Mostar's infrastructure and many of its buildings have been rebuilt.

In terms of actually achieving reunification, international community and EU efforts have failed. After six years of international community assistance and supervision, the administration, economy, infrastructure, education, police and legal systems of Mostar remain sharply divided along ethnic lines. The only real achievement to date in Mostar has been freedom of movement. The greatest indication of the international community's failure to date has been the persistent and largely unchallenged obstruction by the HDZ to implementing property laws and refugee return. From the signing of the first peace agreements on Mostar to the most recent agreement mediated by Christian Schwarz-Schilling, which the HDZ leadership refused to sign, the same key issues remain unresolved.

Since 1994, the HDZ leadership, in co-operation with HVIDR-a (Croatian War Veterans and Invalids Association) and powerful Herzegovinian economic interests, has repeatedly blocked not only international community efforts to reunite Mostar, but also the implementation of the Federation Agreement and the Dayton Peace Agreement. In contrast, the Bosniak leadership in Mostar, although at times intransigent, has attempted to reach out across the Neretva River to bridge -- both literally and figuratively -- the gorge that separates the Bosniaks and Croats in Mostar and the Federation. Yet this gap remains un-bridged. The

¹ Figure provided by European Commission, Sarajevo office.

primary reasons for these failures are twofold: HDZ obstructionism and international community disorganisation.

A. HDZ Obstruction

Since signing the first agreement in Geneva in 1994, the ruling Croat political party, the HDZ has prevented all progress by blatantly obstructing over thirty subsequent agreements (see Appendix). The HDZ has carried out a policy of maintaining a divided city, canton and Federation, obstructing all agreements at various official levels and at different times, engaging in a continuous game of good cop-bad cop with the international community. The HDZ has used different methods to institutionalise the non-implementation of the Washington Agreement; first insisting on the continued existence of the Croatian Republic of Herzeg-Bosna, then the Union of Croat Municipalities, and most recently in calls for the establishment of a third entity and cantonisation.

The fact that many of these agreements were signed at the Federation and Canton level demonstrates the non-functionality of the Federation government and the HDZ's complete and open opposition to both the Washington and Dayton agreements.

The political extremism of the HDZ in Mostar is supported by local media and organisations like HVIDR-a, which disseminate a distorted message to the public about the threat issues allegedly pose to Croat identity. While HDZ rhetoric tends to interpret most issues in terms of a threat to Croat identity in Bosnia, translating the legitimate concerns of everyday Croats into fear, the activities and obstructionism of the HDZ frequently run counter to the interests of everyday Croats, particularly potential returnees. In fact, the HDZ maintains its parallel institutions not solely out of a desire for union with Croatia, as some would assert, but also because it suits the personal financial interests of leading HDZ politicians.

Although this paper sometimes refers to the separatist authorities of west Mostar and Canton 7 as the "Croat side," the intent is not to equate the HDZ with the Croat people in Bosnia and Herzegovina. One of the goals of this paper is to demonstrate that the obstructionist tactics of the HDZ and its tendency to equate the HDZ with all Croats has had negative consequences for the citizens of Mostar, who still live in a divided city, many unable to return home. As Croatian support for separatist aims disappears, new policies must address the legitimate fears of everyday Croats and the equal status of all peoples in BiH, while dismantling divisive and inefficient parallel institutions.

B. International Community Disarray

In addition to HDZ obstruction, the international community has also unwittingly done its part to delay or obstruct reunification. While improving the outward physical appearance of Mostar over the last six years, foreign aid and investment have contributed to the development of two separate economies and two separate infrastructures in Mostar. Examples include:

- International community aid expenditures targeted at individual ethnically controlled municipalities, rather than the central, "unified" administration;
- A legally questionable Spanish investment in a Mostar hydroelectric power plant through the illegal parallel structures of Herzeg-Bosna, which bypassed the competent Federation institutions; and
- Foreign investment in Mijo Brajkovic's "co-capitalised" aluminium plant in west Mostar.

Former Deputy High Representative Hans Schummacher indicated that such irresponsible investment continues to be a problem. "I would say that one of the tools which the I[n]ternational C[ommunity] should in the future use when the return of people is at issue is economic assistance of the international community and foreign investment. And I would expect and appreciate if international companies who wish to co-operate with local companies in Mostar seek advice from OHR, the World Bank and the international community. Because, currently the economic structures, namely the structures within those companies are divided. I agree...that privatisation may cement this division."²

A constant parade of international bureaucrats continues to descend on Mostar, demanding change, carrying out mediations and negotiations, and signing still more agreements which the HDZ has no intention of honouring. Six years of experience have shown that the real forces behind the failure to implement key issues cannot be addressed through simple negotiation and agreement. Yet, in Mostar, the international community repeatedly reinvents the wheel.

The solution to Mostar is easier to conceptualise than implement. Unifying a divided city is not rocket science. Yet, lacking the resolve – and frequently the support provided by SFOR power -- to correct the situation, international bureaucrats continue to follow the path of least resistance. To date, the international community has yet to demonstrate the political will to deal with the problem of Mostar. The insistence on treating both sides equally, even when one side is obviously obstructionist, has caused the EU and OHR to lose credibility in the eyes of many observers. The future of the Federation lies in Mostar. If the international community can successfully unite Mostar, then the Federation will function. Without unification of the city, serious efforts to integrate HDZ strongholds into the Federation will fail.

² "Bjezim iz bazena s ajkulama," *Sarajevski Svijet*, 11 July 1999, p.17.

This report examines Mostar and assesses the agreements signed to date, the actions of both the international community and the two ruling ethnic parties, and the continued existence of the illegal Herzeg-Bosna institutions as a *de facto* third entity. It highlights the HDZ's use of negotiation as a tactic of political obstruction,³ and concludes with recommendations for how to achieve Mostar's unification.

II. BROKEN PROMISES: 1994-1999

A. The 1994 Geneva MOU

On 6 April 1994, in Geneva, Croat and Bosniak politicians signed the first significant post-Washington accord on the future of Mostar. Unable to agree on even the most minor details, they signed a Memorandum of Understanding (MOU), which empowered the European Union (EU) to administer Mostar until the parties themselves could agree to a more permanent solution. Many of the principles set forth in this document formed the basis for later agreements, in particular the Rome Agreement and the City Interim Statute (February 1996), whose provisions superseded those of the Geneva MOU. The main goal of this document was one which both the international community and the Bosniak side continue to support to this day, and which the HDZ continues to obstruct: a multi-ethnic unified city.

In the Geneva MOU both the Bosniaks and Croats pledged to co-operate with the EU Administration to normalise life in Mostar, by creating conditions necessary for freedom of movement and securing the protection of human rights, including the return of refugees and displaced persons to their pre-war homes. The EU, in turn, would work to rehabilitate public utilities, organise and offer humanitarian assistance, assist in a program for reconstruction of industries, maintain public order, assist in the establishment of all public functions in the city, and ensure the national, religious and cultural identity of all peoples. A structure for the unified city management was also suggested, comprised of the following departments: finances and taxes; reconstruction; infrastructure, industry and transport; enlightenment and culture; public order; and health and social services. Finally, the EU Administration would have at its disposal a police force to manage and monitor local police and protect civilians, particularly in sensitive regions.

B. Towards Ethnic Apartheid

From the first year of the EU administration, the HDZ consistently blocked all those aspects of the Geneva MOU which would have physically or politically reintegrated Mostar. EU Administrator Hans Koschnick alluded to this policy in 1995 as a major obstacle to the creation of a unified administration: "Not unexpectedly the Croat side has now tabled a proposal, which would divide the municipality of Mostar into two independent legal entities. The HDZ proposal is a

³ As Hans Koschnick, the first EU Administrator for Mostar noted in 1995: "the Herzegovinian Croats have been quickly learning to sign agreements but not to respect them." See Koschnick's report to the EU: "The EU Administration of Mostar – a balance after one year," August 1995, p.4.

formal proof and confirmation of a policy to divide Mostar.⁴ Koschnick suggested that the real forces behind this policy included the influence of some hard-line Herzegovinian Croats in Zagreb and the close ties between HDZ leaders, military commanders and organised crime.⁵

The most obvious failures under the MOU were the continued unchecked authority of the two ethnically exclusive police forces,⁶ and the complete obstruction of movement between east and west Mostar,⁷ making minority returns impossible.⁸ Throughout 1995 the existence of parallel police structures posed a security threat, preventing freedom of movement and precluding the return of minorities. These actions continued well into 1997. For example, on New Year's Eve, 1996, Croat police shot and killed a Muslim youth.⁹ More than one year after the signing of the Dayton Peace Agreement, Croat police allowed and in some cases participated in the ethnic cleansing of non-Croats from west Mostar.

Only by fully exercising the broad powers granted to it, could the EU have successfully implemented the MOU. Koschnick needed the consistent political backing of the European capitals. "[I]t is obvious," Koschnick emphasised in 1995, "that notably our political aim – the single, self-sustaining and multiethnic administration of Mostar – will not be achieved without the forceful assistance of our governments."¹⁰ And yet, Koschnick later expressed frustration at the lack of such support, before the Council of EU Ministers in Luxembourg.¹¹ Thus the EU began a flawed *de facto* strategy that relied completely on the good will of both sides to implement the MOU, while ignoring the fact that one of the two sides had no desire to co-operate.¹² This would prove to be a recipe for failure.

⁴ "The EU Administration of Mostar – a balance after one year" August 1995, p.9.

⁵ "Local HDZ leaders in their majority are of a particular nationalistic brand and furthermore intimately connected with the local military commanders and some even with gang leaders. Although it might be doubtful whether they can count on the majority of normal Croat citizens in Mostar, their financial means, their command of the police and their links with organised crime as well as their access to the local media as propaganda instrument make them fearsome 'warlords.' And they play successfully with the anxiety of their community that a silent occupation of Mostar by a Muslim majority threatens their identity." Ibid, pp. 5-6.

⁶ "We still have two separate police forces and certainly the Croat police does not accept my authority. The principle obstacle has been since the inauguration of the EUAM the obstinate policy of the west Mostar police to refuse to follow the path of unification." Ibid, p.7.

⁷ "Freedom of Movement in Mostar is more restricted than in any other town or city in the Federation. ...Over the last year some six written agreements have been signed which have provided small, but significant, relaxations, but even these have on many occasions been disregarded by the Croat police." Ibid, p.5,6.

⁸ "On the Croat side there is no political will to allow the return of expelled Muslims. ...the return of Croat displaced persons to apartments on the Bosniak side has already been offered by the Bosniaks." Ibid, p.8.

⁹ "Kinkel, Bosnia's Nato chief back united Mostar," *Reuters*, 14 January 1996.

¹⁰ "The EU Administration of Mostar – a balance after one year" August 1995, p.9.

¹¹ "Hrvatska Politika – Politika Odbijana Rjesenja," *Dnevni Avaz*, 31 October 1995.

¹² "We have faced therefore the political and legal task to administer an undivided Mostar, but have not had the administrative powers to implement such a mandate without the consent and co-operation of the local parties." Ibid, p.7.

C. EU Aid Reinforces Ethnic Apartheid

The only real "success" of the EU Administration seems to have been in reconstructing war-damaged infrastructure, schools, health services and housing. According to the Geneva MOU's second article, the EU Administration was to create "a general climate, which will lead to the development and stabilisation of a lasting agreement between all sides to arrive at a unified, independent and multiethnic administration for the City."¹³ By early 1996 it had become obvious that EU monies were simply reinforcing the ethnic divisions already in place, and that the HDZ was using donations channelled through parallel institutions to reinforce and strengthen those institutions.

The physical rehabilitation of Mostar turned out to be a double-edged sword. Without freedom of movement or a unified administration, this assistance went towards the development of two separate cities and two separate administrations. Although some local politicians, such as then-Mayor Safet Orucevic warned the EU of the final results of their spending policies in a December 1994 letter,¹⁴ the international community and the EU continued to fund separate institutions and projects that supported ethnic separatism. Examples of this were seen in proposals for financing separate companies for public transportation, public works, city water systems, and post offices, as well as financing for two parts of ethnically divided pre-war firms.

Meanwhile, extremists kept ethnic tension high through the expulsion of non-Croat citizens from west Mostar, through terrorist attacks and violent ethnically motivated acts, and through fear and hate inducing statements in the media, often made by representatives of HVIDR-a. The continued ethnic tension and violence in Mostar suited the HDZ's goals of preventing freedom of movement and perpetuating the myth that Bosniaks, Serbs and Croats could not live together. In this context, EU investment and assistance went into rebuilding ethnically separate utilities, services, buildings and institutions. Through this assistance, the EU gave the impression of progress in Mostar and justified its own bureaucratic existence, in the face of political failure.

The divisive effect of international community spending policies led then east-side mayor Safet Orucevic to comment that "the [EU] Administration has not succeeded in the concept of financing a united Mostar, but it has financed the status quo."¹⁵ EU threats to cut off aid to the west side never resulted in concrete sanctions. So too, the EU shied away from financing reconstruction efforts through the central city administration.

¹³ Konacni Nacrt: Sporazum o Upravljanju Mostarom od Strane Evropske Unije (Article 2), 6 April 1994.

¹⁴ "Mostar Otvoreno Pismo Koschniku," December 1994.

¹⁵ "Opasan Model," Orucevic, Safet, *Erazmus*, April 1996.

D. Madrid and Dayton: defining the local administration of Mostar

The Geneva Memorandum of Understanding tasked the EU Administration (EUA) to guide the development of an Interim Statute, which would form the legal basis for the administration of Mostar following the EU's departure. On the road to finalising the Interim Statute, the parties signed the Madrid Agreement about Mostar on 24 October 1995,¹⁶ emphasising the need for full implementation of the MOU. The signatories agreed to:

- Create the conditions for complete freedom of movement. These included increasing the number of women, children and non-military men allowed to pass through the check points from east to west and *vice versa*, and allowing unlimited access of citizens to the EU building and Mostar Ombudsman;
- Move towards the creation of a unified, EU administered police force. The signatories also noted that tough measures needed to be taken against organised crime;
- Finalise the Interim Statute according to the principle of preserving Mostar as a unified city. They reiterated their commitment to securing "the return of one administration, while ensuring the national, religious and cultural identities of the population in the framework of two or more municipalities;"¹⁷
- Create a schedule for elections to the City Council. This council would have the right and responsibility of implementing the Interim Statute; and
- Implement Hans Koschnick's decree concerning the reinstatement of pre-war occupancy rights and to begin the process of reciprocal return of private property in Mostar, "regardless of the general situation within the Federation."¹⁸

Following the Madrid Agreement, Safet Orucevic, the mayor of east Mostar, Mijo Brajkovic, the Mayor of west Mostar, and Hans Koschnick delineated an administrative structure for Mostar, which was included as an annex to the Dayton Peace Accord. The stated purpose of this annex was to preserve "the legal and functional unity of the city of Mostar."¹⁹ This document confirmed that the pre-war territory of Mostar, previously administered as a single municipality, would now be administered simultaneously by the City of Mostar and six city municipalities. The city administration, governed by a city-wide council, would be responsible for finances, tax policies and other economic policies, insofar as federal or cantonal law did not cover these. The city would also have jurisdiction over urban planning, public transportation and the Mostar airport. A second level of administration would be embodied in the six city-municipalities of Mostar, which would govern all competencies not subsumed by the city government.

¹⁶ The agreement was signed by Kresimir Zubak (President of the Federation), Ejup Ganic (Vice President of the Federation), Mijo Brajkovic (Mayor of west Mostar), Safet Orucevic (Mayor of east Mostar).

¹⁷ Madrid Agreement ("Madridski Sporazum o Mostaru"), 24 October 1995.

¹⁸ Three years before the federation property laws were finalised, Hans Koschnick attempted to tackle the issue of occupancy rights, although later developments precluded the implementation of this decree.

¹⁹ "Annex to The Dayton Agreement on Implementing the Federation of Bosnia and Herzegovina: Agreed Principles for the Interim Statute for the City of Mostar," 10 November 1995.

Municipal councils would likewise govern the six municipalities. The forthcoming Interim Statute would define the respective competencies of the municipal, city and cantonal authorities more explicitly.

Throughout 1995 and early 1996, the Bosniak and Croat sides debated their positions on the administrative structure of Mostar and the eventual framework of the Interim Statute before the EU, in the forum of an "Advisory Group." The three main "advisors," Mijo Brajkovic, mayor of west Mostar, Safet Orucevic, mayor of east Mostar and Prof. Milan Bodiroga, represented the interests of the Croat, Bosniak and Serb peoples respectively, in these discussions. The vice-presidents of HDZ and the party of Democratic Action (SDA), as well as the regional and local leaders of these parties also debated the political organisation of Mostar at a number of EU hosted negotiations. Finally, a third level of negotiation involved the so-called "Expert Group," responsible for hashing out precise details of the Interim Statute. The EU had ultimate authority to arbitrate between the two parties on disputed matters.

In the course of these negotiations, the idea of a district or "central zone" was raised. The central zone would be an area of Mostar administered solely by the joint city administration, rather than by any of the municipalities with a particular ethnic majority, consisting of utilities and objects of interest to all citizens. It would consist of a geographical area around the Neretva River and the former front line in the centre of Mostar, as well as the three power plants on the Neretva River, the fresh water sources around Mostar and the city airport.

The symbolic and primary political significance of the central zone is that it represents the only part of the city not under the management of a Croat or Bosniak majority municipality, but solely under the administration of the unified city administration. As such, the normal functioning of the central zone would reinforce the authority of the city administration.

In these early negotiations, the HDZ side sought to limit the geographical size of this zone, while the Bosniak/SDA side wanted the central zone to encompass the entire urban area of Mostar. On 2 February Koschnick presented the "advisors" with a compromise plan for Mostar. The minutes of this meeting characterise the HDZ position. "Mr. Mijo Brajkovic complained that the entire city centre is located in this zone. Showing the area of the future municipalities of west Mostar, he said that cows and sheep will be there, and showing the central zone he added, 'there will be the gentlemen who will drink milk.' Hans Koschnick replied to him with the question of how many people lived there, after which Mr. Norbert Winterstein answered that there were 5,000 residents. Koschnick concluded that such a number could not be a city, emphasising that the city of Mostar had 100,000 residents, and the entire city area 150,000. Mr. Safet Orucevic added that the central zone belongs to no-one and that the entire bank of the Neretva is joint." These positions reflected the parties' respective positions on the unification of Mostar in general.

E. Koschnick's Decree and the Rome Agreement: EU Caves in to the HDZ

On 7 February 1996, Koschnick issued a decree on the administrative plan of Mostar, outlining the geographical area of the three Croat and three Bosniak majority municipalities, as well as the controversial Central Zone, a compromise between the SDA and HDZ proposals.

Mijo Brajkovic announced on local radio that the Croat side was breaking off all relations with the EU, because of the administrative plan, particularly the size of the central zone, and called for a demonstration in front of the EU office at Hotel Ero. A riot ensued in front of Hotel Ero, where an angry mob trapped Koschnick in his car for about an hour, attempting to overturn the car and threatening to lynch him. Several shots were fired.²⁰ About 150 protestors briefly occupied the EU offices inside the hotel. Local Croat police stood by and did nothing. IFOR eventually arrived on the scene in two armoured personnel carriers and broke up the protest.²¹

The EU presidency responded to the crisis in Mostar by calling for an emergency summit in Rome. In the Rome Agreement, signed on 18 February 1996, the EU acceded to pressure from the HDZ representatives of the Croat side, considerably diminishing the size of the central zone. Given the fact that both sides had agreed to accept Koschnick's arbitration regarding the administrative plan of Mostar, the EU's support for the Rome agreement irreparably damaged its credibility in Mostar, and demonstrated that the EU was willing to back down when threatened with violence. The EU essentially abandoned Hans Koschnick, withdrawing all support for his decision. In response, Koschnick was hanged in effigy on the streets of west Mostar, and ridiculed and vilified in the local Croat press because of his arbitration. A month after the Rome Agreement, Koschnick resigned.²²

²⁰ "Mostar Unabridged," *Institute for War and Peace Reporting*, March 1996.

²¹ "Angry Croats trap European mediator in car in Mostar," *Reuters*, 8 February 1996.

²² "Hans Koschnick, the European Union's administrator in Mostar, told ARD television in Germany that he resigned after European governments failed to back him in a dispute with Croat nationalists. Croats rioted when Koschnick announced plans to create seven districts in the city -- three Croat, three Muslim, and one mixed. Croat hard-liners, who oppose any reunification of the once-ethnically-mixed city, surrounded and threatened Koschnick in his car for more than an hour while Croat police watched. 'European governments asked an awful lot of me by making me go on working with the police chief in (Croat-ruled) west Mostar,' Koschnick told ARD, according to Reuters. 'That was a bit much and that was the reason to say 'Goodbye friends.'" "Koschnick Blasts EU," *This Week in Bosnia and Hercegovina*, 13 March 1996.

This violent, well-organised²³ reaction to a concrete plan for city institutions demonstrated the hollowness of any support which HDZ representatives had given to unified city institutions through signed agreements. Commenting on the events later, Brajkovic explained the HDZ's real goal: "I think the best solution would be three entities in Bosnia whose people would then decide how to live together. In my opinion you can make a temporary federation, but it will be very difficult to make it last."²⁴

Not surprisingly, the HDZ has continued to obstruct any institutions that confirm the status of the central zone, even though they agreed to this entity at the Rome meeting. This has included calling for central zone residents to vote in neighbouring municipalities, opposing the creation of a central zone housing office, opposing a central zone court and police, and re-appropriating the buildings in the central zone for use by "Herzeg-Bosna" institutions.

The Rome Agreement also contained provisions for unified police, complete freedom of movement, and return of refugees and DPs to all areas of Mostar, including the central zone. This was the fourth, but not the last time, that the two sides signed a major agreement calling for return to begin immediately. On the same day that the freedom of movement provisions from the Rome Agreement also went into effect, Mijo Brajkovic made unsubstantiated statements on HRT suggesting that drunk Bosniaks might be crossing into the west side of town to celebrate Bajram.²⁵ Local Croat media frequently carried such irresponsible statements, designed to keep ethnic fear high and discourage movement between east and west Mostar. A similar media climate a year later contributed to a violent clash in which west Mostar citizens and police attacked unarmed Bosniak civilians.

Many Mostarians, particularly on the east side of town, felt that the EU, HDZ and SDA had sold out the idea of a unified Mostar by signing the Rome Agreement and accepting a diminished central zone.²⁶ Safet Orucevic, the mayor of east Mostar submitted his resignation, which Bosniak SDA president Alija Izetbegovic refused to accept. In March, Izetbegovic sent an open letter of explanation,

²³ "After the riots, debate in Croatia focused on whether the protest was a bid by the radical Herzegovinian bloc to put pressure on Zagreb, or if it had in fact been organised jointly by both Mostar and Zagreb. ...It seems that Zagreb offered some assistance for the event, in the form of logistics, media and political support. The state-controlled [Croatian] media, particularly the national TV, heavily falsified the facts in their portrayal of the day's events. In its report demonstrations that were marked by shooting and destruction of the EU administration's property were described as a 'benevolent mass gathering of citizens,' attended by Koschnick who was 'blocked in his car for a few moments.'" "Mostar Unabridged," *Institute for War and Peace Reporting*, March 1996.

²⁴ "Deeply divided Mostar an obstacle to peace," *CNN*, 8 February 1996.

²⁵ "Today is that holiday Bajram, and people have had a bit to drink and are headed with some flags to cross over to this [west] side..." HRT program, "Slikom na sliku," 20 February 1996.

²⁶ Local and international media speculated that the HDZ Mostar and SDA Sarajevo had agreed to divide Mostar. "...an impression is created that in this case one is speaking in the name of two, while synchronised attacks on Haris Silajdzic - accused by the Croats as the one who pushed Koschnick in the 'crime' (i.e. his administrative decree) - reveal the level of co-operation between the main parties of the Croats and Muslims: HDZ gets spoils in Mostar, SDA gets power in Bosnia." *Feral Tribune*, 12 February 1996.

perhaps also of apology to the citizens of Mostar, for the deal brokered at Rome.²⁷ "That which occurred in Rome, could not be avoided. Maybe that was not a good option, but nor was any other in my judgement acceptable. When we arrived in Rome, the Europeans had already sat down together and dismissed Koschnick's 'packet.' They were looking for a so-called resolution acceptable to both sides. This they let us know clearly."²⁸

On 20 February 1996, the EUA published the Interim Statute for the City of Mostar, based on the work of the Expert Group and the Rome Agreement and it became law, defining the organisation and the competencies of the city of Mostar, the central zone and the six city municipalities. More than a basis for creating unified institutions, the Interim Statute and the Rome Agreement were to become a measure of HDZ opposition to those institutions.

The Geneva Declaration, signed on March 18, 1996 formed an appropriate denouement to the Rome Agreement. In this document, Kresimir Zubak, President of the Federation and Ejup Ganic, Vice-president of the Federation announced their deep concern over the situation in Mostar, agreeing to "fully implement the agreement (Rome) unifying the City of Mostar."²⁹ They vowed to assure freedom of movement, political and religious freedoms and the return of refugees and displaced persons throughout the Federation. In addition, operative structures would be established in all of the cantons of the Federation and their municipalities by March 1997, a precondition for continued financial assistance.

The Geneva Declaration also put the problems of Mostar in the context of the failure of the Federal and cantonal financial institutions to unify. In particular, this document called for unified customs, tax and payment systems throughout the Federation. The Geneva Declaration also states that the Federation government would be consulted in the future regarding assistance in international reconstruction within Canton Seven. Finally, the highest Federation Bosniak and Croat representatives agreed that any Federation officials refusing to implement the fundamental principles and agreed measures of the Federation would be removed, including officials at the canton and municipal level.

Although the signatories in Geneva confirmed "that the intent is not to create separate, ethnically defined regions,"³⁰ the intent and strategy of the HDZ on the ground clearly appeared to be the creation of separate, ethnically exclusive regions. A new wave of violence in Mostar in 1996 assured that the freedom of movement provisions from Rome and Geneva were not implemented. In many cases the Herzeg-Bosna police remained indifferent to the psychological mistreatment, threats and physical attacks against non-Croats in west Mostar.

²⁷ It appears that substantial friction has existed between Safet Orucevic and the SDA in Sarajevo. On several occasions it appears that his attempts to maintain Mostar as a multi-ethnic city have created problems for an SDA policy, which initially appeared inclined towards dividing Mostar or abandoning it to the Croats.

²⁸ Statement of Alija Izetbegovic, 13 March 1996.

²⁹ "Statement on the Federation of Bosnia and Herzegovina, Geneva," 18 March 1996.

³⁰ Ibid.

Police watched robberies or beatings committed against Bosniaks. A Bosniak house in west Mostar was set on fire. Terrorist bombings went un-investigated. In some cases, police were allegedly directly involved in this violence, which included the continued expulsion (ethnic cleansing) of Bosniaks and Serbs from their homes in west Mostar.

Croats who did not toe the HDZ line, as well as members of the international community faced threats and violence. This included the attempted assassination of Josip Musa (a non-HDZ Croat political candidate), in which west side police may have been involved. Following a bomb attack on Mr. Musa's apartment, police were deployed to guard his home. During the night of 30 September 1996, Ivan Rozic, the radio dispatcher in the west Mostar station called on all patrols to investigate the stoning of a car on the *Bulevar*, including the patrol guarding Mr. Musa's apartment, an irregularity of procedure. While the apartment was left unguarded, unknown persons attacked Musa's home with a machine gun, wounding him slightly. In October a group of HVO soldiers beat up a female International Police Task Force (IPTF) officer. According to the UN, "this event was of special concern, because it occurred on the same day that one more Bosniak family was expelled [ethnically cleansed] from west Mostar."³¹

F. Mostar's First Elections and the Myth of the Interim Statute

In the two years following the adoption of the Interim Statute, Mostarians participated in two elections to form the municipal and city institutions stipulated by this statute. The EU Administration finished its mandate in January 1997 and EU Administrator Sir Martin Garrod became Special Envoy of the High Representative for the southern region, including Mostar. A facade of power sharing developed between Bosniak and Croat representatives at the municipal, city and cantonal levels, barely disguising the continuation of parallel structures at all levels. Ethnic tension and violence, fuelled by inflammatory statements in the local HDZ controlled media, complemented political obstruction, ensuring that the various agreements negotiated by international agencies would have little effect on the real situation in Mostar.

In June 1996, Mostarians voted in the first post-war election for their municipal and city governments. The Citizen's List for a Unified Mostar (a local coalition party including SDA), led by the war-time mayor of east Mostar, Safet Orucevic, narrowly defeated the HDZ (48 percent List, 45 percent HDZ). The Citizen's List party called for the implementation of the Interim Statute and the reunification of Mostar, as well as minority returns to both sides. The HDZ ran on a campaign to divide the city along the ethnic lines cemented during the war and to ensure the status of west Mostar as the Croat capital of Bosnia.

³¹ "Napadnuta pripadnica medjunarodne policije," *Slobodna Dalmacija*, 18 October 1996.

Angered by the outcome, the HDZ effectively blocked the implementation of the first election results and the functioning of the city and administrative structures set out in the Interim Statute. Following the announcement of the election results, the HDZ stated it would not recognise them. It complained, in particular, about irregularities in a polling station in Germany and called for the election results to be nullified. The EU Ombudsman decided that the elections had been valid,³² but the Mostar HDZ board then filed a complaint with the Supreme Court of the Federation, which had not yet been formed. Clearly, the HDZ planned to postpone the establishment of joint authorities until the 1997 elections could nullify the 1996 results.

The EU and US thwarted this initial tactic by putting pressure on Zagreb to force the HDZ-Bosnia to accept the results. In a rare show of decisiveness, European diplomats told Croatian President Franjo Tudjman that Croatia bore responsibility for the Bosnian Croats in the same way that the FRY bore responsibility for the actions of Bosnian Serbs,³³ and warned that failure to accept election results by 4 August would harm Croatia's relations with the EU.³⁴

In the 6 August "Joint Action" agreement, the HDZ agreed that the city council would convene in August to appoint the Mayor and Deputy Mayor and establish the executive functions of the city according to the Interim Statute. The first mayor would be a Croat and his deputy a Bosniak. Furthermore, the mayor of Mostar and the Governor of the Herzegovina-Neretva Canton could not be of the same ethnicity. This meant that the positions of mayor and deputy mayor would rotate between a Bosniak and a Croat. As a result of this agreement, Ivan Prskalo became the first post-war mayor of the "unified" city of Mostar. Safet Orucevic became his deputy mayor.³⁵ In turn, the agreement called on the Supreme Court to urgently decide on the HDZ's complaint about the legitimacy of the election results.³⁶

³² "...the only issue to be considered is that 26 ballot papers more than the number of voters were found in the ballot boxes used in the polling station in Bonn. ...The distribution of the additional ballots clearly shows that the irregularity should be attributed to material errors committed in the procedure by the Polling Committee rather than to fraudulent intentions. ...the influence of the additional votes on the returns of the mentioned municipalities, or on those of the City-wide list was clearly negligible, and as such should not be considered." Decision of the EU Ombudsman, 6 July 1996.

³³ Reuters, 26 July 1996.

³⁴ HINA/BiH Press, 28 July 1996.

³⁵ In April 1997, when the OSCE announced that municipal elections would be held in September of that year, the 1996 election results had still not been implemented in Mostar. The SDA expressed specific concern over the fact that neither the six municipal councils nor their administrations had been formed. One issue preventing the creation of the municipalities was the HDZ's objection to including "vital interest" clauses in these statutes. This clause, which exists in the city statute, states that the council can only pass resolutions regarding certain, delineated vital common interests with a majority of votes from both Bosniaks and Croats. Another key issue preventing implementation of the elections was the HDZ's attempt to create a Union of Croat Municipalities, without the approval of the Bosniaks in these municipalities, yet another attempt at institutionalising the city's ethnic division administratively.

³⁶ The Supreme Court later confirmed the election result.

The west Mostar authorities continued, however, to block the work of the unified administration. They were not ashamed to use strong-arm tactics, to ridicule its authority and assert its irrelevance. In November 1996, the EU completed the rehabilitation of the pre-war court building, located in the central zone and thus under the jurisdiction of the city council, at a cost of approximately \$600,000 (1.2 million DM). Prskalo and Orucevic had agreed that this building would be the temporary location of the unified city and cantonal authorities. On 12 November, unknown persons took the keys to the building from the west side contractor who had carried out the rehabilitation of the building. The following day signs on the front of the building indicated that the "Higher Court of the Republic of Herzeg-Bosna" now presided in the building. Complaints and threats from the international community accomplished nothing. The building remained the seat of the west Mostar court until the new cantonal court was formed in 1999.

The Agreed Measures of the Federation Forum held on 13 December 1996 confirm that the HDZ was succeeding in its strategy of division. Major city institutions had yet to be formed, most significantly the six municipal councils. The Federation participants³⁷ finally agreed to form these councils immediately according to the 1996 election results. The participants at the meeting also agreed to a number of concrete measures related to implementing the Interim Statute, stopping the continued ethnic cleansing in west Mostar,³⁸ unifying the police, and unifying city finances. Not one of these provisions would be implemented in the next three years.

The partners agreed to measures for securing funding for the unified City Administration of Mostar and the unified Mostar police force in 1997. The Federation partners agreed to immediately create a transparent mechanism for the emergency financing of these institutions until the responsible cantonal institutions were established. They also agreed to dismantle the parallel tax systems in the canton and establish a functional unified tax administration in Mostar by February of 1998. Parallel taxation and financing of police and other cantonal institutions continues to this day. As a result of this system, for example, Croat officials earn about 30 percent more than their Bosniak colleagues.³⁹

³⁷ The President, Vice-President, Prime Minister, and Deputy Prime Minister of the Federation, as well as officials of the Herzegovina-Neretva Canton and the city of Mostar (including Prskalo and Orucevic) attended the meeting. U.S. Assistant Secretary of State John Kornblum and the Deputy High Representative Michael Steiner chaired the meeting.

³⁸ The partners of the Federation Forum agreed to use all means at their disposal to halt the illegal expulsion of citizens from their homes. Federation, Cantonal and local officials would co-operate with UN-IPTF to investigate these cases and they would prosecute individuals identified by these investigations. If OHR, in co-operation with other international organisations, presented proof of the involvement of officials in the organisation or act of expulsion, the partners would be obligated to remove these officials from office within 15 days. The partners also agreed to ensure the return of all persons expelled from their legal accommodation following the signing of Dayton.

³⁹ ICG has obtained a copy of the "Proposed Budget for the Herzegovina-Neretva Canton for the Year 2000."

One month after the Federation Forum meeting, west side politicians announced the construction of a new "Croat National Theatre" in the central zone, to be built without the approval of the city administration. As with the illegal usurpation of the EU reconstructed court building in November 1996, this constituted an attempt by the HDZ to draw a clear ethnic line through the central zone, in defiance of the Interim Statute and Rome Agreement. Although Mijo Brajkovic, then President of the Cantonal Government argued that the founding of a cultural institution could not constitute a "provocation," the building of the theatre explicitly violated the Interim Statute and openly defied the authority of the joint multiethnic city administration.⁴⁰

On 3 February 1997, the Federation Forum issued a new set of "Agreed Measures." With regards to Mostar, these measures were to work towards freedom of movement and the constitution of the six city municipalities. More significantly, the partners called for the immediate unification of payment systems in Canton Seven, for a single cantonal budget account to be opened and for the passage of cantonal regulations to finance the municipalities.

Obstruction to these new measures began three days later at the meeting of the Cantonal Cabinet. When the issue of unifying cantonal budget accounts came up, Mijo Brajkovic, former mayor of west Mostar and then President of the Cantonal Government, "walked out of the meeting, insisting on two ethnically based accounts which would be outside the control of this government. The keeping of two national accounts creates the monetary separation which obviously supports the continued territorial separation within the Canton, with separate regimes."⁴¹

Meanwhile, the HDZ continued to delay implementation of the 1996 municipal and city election results. When the HDZ and SDA finally succeeded in forming the six municipal councils in June 1997, the HDZ immediately worked to exclude Bosniak representatives from decision making. They did this first by blocking the adoption of "vital interest" clauses to the municipal statutes. The Constitutions of BiH, the Federation, Canton Seven and the Interim Statute all contain such provisions. The proposed clauses to the municipal statutes stated that with regard to certain issues of fundamental interest to both peoples, the councils could only pass measures with a majority of votes from the councillors of *both*

⁴⁰ This was the position taken in a letter from OHR, 14 January 1997. Mayor Safet Orucevic echoed this interpretation: "I consider that the self-permitted start of works in the district obviously ignores the City Administration and the Interim Statute, carried out with the intent to provoke a destabilisation of relations in the city." 14 January 1997.

Mile Puljic, president of the city HDZ board, in a speech at the groundbreaking of the theatre confirmed its political significance. "I express great satisfaction that this has begun today, and that the capital city of Mostar, the capital city of Croats in BiH, should have such an institution, and we all know, the times are difficult but, everything that was begun has been completed, so it will be with this." 13 January 1997.

⁴¹ Letter of 6 February 1997, sent to the Governor of the canton by the Bosniak Ministers and Deputy Ministers from the cantonal government.

ethnic groups. The HDZ's refusal to adopt such clauses prevented the normal functioning of the municipal governments.⁴²

The HDZ opposed the "vital interest" clauses because these clauses would have increased the influence of Bosniak councillors in the Croat municipalities. The HDZ announcement in June 1996 that they had formed a single "Union of Croat Municipalities" to jointly administer west Mostar without Bosniak participation, confirmed this strategy.⁴³ Mile Puljic, president of the HDZ Mostar city board explained this strategy: "We will make an association of these three Croat municipalities into one. The municipal council will be for the community of Croat municipalities, those new leaders will sit together. We see a chance in the municipalities, to take the election in the municipalities, strengthen them and unite them and in the end to administer a Croat territory according to the measures of the Croat man."⁴⁴

OHR, OSCE and other major international organisations declared the "Union of Croat Municipalities" and the group sessions of Croat councillors from the three municipalities "unlawful and contrary to the letter and spirit of the Dayton Agreement."⁴⁵ In particular, they noted, the Interim Statute did not foresee a level of administration between the municipalities and the city. Furthermore, the Bosniak councillors had not been invited to these group sessions, nor were they aware of the proceedings, even though the contents of the meeting related to issues of vital interest to all of the councillors. "We have been informed by the Bosniak side that [none] of the Bosniak councillors has received an [invitation] and [that none] of them [were] present. The decisions of the municipalities can be made only by the Municipal Councils and not by particular clubs, or by any one nation, or [in] any other way."⁴⁶

While trying to limit the influence of Bosniak representatives in the Croat municipalities and consolidate these municipalities into a single ethnically exclusive administrative unit, the HDZ also refused to confirm the authority of the "unified" city-level administration by passing an amendment to the cantonal constitution. The proposed amendment should have been a mere technicality, simply bringing the cantonal constitution in line with the Interim Statute and the Rome Agreement by confirming the structure, jurisdiction, and competencies of Mostar city authorities and the administrative plan as outlined in the Statute.

⁴² The municipal councils of the three Croat majority municipalities never adopted "vital interest" clauses. The High Representative eventually imposed such clauses on the Croat municipal statutes in July 1999.

⁴³ "Joint Administration of the Mostar Municipalities with Croat Majority," *Slobodna Dalmacija*, 2 July 1997.

⁴⁴ Interview in *Branimir*, 4 August 1997.

⁴⁵ Letter from Gerd Wagner, Deputy High Representative to the President and Vice President of the Federation, 12 July 1997.

⁴⁶ Joint OHR, OSCE, IPTF, SFOR, UNHCR Press Conference held in Mostar, July 8, 1997.

On 24 January 1997, the highest levels of the HDZ and SDA, represented by Bozo Rajic (president of the HDZ-BiH) and Edhem Bicakcic (vice president of the SDA), agreed to pass such an amendment to both the Federation and Canton Seven constitutions. Following the adoption of the amendment to the Federation Constitution, the partners at the 14 April Federation Forum and the Mostar and Cantonal authorities at the 6 June Sarajevo Agreement agreed that their representatives on the cantonal council would adopt the amendment to the cantonal constitution.

Still, HDZ representatives to the cantonal council refused to adopt this amendment on four separate occasions during 1997.⁴⁷ The president of the HDZ Mostar city board explained: "Look, you have an amendment from the Croatian and from the Muslim side. The Muslim Amendment moves to strengthen the so-called city council, to strengthen the city in the sense that it be a state within a state ... It is our task to protect a united Croat administration in the western part of the city. Nobody will destroy that, there will be a united Croat administration."⁴⁸

While HDZ politicians at the municipal and cantonal levels worked to destabilise the joint city administration and consolidate the Croat municipalities, representatives of the HDZ and groups like HVIDR-a used the local media to exacerbate ethnic tensions within Mostar. On 19 June 1997, for example, former chief of the west Mostar police, Marko Radic made a statement on HTV Mostar against the Federation and interethnic co-operation. "There are people who cannot live without Chetniks and Balijas [derogatory terms for Serbs and Bosniaks], they go and visit them... Others, on the other hand, fight for the Federation, they want to live with the Muslims. I tell them that it would have been better if they had never been born ..."⁴⁹

When the OHR and other international agencies condemned these statements and the role of the local Croat media, HVIDR-a reacted publicly, condemning co-operation with the international community. "We are witnesses of yet another shameful media campaign, this time by European missionaries, Sir Garrod and others are against everything that breathes and thinks Croatian. ...We have recognised these tie-wearing people [moderate Croat politicians] and they will not have a good time if they continue to co-operate with our enemies, ruling over we sufferers. We have a message for the gentlemen of the white world ...to stay away from futile business and do the job for which they were brought to these regions, and that is assistance in construction and employment."⁵⁰

⁴⁷ "...concerning the Cantonal Assembly of the Herzegovina-Neretva Canton which was in session last week and did not adopt the Amendment to the Constitution. This amendment was not adopted although everything was agreed on 6 June in Sarajevo and was accepted not only by the highest officials of the Federation but also by the highest officials of the Canton." Joint OHR, OSCE, IPTF, SFOR, UNHCR press conference, July 8, 1997

⁴⁸ Interview in *Branimir*, August 4 1997.

⁴⁹ HTV Mostar, *Dnevnik*, 16 June 1997.

⁵⁰ HVIDR-a statement sent to OHR and broadcast on Croat Radio and HTV Mostar, 25 June 1997.

G. The Liska Street Incident and Unified Police

In order for the HDZ strategy of partition to succeed, it required concrete proof that Bosniaks and Croats could not live together. So while politicians and the international community continued to wrestle with the implementation of previously signed agreements and election results, continued violent provocation on the streets of Mostar kept the focus primarily on basic security issues.

The ethnic cleansing of non-Croats from west Mostar continued, through forced expulsions⁵¹ and murders of Bosniaks.⁵² A UNHCR report on these expulsions notes that by the end of 1996, this ethnic cleansing had become systematic: "west Mostar minorities have gone through the most intense process of evictions since the Dayton Peace Accord has been signed: 71 evictions since 1 January 1996, 19 cases in 6 weeks, almost one every other day between 22 November and 12 December."⁵³ This report noted that the west Mostar police were uncooperative in investigating these cases and in some cases participated in expelling Bosniaks.

These acts of ethnic cleansing usually involved verbal and/or physical abuse by persons in special police uniforms, HVO uniforms, military police, or unknown persons in plain clothes. In one of the nineteen cases occurring between November and December of 1996, armed men dressed in black beat up a Bosniak couple in front of their young daughter, threatening her with a pistol to the head. In another instance, men in military uniforms dragged a 65 year old invalid Bosniak woman out of her home and into a waiting car, dumping her on the Hit square, near the border between east and west, unable to move until someone came to help her.⁵⁴ In early January, another elderly Bosniak women died of a heart attack while being forcibly evicted from her apartment in west Mostar.⁵⁵ The names of the persons who moved into these flats, often connected with the HVO, are known. A number of these new occupants presented authorisations signed by Mile Puljic, president of the Mostar city HDZ board and deputy

⁵¹ "The international community is very concerned because of the forceful expulsion of people from apartments in the west part of Mostar. In the last two months there have been 15 such cases and in the last year even 76. It concerns me that from the Croat side we still have not received information about the perpetrators of these crimes and about their eventual punishment." Sir Martin Garrod, Head of Regional Office of OHR in the *Feral Tribune*. 14 January 1997.

⁵² "Pregled izvršenih ubistva poslije primirja HVO-a i Armije BiH," Canton Seven Ministry of the Interior.

⁵³ UNHCR "Evictions List (22/10-12/12/96)"

⁵⁴ A displaced family later occupied the flat. They claimed that they had purchased the flat from an unknown person in a bar for 4,000DM. UNHCR "Evictions List (22/10-12/12/96)"

⁵⁵ "The international police in Mostar are special in that they have jurisdiction to intervene in cases of evictions from apartments. In that sense, specially are under focus the case of an older woman who died from a heart attack when she was recently kicked out of her apartment in west Mostar. We have focused on that case and we are following it. President Zubak told me that the perpetrator of that act has been fired from the HVO and given to the competent civil organs which are investigating it and which will judge it, if that proves necessary. This case is special, although it is the sort that in the west part of Mostar is frequent enough. And that shows the meaning of the establishment of a true police force which will not allow such things." Michael Steiner, *Dnevni Avaz*, 17 January 1997.

president of the west Mostar Union of Municipalities, containing a Herzeg-Bosna seal.

During this period, both Bosniaks and Croats seem to have participated in ethnically motivated bomb attacks. Nevertheless, while the west Mostar authorities were directly involved in the systematic ethnic cleansing described above, the Bosniak authorities made some public pleas to citizens to remain calm. They called on IPTF, the police from both sides and SFOR to help secure the peace. In a public statement from the deputy mayor's office, the violence was directly linked to the Forum Federation's December conclusions. "The situation in Mostar in the last few days and the number of incidents which are occurring in our city represent the reaction of extremists to the successful conclusions of the Forum Federation, which are unacceptable to them, because they represent strong support for and influence the process of city unification."⁵⁶

Seven days after the 3 February 1997 "Agreed Measures" of the Forum Federation, the violence in Mostar came to a head. In the early afternoon of 10 February 1997, a group of between 100 and 200 Bosniaks crossed to the west side to visit some graves on Liska Street during the Muslim holiday of Bajram. Later investigations confirmed that the organisers of the visit had notified international organisations, including IPTF⁵⁷ and the west Mostar police⁵⁸ in advance. As the peaceful crowd approached the graveyard, a group of Croats, which included about 15 plain-clothed and uniformed Croat police, began beating the unarmed Bosniaks. As they retreated, one uniformed police officer fired a warning shot into the air. Then, at least two plain-clothed officers fired directly into the crowd, killing one of the Bosniaks and injuring 19 others. Six additional Bosniaks were beaten by the west Mostar police.⁵⁹

Video and photographic evidence showed officers physically assaulting the Bosniaks and showed two officers, Zeljko Planinic and Ivan Hrkac, deputy chief of the west Mostar police, firing directly into the crowd. Witnesses reported that Bozo Peric, another officer, also fired into the crowd. Three other police officers were photographed with weapons drawn.⁶⁰

During the next two days, the west Mostar authorities conducted a systematic ethnic cleansing operation on five streets in west Mostar where Bosniaks lived. According to the IPTF, 23 Bosniak families were forcibly evicted from their homes. "Reports by the families involved present a consistent pattern of evictions on the night of 10 February 1997. In most cases, a man in a police uniform, or who identified himself as a policeman or a member of the special police, is said to

⁵⁶ Press release of 7 January 1997.

⁵⁷ "International Police Task Force, Daily Situation Report, For the 24 hour period ending at 16:00 hrs, 10th of Feb. 1997."

⁵⁸ "Report in Pursuance of the Decisions on Mostar of 12 February 1997," United Nations International Police Task Force, Special Investigation Group Mission Headquarters, 24 February 1997, p.44.

⁵⁹ "Special Report on the Mostar incident of 10 February 1997," Human Rights Ombudsperson for Bosnia and Herzegovina, 10 April 1997, p.2.

⁶⁰ "Report in Pursuance of the Decisions on Mostar of 12 February 1997," United Nations International Police Task Force, Special Investigation Group Mission Headquarters, 24 February 1997, p.42.

have knocked on the victim's door. Two to five armed men, some in police or military uniform, and others masked or in civilian clothes, would then enter the flat and demand that the tenant hand over the keys. In some cases, groups of men were reported to have broken down the door and physically assaulted the residents. Some occupants were robbed of money or valuables. In nearly all cases, residents state that they were taken outside to a waiting car, ...driven to the former confrontation line, and ordered to cross to the east."⁶¹ A number of unsuccessful attempts at evicting more Bosniaks were also made. An additional 25 Bosniak families from the west side who had been visiting relatives on the east side were prevented from returning. One Croat visiting the west side returned to the east to find his flat occupied by a Bosniak who had been expelled from the west side.⁶²

An ICG report published three days after the incident criticised SFOR and IPTF for failing to respond and prevent the events of 10-11 February. Although a Spanish SFOR armoured personnel carrier had been at the graveyard earlier in the day on 10 February, it mysteriously left the scene a few minutes before the attack occurred. One unarmed Spanish SFOR soldier and an IPTF officer were present when the attack occurred.⁶³ Public statements by SFOR and an UNMiBH spokesperson on February 10 indicated that there had been only 90 minutes' warning about the visit, but this was contradicted in the daily report of the IPTF officer on the scene.⁶⁴ SFOR did not take measures to improve the security situation until 11 February, when a French battalion came to reinforce the Spanish troops.⁶⁵

On 12 February 1997, top Bosniak and Croat officials⁶⁶ met in Sarajevo, condemning the recent violence in Mostar and issuing a number of joint decisions. They called for UN-IPTF to conduct an independent investigation and submit a report. All parties would co-operate with the investigation team and accept and endorse its conclusions, arresting and bringing to trial all perpetrators and relieving of their positions any police suspected of participating in or instigating the violence. They also ordered the cantonal Ministers of the Interior to immediately ensure the return of all persons expelled from their homes.⁶⁷ To address the continued problems with freedom of movement in Mostar, the participants also agreed that all existing illegal checkpoints must be removed

⁶¹ "Mostar: Human Rights and Security Situation: 1 January – 15 February 1997," United Nations International Police Task Force, 25 March 1997, p.8.

⁶² *Ibid.*

⁶³ "Grave Situation in Mostar: Robust Response Required," International Crisis Group, 13 February 1997, p.1.

⁶⁴ "International Police Task Force, Daily Situation Report, For the 24 hour period ending at 16:00 hrs, 10th of Feb. 1997."

⁶⁵ "Grave Situation in Mostar: Robust Response Required," International Crisis Group, 13 February 1997, p.3.

⁶⁶ President Izetbegovic, President Zubak, Co-Chair Silajdzic, Foreign Minister Prlic, HDZ President Rajic, SDA Vice President and Prime Minister Bicakcic, Mostar Mayor Prskalo, and Deputy Mayor Orucevic.

⁶⁷ Although those persons expelled on 10-11 February 1997 were soon reinstated, these are the only post-Dayton expellees reinstated to date.

immediately. They also committed to instruct the police in Mostar to fully participate in the creation of a joint police headquarters, and condemned "inflammatory statements in the media which had aggravated the situation," without identifying which media specifically were to blame.

On 24 February 1997, the IPTF published its report based on an extensive investigation.⁶⁸ The key findings included the conclusion that west Mostar police had physically assaulted members of the Bosniak procession and that west Mostar police officers had fired into the retreating crowd of Bosniaks, killing one man and wounding several others, using excessive force, "including unjustified lethal force." Despite statements by the police to the contrary, the "west Mostar police had been informed in advance of the Bosniak march to the cemetery." The procession had behaved peacefully, with no evidence that they had carried weapons or acted aggressively as some west Mostar police reported. Furthermore, the report concluded that "the west Mostar police, and its leadership, are responsible for the confrontation with the Bosniak marchers which resulted in violence" and that "west Mostar police officials attempted to cover up actions of their officers, and created confusion among the public as to what actually occurred." This cover-up was supported by officials at the highest level of the force.⁶⁹ The report also confirmed that police on both sides failed to prevent a series of ethnically motivated attacks following the incident, including a number of retaliatory attacks on Bosnian Croat vehicles by Bosniaks.⁷⁰

Despite the 12 February agreement to accept the results of the IPTF report and punish the perpetrators, the Croat side refused to accept this document.⁷¹ The west Mostar police released their investigation of the incident on 7 March, concluding that "the rally was not announced and ...that the whole event was orchestrated by the Bosniak side."⁷² The 14 March report of the cantonal Ministry of the Interior (HDZ element) supported these conclusions and announced that criminal charges were being brought against Safet Orucevic, deputy mayor of Mostar, Sefkija Dziho, Deputy Minister of the Interior and nine other Bosniaks in the procession for failing to inform the west Mostar police of the procession and for provoking the incident, and for minor related offences.⁷³

⁶⁸ Investigators demanded documents, evidence, rosters, and recovered weapons from the west Mostar police. They conducted interviews with IPTF monitors and SFOR personnel on the scene, injured parties, members of the Bosniak procession, west Mostar citizens on the scene, other civilian observers and west Mostar police. They analysed video and photographic evidence, conducted a physical examination of the scene, and searched for further physical evidence.

⁶⁹ "Report in Pursuance of the Decisions on Mostar of 12 February 1997, Key Findings" United Nations International Police Task Force, Special Investigation Group Mission Headquarters, 24 February 1997, pp.42-49.

⁷⁰ Ibid, p.47.

⁷¹ "The city board of HDZ Mostar rejects the report of the IPTF concerning the violence against Bosniaks on Liska Street because it is incomplete, poorly argued, one-sided, and tendentious." HDZ Mostar statement, 1 March 1997.

⁷² Mostar Police Investigation Report quoted in report of the Human Rights Ombudsperson for Bosnia and Herzegovina, "Special Report on the Mostar incident of 10 February 1997," 10 April 1997, p.5.

⁷³ Ibid, p.7

The west Mostar higher court tried five of the Croat police officers, including the three shown on film or seen by witnesses to have fired into the crowd for "abuse while on duty," on 20 March 1997. The court called as witnesses only the defendants themselves and five other officers from the west Mostar police. "All the witnesses appear to have been witnesses for the defence, their testimony amounting to claims that the Muslim crowd was between 1,000-2,000, was armed with knives and started to throw stones. No witnesses testified to having seen the accused using force, let alone excessive or unnecessary force. No evidence in support of the prosecution case appears to have been called."⁷⁴ And yet, the first three defendants were found guilty, receiving one year and six month suspended sentences.⁷⁵

On 19 February 1997, a Joint Motion of the European Parliament called on the European Commission to "halt aid for western Mostar as long as the safety, the property rights and the right to reside for Muslims present in that area and of returning refugees cannot be guaranteed," while urging the Commission to "increase reconstruction aid for eastern Mostar, in view of the unwillingness of the Croatian side of Mostar to co-operate."⁷⁶ In a March letter to the High Representative, Deputy Mayor Orucevic suggested that OHR and the other international agencies announce a cut back of assistance to east Mostar, in accordance with the European Parliament's motion. He suggested that "all assistance and donations would go exclusively through the unified City Administration, and not through the political and other organisations and institutions of east or west Mostar, which would give the unified city institutions the necessary strength and influence the further process of integration."⁷⁷ Unfortunately, OHR, the European Commission (EC) and other international agencies did not take such decisive actions against the west Mostar authorities. This was another example of the international community relying on the fiction of the HDZ's good will, proving unwilling to react decisively to illegal actions and political strategies which violated signed agreements and the overall concept of a unified Mostar. A former OSCE human rights officer described the *de facto* effect of the international community's Mostar policies in a report on HDZ politics in Southwest Herzegovina. "In giving weight to signed agreements and plans, but not protecting at the same time equal human rights, the US, EU and UN have, in

⁷⁴ "Special Report on the Mostar incident of 10 February 1997," Human Rights Ombudsperson for Bosnia and Herzegovina, 10 April 1997, p.8.

⁷⁵ Ibid. "Representatives of the Office of the High Representative Carl Bildt and the UN Mission expressed dissatisfaction with the judgement which a judge in west Mostar delivered to the indicted for the violence against Bosniak civilians in the Liska Street park. The spokesperson for the mission, Aleksander Ivanko said that the proceedings which were carried out before the court in west Mostar were among the shortest ever recorded and that in that instance serious omissions were made." *Oslobodjenje*, 20 March 1997.

⁷⁶ European Parliament, Joint Motion for a Resolution, on the situation in Mostar, 19 February 1997, p.3.

⁷⁷ Letter to OHR, 6 March 1997.

effect, sanctioned the idea that the use of force and violation of human rights is an acceptable method of reaching political goals."⁷⁸

Although Bosniaks had been involved in some of the violence leading up to and following the Liska Street incident, Croat authorities, particularly the police acted in a systematic way to provoke ethnic tension and further divide Mostar. Although the events of 10-11 February clearly emphasised the urgent need for a unified police force, the HDZ continued to block proposals to achieve this goal. In March, IPTF negotiated an agreement for the first phase of unified police, in which 100 police, Croat and Bosniak would have patrolled the central zone. Following several hours of negotiation with IPTF, the Croat cantonal and Federation Interior Ministers refused to sign the document.

Although a concrete agreement unifying police at the cantonal level was eventually signed in July of 1997, it also met with immediate obstruction. In the words of the local IPTF: "We regret to report that on July 7, the Bosnian Croat authorities refused to agree to three fundamental principles necessary to clear the way for the establishment of the Unified Police in the Herzegovina-Neretva Canton. The vital principles were included in an amendment to an agreement on the restructuring of the police in the Canton, which the Bosniak authorities agreed to, but the Bosnian Croats opposed... What IPTF can't understand is that there are some problems with the implementation of the agreement [when] high political leaders made on 5 July the decision to implement the whole agreement."⁷⁹

The conclusions of the subsequent 20 August Federation Forum called for the adoption of an amendment to the cantonal constitution, which the HDZ continued to block. The participants also agreed to complete the process of establishing unified police structures in the municipalities by 22 August 1997, noting that the establishment of integrated cantonal judicial institutions would be necessary to assure the efficiency of the new police.⁸⁰ Nevertheless, the HDZ's lack of remorse over the incident in Liska Street and the lack of political will to change the conditions which allowed such events, was more eloquently expressed by the HDZ Mostar board president, Mile Puljic: "Croats are responsible only to the Croat people."⁸¹

⁷⁸ "Federalna Politika i Hrvatski Elementi Odgovorni za Subverzivne Aktivnosti u Jugozapadnoj Hercegovini," Report published in full, translated into Bosnian, in the local magazine *DANI*, September 1997.

⁷⁹ Joint OHR, OSCE, IPTF, SFOR, UNHCR Mostar Press Conference, 8 July 1997.

⁸⁰ Despite the efforts of UNMIBH the police forces in Canton Seven remain essentially separate. While progress has been made in developing a unified court, the courts and police do not operate in tandem. See sections on the police and judicial systems below.

⁸¹ Statement on local Croat radio, 26 February 1997.

H. No Progress, New Elections

With the municipal councils elected in 1996 formed only in June 1997⁸² and the normal functioning of the city and municipal administrations still just a fiction, the OSCE decided to hold new municipal elections again in September 1997. On 9 September 1997, just four days before these elections, the HDZ announced a boycott. The HDZ objected to a Provisional Election Commission (PEC) decision stating that while 24 city councillors would be elected by the residents of each of the six Mostar municipalities (four councillors per municipality), an additional three representatives (one Bosniak, one Croat, one "other") to the city council would be elected by the residents of the central zone. Since the pre-war population of the central zone was about 80 percent Bosniak, the HDZ argued that this rule gave the Bosniaks an unfair advantage. Instead, the HDZ asserted that residents of the central zone should be allowed to vote for candidates in the neighbouring municipalities.

OSCE Ambassador Robert Frowick met with Franjo Tudjman on 12 September 1997, and reached an agreement to lift the HDZ boycott. The PEC would amend the voting rule, if the HDZ agreed to three conditions. First, and most importantly, the HDZ members in the cantonal assembly must adopt the constitutional amendment. Second, the HDZ would abandon the idea of a "Union of Croat Municipalities." Finally, they would accept the contents and methodology of the UNHCR's phased Mostar return plan.⁸³ Meanwhile, on 13 September, the first day of election, the Coalition⁸⁴ called on its voters not to participate in the election, until the cantonal council passed the constitutional amendment and the UNHCR return plan. The council passed the points from the Frowick-Tudjman agreement that same day and the Coalition called off its boycott.⁸⁵

I. No progress, New agreements

The December 1997 Federation Annex of the Bonn Peace Implementation Conference, pointed to the lack of progress on key issues which had already been "resolved" numerous times. This included an instruction that the necessary legislation for the adoption of the unified courts of the Herzegovina-Neretva Canton must be adopted by 31 December 1997.⁸⁶ The authors of the document also called on the parties to implement the UNHCR return plan accepted in the Frowick-Tudjman agreement.⁸⁷ They concluded that the two sides must "ensure

⁸² The Citizens' List threatened to boycott the upcoming elections if an agreement on the formation of councils from the previous elections could not be reached.

⁸³ "Brčko i Mostar u centru pažnje," *Oslobodjenje*, 14 September 1997.

⁸⁴ In 1997, the Citizens' List for Unified Mostar ran as the Coalition for a Unified and Democratic BiH.

⁸⁵ The PEC changed the voting rule again, following the 1997 elections, since it violated the constitutional right of citizens in the central zone to run for office.

⁸⁶ This legislation was never adopted, but was eventually imposed by OHR in July 1999. See section on the judicial system, below.

⁸⁷ The PIC document charged authorities to "ensure implementation of the comprehensive Mostar return plan in accordance with the agreement of 12 September 1997 and in particular the reinstatement of persons illegally evicted by 31 January 1998." Bonn Peace Implementation

that the City of Mostar and its unified City Administration is operational in all aspects, in accordance with the City Statute. This includes the dissolution of the union of the three municipalities in west Mostar."⁸⁸

In light of the continued failure to implement the return plan of 13 September 1997, and under pressure from the Bonn Peace Implementation Conference, local Bosniak and Croat officials finally reached a specific agreement concerning return within the City of Mostar on 16 April 1998. In this agreement Orucevic pledged to empty 120 houses on the east side (Bijelo Polje) for Croat returns, as well as to permit return to at least 226 empty houses within the three Bosniak majority municipalities. Prskalo agreed to allow return to at least 187 houses within the three Croat majority municipalities. The agreement spelled out specific quotas for specific settlements. The agreement was amended in December 1998 to compel Orucevic to free an additional 31 houses in Bijelo Polje for Croat returns.

On the same day that the HDZ and SDA in Mostar reached this agreement on return, the Federation Forum⁸⁹ met to confirm the return agreement and to address the parallel institutions of Mostar and Canton Seven. Unfortunately, "in the document no sanctions are foreseen if the agreement is not implemented, which is more than a little strange considering the Federal and general Bosnia-Herzegovinian experience with the realisation of agreements."⁹⁰

The participants of the Forum concluded that the illegal structures of Herzeg-Bosna and Republika BiH (Bosniak areas) continued to exist throughout the Federation in the intelligence services, legal systems, public communications, and financial institutions. They established deadlines for abolishing parallel financial institutions, separate payment bureaux, separate pensions, and separate health insurance within the canton. As of this writing, none of these issues has yet been resolved. They also established deadlines for adopting laws on courts, the public prosecutor, and the cantonal law on self-government. The laws on the judicial system would not be adopted until July 1999, when OHR imposed them. A law on local self-government, which would precisely define the competencies of the canton, city and municipalities has yet to be passed.

The Forum also reported that the cantonal budget and the Mostar City budget had not yet been unified. In particular, the partners agreed to ensure that the City Administration would be financed from a single budget and that separate accounts would be closed within 21 days. As of this writing, the budget is not yet unified, and separate accounts remain. The members of the Federation Forum supported the OHR arbitration decision regarding the Mostar airport and agreed that a resolution should be found within 21 days, bringing the hydroelectric plants

Conference 1997, Bosnia and Herzegovina 1998: Self-Sustaining Structures, Federation Annex, Bonn, 10 December 1997.

⁸⁸ Ibid.

⁸⁹ Participants in the Forum were Edhem Bicakcic, Prime Minister of the Federation; Drago Bilandzija, his deputy; Ejup Ganic, President of the Federation; Vladimir Soljic, Vice-President of the Federation; Hans Schummacher, Deputy High Representative; and Richard Kauzlarich, U.S. Ambassador to Bosnia.

⁹⁰ "Istjece Rok 'Paralelnih Institucija,'" *Slobodna Dalmacija*, 4 June 1998.

on the Neretva River and the railways under the administration of the city, in accordance with the Rome Agreement.⁹¹ Finally, the parties obligated themselves to find a suitable location for the Federation offices in Mostar and for the City Administration in the Central Zone.⁹²

In a July 1999 interview, Hans Schummacher, former Deputy High Representative discussed the results of this meeting of the Forum Federation: "...the agreement on return of refugees from the Federation Forum which was held in April of last year, I also signed. I would say that its complete non-implementation was also my failure, in other words my greatest disappointment. I did not have the impression that this concept had the complete approval of the international community."⁹³

J. Failed Mediations: Schwarz-Schilling gets Snubbed

In 1999, international mediator Christian Schwarz-Schilling negotiated two agreements in Mostar regarding cantonal and city parallel institutions, and implementation of the property laws.

In the May agreement,⁹⁴ which the top Bosniak and Croat cantonal officials signed, the parties set new deadlines for establishing joint cantonal administrations, police, and a cantonal agency for privatisation. They also agreed on the unification of cantonal budgets, on the implementation of the cantonal courts and the functioning of the cantonal council. The signatories acknowledged that the cantonal government and all of its ministries must operate as unified administrations. Their goal should be to meet at least once every 14 days and for all ministers and their deputies and staff to move into joint offices by September 1999. As of this date, all of the ministries continue to maintain separate offices. Even in the Ministry of the Interior, the ministry overseeing the unification of the police force, the Croat side has stalled all plans at moving into joint offices. The UNMiBH spokesman for the Mostar region noted that such stalling "represents the continuing incompetence of one side to honour agreements which date back to 1996." In particular, UNMiBH "considers that International representatives in Mostar are being 'presented with new obstacles' which include the question of the ownership of the so-called Kamena Zgrada [Stone Building] in municipality Southwest, where the Croat part of the Ministry is currently housed."⁹⁵

⁹¹ Federation Forum of 16 April 1998, Chairman's Conclusions, Mostar, 16 April 1998.

⁹² Ibid.

⁹³ "Bjezim iz bazena s ajkulama," *Sarajevski Svijet*, July 11 1999, page 17.

⁹⁴ The mediation was signed by Hamo Maslesa, Governor of Canton Seven (Bosniak); Rade Bosnjak, Deputy Governor of Canton Seven (Croat); Franjo Ljubic, Prime Minister of Canton Seven (Croat); Mirsad Saric, Vice Prime Minister of Canton Seven (Bosniak); Dragan Mandic, Minister of the Interior (Croat); and Sefkija Dziho, Deputy Minister of Interior (Bosniak).

⁹⁵ He continued, "[i]t seems that excuses have disappeared for the authorities, so now they are taking up what we call 'creative obstruction,'" he announced and explained that according to the interpretation of the MUP [i.e. Croat element of MUP], the Kamena Zgrada is now the property of municipality Southwest [a Croat majority municipality], and not of the MUP, even though the police have worked in that building since the end of the second World War.' "Vlasti izmisljaju prepreke," *Oslobodjene*, 17 February 2000, page 2.

Schwarz-Schilling visited Mostar again in August to address the parallel institutions of the city. Following five hours of negotiation, the parties reached an agreement that the Croat side refused to sign. The agreement, signed only by the Bosniak side, supports some of the most basic, already agreed upon principles of the City Administration, including the elimination of parallel financing and the administration of the central zone.⁹⁶ This agreement would have confirmed that the failure of the city council to meet regularly must be addressed and that the City Administration had not carried out the majority of items set out in the Statute. By refusing to sign the mediation document the HDZ again demonstrated its continuing opposition to the concept of Mostar as a multiethnic city, the normal functioning of the city administration, the end of ethnically pure financing, and the normal functioning of the Central Zone.⁹⁷

When Schwarz-Schilling returned to Mostar again in March 2000, the HDZ simply refused to engage with him.

K. Property Problems

In November of 1999, OSCE and OHR removed 22 officials from office throughout Bosnia. Among these, three Mostar officials were removed from office for obstructing implementation of the property laws. Two were HDZ and one an SDA official. Stipe Maric, head of the Croat majority municipality Southwest was a hard-line HDZ official who had recently refused to permit the reconstruction of a mosque in his municipality and who frequently made inflammatory statements in the media, inciting ethnic hatred. The reason for his removal was "especially but not restricted to obstruction in returns and property laws," as reflected in the fact that very few positive property decisions had been implemented. Quoting from "OSCE and OHR documents" the magazine *Dani* reported: "Mr. Stipe Maric was in a position to control the process of implementing the property laws in the municipalities Southwest, West and South, through the political manipulation of a single municipal housing office. He still has not fulfilled a single one of his obligations and announced that neither veterans, nor families of war victims will

⁹⁶ The Rome Agreement, the Interim Statute, the amendment to the cantonal constitution, and the conclusions of a number of Federation Forum meetings all supported the basic elements of the unsigned Schwarz-Schilling agreement.

⁹⁷ In a recent interview for the Croatian independent newspaper, *Slobodna Dalmacija*, Schwarz-Schilling expressed the view that the time for mediating and negotiating with regard to Mostar had passed. " ... I have told the High Representative already that in those areas I will no longer resolve mediation issues because the order there is so much under threat, and things look completely different when I leave the scene – it all looks like a game to me. If order is not established here and if officials do not take responsibility and if they do not shift their positions, then it is completely too much for us to keep on trying." Regarding the two agreements in Mostar, Schwarz-Schilling continued: "... that's the case in Mostar, where I was twice last year. There they didn't want to sign it at the beginning, in the end they did, but implementation goes unbelievably slow or not at all. Here at least the assistance of SFOR should be involved. ... The reaction is difficult for the international community because SFOR says that that is not their problem." "Ukopani nacionalisti Blokiraju Demokratiju," *Slobodna Dalmacija*, 16 February 2000, interview with Schwarz-Schilling.

be evicted, even though that is his obligation confirmed by law."⁹⁸ OHR also removed the head of this municipality's housing office, Marina Deronjic.

On the east side, Nedžad Behram, head of the housing office of the Bosniak majority municipality Old Town lost his position for similar non-implementation of the property law. In this case, the major issue was the illegal use of housing stock, particularly in 1998 and 1999, when Mr. Behram's office distributed recently emptied apartments to new temporary occupants, rather than reinstating the pre-war displaced occupants.⁹⁹ Although Mr. Behram had clearly obstructed the implementation of the property laws, anonymous sources in the international community also expressed the opinion that Mr. Behram's behaviour could not be compared to the level of hard-line obstruction demonstrated by Stipe Maric and other removed HDZ officials.

The removals were accompanied by warnings from Deputy High Representative Mattei Hoffman, to the Governor of Canton Seven, Rade Bosnjak (HDZ), and to the Mayor and Deputy Mayor of Mostar, Ivan Prskalo (HDZ) and Safet Orucevic (SDA). Hoffman criticised Bosnjak in particular for failing to meet established deadlines for unifying the Canton Seven justice system, for obstructing the work of the city in managing the central zone, and for "persistently" obstructing the adoption of "important legislation indispensable for the functioning of the canton, city and municipalities."¹⁰⁰ Furthermore, Hoffman concluded, this obstruction has supported "the parallel structures within the Canton, having separate authorities, in separate places, with separate staffs, budgets and schedules."

In a second letter, which the OHR sent to Ivan Prskalo and Safet Orucevic, Hoffman explained that the OHR expected the city government to address several issues related to the central zone, city administration and public utilities. In particular, the Croat and Bosniak elements of the city authorities must co-operatively resolve the issues of collecting incomes in the central zone, creating an administration to manage the airport, processing claims for return of property in the central zone, and the unification of other central zone services. In addition, the city authorities should begin negotiating on how to finance the relocation of the city administration to permanent facilities in the old railway station buildings. Hoffman also instructed Prskalo and Orucevic to reach an agreement on the use of the First Grammar School and other schools in the Central Zone. Finally, the two sides represented in the city government must co-operate with foreign partners on the unification of the water/sewage systems, public transport and reconstruction of the old bridge.¹⁰¹

⁹⁸ "Opstrukcija u 22 slike," *Dani*, 3 December 1999, p.26.

⁹⁹ *Ibid*, p.27.

¹⁰⁰ Letter from Deputy High Representative Mattei Hoffman to Mayor Ivan Prskalo and Deputy Mayor Safet Orucevic, 29 November 1999.

¹⁰¹ *Ibid*.

The letter to Prskalo and Orucevic reflects the international community policy seen frequently over the last six years, of holding both the HDZ and Bosniak officials equally to blame for an agreement which the HDZ violated. While correctly identifying the lack of central zone institutions as a major failure of the City Government, the OHR once again blamed both sides equally for these failures, even though one side was clearly at fault.¹⁰²

III. MOSTAR TODAY

A. The Influence of Changes in Croatia

The greatest potential impact of the new government in Croatia on the politics of Bosnia lies in the opportunity to end Croatia's economic and political support for parallel institutions, obstructionist politicians and Herzegovinian profiteers, while moving Croatia's economic support for Croats in Bosnia into more transparent, de-politicised channels.¹⁰³ In his March 2000 visit to Sarajevo, Croatia's new president, Stipe Mesic, reiterated his commitment to halting Croatian support for parallel institutions. "[W]e are also making it known that the involvement [of Croatia] in the internal affairs of BiH is coming to an end. ...In every sense there is still the big problem of the continued existence of the remnants of Herzeg-Bosna, and Croatia cannot and should not finance these. It is clear that all of these must be incorporated into the Federation and into BiH. There cannot be this Chamber of Commerce and that Chamber of Commerce, one for this part of the state and one for the other. The remnants of Herzeg-Bosna, with which some still offer the false picture or illusion that Bosnia and Herzegovina will be divided, cannot survive."¹⁰⁴

Although these changes in Croatia will certainly have a long-term positive effect on the elimination of parallel institutions, the HDZ in Herzegovina has continued to obstruct the normal functioning of the unified police and other joint institutions, while renewing calls for the creation of a third Croat entity in Bosnia. The sweeping HDZ electoral victory in the 8 April 2000 municipal elections essentially gave a democratic stamp of approval to HDZ municipal officials for another four years.

Whether the existing HDZ regime can maintain separate institutions through other sources of income, without support from Zagreb, remains uncertain. Yet the possibility exists that the HDZ will continue to find adequate domestic financial support to maintain its ethnic separatist policies and obstruction.

¹⁰² To quote from the letter to Orucevic: "I am seriously concerned with the lack of progress in the unification of Mostar in the past three years and your overall failure to establish a completely functional united city administration."

¹⁰³ High Representative Wolfgang Petritsch recently announced that he supports Croatia's provision of financial assistance to Bosnia in terms of paying pensions and supporting Croat cultural activities, but that the process must be transparent. "Finansijska pomoc Hrvatske mora biti transparentna," *Oslobodjenje*, 2 February 2000, p.4.

¹⁰⁴ "Ostaci 'Herceg-Bosne' ne mogu opstati," Interview with Stipe Mesic, *Oslobodjenje*, 22 March 2000.

Possible sources include revenues from the public and private enterprises of Herzeg-Bosna, the Hercegovacka Banka, continued HVO benefits, and collection of tax and customs revenues.

In February 2000, the Zagreb daily *Jutarnji List* reported that the Croatian government had already agreed to pay \$30 million to the Herzegovinian Croat authorities for the HVO and "victims of the 1991-1995 war" by the end of March. "The new Croatian authorities have "no idea" as to precisely what the Herzegovinians will do with the money. The independent Zagreb daily added that there is a discrepancy of more than \$40 million between the amount that the former Prime Minister Zlatko Matesa claims that the government recently paid the Herzegovinians and the lesser sum that the Herzegovinian leadership acknowledges."¹⁰⁵ Until transparent and unified budgets and finances in the Federation and all of its cantons exist, it will be impossible to ensure that legitimate support from Croatia for Bosnian Croats is not supporting anti-Dayton forces.

Nor should the international community underestimate the role of criminal activity in supporting the institutions of Herzeg-Bosna. The creation of a unified and non-corrupt border service and financial police will be essential to cut off potential revenues from smuggling operations and other illegal activities. SFOR's 14 October 1999, Westar raid saw SFOR blocking off buildings of the former government and police of "Herzeg-Bosna" in west Mostar. In the raid, SFOR seized documents, computers and other equipment, reportedly related to illegal information gathering and financial activities, while uncovering machines for producing fake credit cards and bank machine cards, as well as evidence of pornography production in the government buildings of west Mostar. This raid set a potential precedent for the investigation and policing of "criminal and subversive activities which directly violate the DPA," in Mostar. As of April 2000, it appears that SFOR has yet to publicise the majority of the information gathered in the raid or take further action based on this information.¹⁰⁶

B. New Strategies and Tactics: The International Community vs. the HDZ

Since the end of 1999, the international community has exhibited less tolerance for officials who obstruct implementation of the Dayton Peace Accords, including officials in Mostar. As with the political changes in Croatia, however, the resolve of the international community has initially provoked a harder line stance from the HDZ in Herzegovina. The OHR and OSCE removal of five HDZ Herzegovinian municipal officials in November 1999¹⁰⁷ and the OHR letter of warning sent to the

¹⁰⁵ "Croatian Money for Herzegovina," *Radio Free Europe/Radio Liberty Newslines* 16 February 2000.

¹⁰⁶ In December, SFOR released the results of an analysis of about 10 percent of the material seized. This material included over 40 computers containing hundreds of thousands of pages of text, documents and equipment. The publicised material cited authoritative evidence that the Croatian secret service (HIS) and the Bosnian Croat secret service (SNS) work bilaterally on spying operations in Bosnia. Bosnian Croat secret service operations spied on international organisations in Bosnia, including the Hague Tribunal Investigation Team gathering information in Livno on Croat suspects.

¹⁰⁷ These were the mayors of municipalities Southwest (west Mostar), Capljina, Stolac, Prozor-Rama and the head of the housing office Southwest.

Mayor and Deputy Mayor of Mostar prompted the HDZ Canton Seven board to freeze relations with OHR Mostar. The HDZ also used the removals as an excuse for boycotting the city council and government.

HDZ officials in Mostar recently adopted the tactic of resigning before the international community removes them, the so-called "empty chair strategy."¹⁰⁸ Ivica Rozic, Stipe Maric's replacement as mayor of municipality Southwest, resigned when the international community pressured him to resolve 39 multiple occupancy cases within 15 days of taking office. Over 4,500 claims submitted to the housing office of this municipality have yet to be resolved. This situation points to the problem of accountability. As of the beginning of April 2000, in the Croat majority municipality Southwest, the positions of mayor and head of the housing office were still vacant, following the recent resignation of Stipe Maric's replacement. As a result the housing office doesn't function, thereby achieving the HDZ's goal.

The three police chiefs of west Mostar also resigned recently, rather than carry out the order of the cantonal court to arrest five war crimes suspects, one of whom is the president of the HDZ city board. This comes as little surprise, however, since one of these police chiefs, Karlo Dzeva, has been convicted by the Mostar high court of war crimes.¹⁰⁹ In March 2000, the HDZ boycotted Schwarz-Schilling's meeting in Capljina,¹¹⁰ a municipality in which two years after the passage of Federation property legislation, local Croat authorities have yet to establish a housing office. This HDZ tactic reveals that if no one remains in office to take responsibility, than no one can be punished. In the meantime, the bureaucratic apparatus continues to function -- or in this case not function -- as directed by the HDZ.

Many HDZ officials working at the cantonal, city and municipal levels have been warned not to give in to pressure from the international community. A number of employees of international agencies working in Mostar cited HDZ officials at all levels who demonstrated a willingness to engage with their Bosniak counterparts, but who openly cited the international community's naiveté at thinking that such co-operation could translate into concrete measures without approval from higher levels.

¹⁰⁸ Trip report 1/2000, International Mediator for the Federation and Republika Srpska, Dr. Christian Schwarz-schilling, 6-12 March 2000, p.9.

¹⁰⁹ The east Mostar court tried Mr. Dzeva *in absentia* in 1996, sentencing him to a six-year jail term. Now that the unified cantonal court is operating, Mr. Dzeva can appeal to have this sentence overturned, but has not yet done so.

¹¹⁰ Although Schwarz-Schilling's trip met with complete obstruction on the municipal level, some slight progress was noted at the cantonal level. Trip report 1/2000, International Mediator for the Federation and Republika Srpska, Dr. Christian Schwarz-schilling, 6-12 March 2000.

C. HVIDR-a/UDIVDR-a and the HDZ

Throughout Herzegovina, and particularly in Mostar, associations of Croat war veterans and invalids play a controversial role in nationalist politics. The two dominant organisations, the Association of Croat War Invalids of the Home War (HVIDR-a) and the Association of Volunteers and Veterans of the Homeland War (UDIVDR-a) have similar hard-line political goals and work closely together. The infamous Mladen Naletilic ("Tuta"), now awaiting trial in The Hague for war crimes, founded the later organisation.

Aside from their legitimate activities assisting and representing war invalids and their families, these organisations actively promote the political goals of ethnic separation through the local media and organised demonstrations. Promoting a third Croat entity, organising opposition to the extradition of Croats to The Hague, and organising protests to prevent minority return to Croat majority areas are just some of the political activities of these organisations.¹¹¹ While HVIDR-a and UDIVDR-a maintain close ties to certain HDZ politicians, these organisations frequently criticise individual HDZ politicians in the media, levelling accusations that they co-operate too much with the international community, do not respect the rights of veterans, and are corrupt. There has also been much speculation about the involvement of HVIDR-a or its members in threatening and intimidating local officials, in organised crime, acts of violence, and the illegal allocation of housing stock.

As citizens groups, HVIDR-a and UDIVDR-a receive financial support from legal government institutions. But they also raise money by renting out sports facilities, through taxes on the personal incomes of the employees of Herzeg-Bosna institutions, and through illegally established betting houses under the direct control of these organisations.¹¹²

A brief sampling of HVIDR-a and UDIVDR media statements demonstrates the ideology of these groups and the pressure they place on HDZ and other Croat politicians over specific issues:

- In 1998, HVIDR-a spoke out against the return of Bosniak and Serb displaced persons to their pre-war homes in the areas of Buna and Ortijes, in Croat majority municipality South. *"Referring to all those who in the name of multi-ethnicity and multiculturalism wish to return to their homes, including those behind armed SFOR transporters, without even the slightest human shame for all that they have done to the Croat people over the last few years, we say that they are making a mistake, and that they have chosen a mistaken path."*¹¹³

¹¹¹ For example, HVIDR-a came out publicly against the trial and removal from office of the chief and deputy chief of police in west Mostar, Marko Radic and Ivan Hrkac, for their role in the Liska Street incident.

¹¹² ICG interview with anonymous local source.

¹¹³ ONASA, 21 July 1998.

- HVIDR-a criticised some portions of the HDZ for co-operating too closely with the international community in 1998. *"Because of the newest state of confusion in the city board of the HDZ Mostar, and in the city of Mostar itself, we announce the following warning, after which war invalids might perhaps use the worst possible means, which otherwise do not suit them... We war invalids will not allow some minority current around Dragan Covic and others, with the support of international elements, to dismantle and destroy that for which we war invalids of Mostar fought and sacrificed parts of our bodies."*¹¹⁴
- HVIDR-a extensively criticised local Croat officials before the 2000 municipal elections, especially corrupt officials. *"The members of HVIDR-a, listening to the voice of the people on a daily basis, have had enough of the authorities such as they are. ...We are warning the politicians to start cleaning their ranks and to name and punish the criminals."*¹¹⁵
- UDIVDR-a called on Croat officials to boycott the government and elections in protest over the Blaskic verdict, and also called for a referendum on a third entity. *These Associations concluded that all Croat officials should withdraw from all levels of authority and to appoint one representative who would stay in contact with representatives of the I[nternational] C[ommunity], to terminate co-operation with the Hague Tribunal, to boycott the April elections in BiH and to organise a plebiscite on the establishment of a third entity."*¹¹⁶

HVIDR-a's and UVIDR-a's increasing media attacks on members of the HDZ have led to speculation about divisions within the party. In an open letter to the "Croat politicians of Bosnia and Herzegovina," HVIDR-a launched a detailed criticism against some politicians and businessmen from the HDZ whom they charged with exploiting their positions for financial gain. They charged corrupt officials with blocking the functioning of the financial police, tax administrations and customs, because of their black market activities, and with indirectly destroying the social infrastructure of Bosnian Croats.¹¹⁷

This letter attacked Prskalo in particular, as well as "ten individual tycoons" who run dirty businesses and one tycoon who "runs the city." "Gentleman from the Mostar HDZ [voting] lists, people are bitter because you are on the lists. You who have led the Croat nation to the present misery and poverty, you present yourselves as its first combatants. Yes, you are the first, in collecting not only faculty diplomas, but also the first ones to rip off companies, some of them you privatised; you divided municipal land amongst yourselves, and all those dirty businesses you legalised through the municipalities." The letter concludes with a warning that HVIDR-a will name names if the persons referred to do not remove themselves from office by the beginning of April.

¹¹⁴ Statement of the Presidency of Mostar HVIDR-a, 1 December 1998.

¹¹⁵ Croat Radio Mostar, Press release of HVIDR-a and the Association of Killed and Missing Croat Soldiers, 7 March 2000.

¹¹⁶ *Habena*, 8 March 2000.

¹¹⁷ "HVIDR-a's open letter to the Croat Politicians in Bosnia and Hercegovina," March 2000.

Many of HVIDR-a's attacks might be interpreted as the legitimate criticisms and demands of a citizen's group, as threats to certain HDZ politicians not let up on hard-line policies before the elections, or as preparation for "cleaning out" some members of the party. HVIDR-a has indeed been calling on the HDZ leadership to take a harder line, following the Blaskic verdict in The Hague. This has included calls for a referendum on a third entity, for the HDZ to boycott the elections and for Croats to stop participating in joint institutions.¹¹⁸ While subject to pressure from such hard-line elements of the party, HDZ president Ante Jelavic must also contend with a more moderate faction centred around Bosnian Foreign Minister Jadranko Prlic, and former Council of Ministers member Neven Tomic.

D. Who Benefits From Herzeg-Bosna?

As the recent attacks by HVIDR-a suggest, the real power in Herzegovina derives from control of commerce, banking and public or recently privatised companies.¹¹⁹ The primary goals of Herzeg-Bosna's promoters are not the pursuit of the welfare, well being and national interest of BiH Croats. Rather, these hard-liners are attempting to manipulate Croat national consciousness to provide cover for large-scale criminal and economic activities of the ruling elite. "Herzeg-Bosna is a functioning parallel state and its politics are about capital accumulation. ... Once this financial base of Herzeg-Bosna is addressed, the rest of its parallel institutions, its symbols, and its resistance to minority return can be overcome."¹²⁰

The current "hard-line" faction of the HDZ consolidates its economic might through the Hercegovacka Banka and the companies of "Hercegovacka Holding." In this context, "hard-line" does not refer to wartime activities, nationalist orientation, or degree of past criminal behaviour as such. Rather, it refers to that element, largely centred around HVO members, and some of the directors of large public companies, which stands to lose political and economic power from the unification of parallel structures. The so-called generals' or "Siroki Brijeg" faction is widely believed to have the support of HVIDR-a.

This group founded Hercegovacka Banka in late 1997, in response to support for the moderate, pro-Federation candidate Bozo Ljubic supported by HDZ members with ties to the Hrvatska Banka-Mostar and Dubrovacka Banka-Mostar. The key members of this faction can be deduced from the list of registered founding partners of Hercegovacka Banka, including:

- "Hercegovina Gradnja," the former infamous "Monitor" company, owned by General Ljubo Cesic Rojs (former Croatian Minister of Defence), Ante Jelovic (former President of Bosnia) and the Franciscan Order in Mostar;
- Aluminijski kombinat, directed by the war-time mayor of west Mostar and later Governor of Canton Seven, Mijo Brajkovic;

¹¹⁸ "Cracks widen in Bosnian Croat Leadership," *Institute for War and Peace Reporting*, 13 March 2000.

¹¹⁹ Quoted from a report produced by an anonymous source in the international community.

¹²⁰ This is from a confidential report of a major international organisation in BiH.

- "Soko," directed by Dragan Covic, the current Prime Minister of the Federation;
- "INA-BiH," the petroleum company;
- "Croatia-Bus" Zagreb Company, where General Ljubo Cescic Rojs worked before the war;
- "Jambo" from Metkovic;
- "Mepas" from Siroki Brijeg; and
- The "Croat" cantons seven, eight and ten.

Other companies supporting the strength of Hercegovacka Banka include the "Hercegovina Holding" companies "Hercegovina Insurance" and "Investment Fund." Rojs, Jelavic, Ivan Medic (member of the management board of Monitor and Cro-benz), and members of the Franciscan order Ivan Sev and Tomislav Pervan form a majority in the bank's management board, which also includes Dragan Covic, Vladimir Soljic, and Zdenko Kordic (dean of the university in Mostar). The board's former president, Stanko Baja Sopta was replaced by Ivan Medic at the end of 1999. This HDZ faction has also been called the "Siroki Brijeg" group.

In 1998, probably through the influence of General Rojs, the HVO transferred payment of HVO salaries, pension and social benefits, benefits for war invalids, other support for the institutions of Herzeg-Bosna and credit lines for HDZ politicians from Hrvatska Banka-Mostar to Hercegovacka Banka. Attempts at convincing the Croatian Diaspora to transfer assets were unsuccessful. Despite rumours that Hercegovacka Banka is facing an economic crisis, the bank maintains huge accounts through deposits from public companies such as the HPT and the Pension Fund. In many ways Hercegovacka Banka operates as the central bank of "Herzeg-Bosna." According to an anonymous source, "Hercegovacka Banka is not designed just as a financial subject, rather as the 'financial logistics' of the HDZ-BiH. Because of its wide ownership structure pressure is put on the boards of competing banks to transfer deposits into Hercegovacka Banka."

The influence of general Rojs, centred around "Hercegovacka Holding" and Hercegovacka Banka, should not be underestimated. Sources indicate that "Hercegovacka Gradnja" raises money to defend Croat defendants in The Hague, to finance HVIDR-a and to build settlements for displaced persons in the Neretva valley. In an interview shortly after the death of Tudjman and before the Croatian parliamentary elections in January, Rojs warned that "we will remove all those from HDZ who do not implement Tudjman and [former Croatian Defence Minister] Susak's politics."¹²¹

¹²¹ "Posudeni Intervju: General Bojnik Ljubo Cescic Rojs, Pomocnik Ministra Obrane Hrvatske," reprinted in *Oslobodjenje from Vecernji List*, 21 December 1999, p.11.

E. Whither the HDZ?

With signs of new factions developing within the HDZ, opposition parties have been voicing dissatisfaction with the policies of the HDZ. The SDP recently opened an office in west Mostar.¹²² The New Croat Initiative (NHI) has criticised the HDZ for equating itself with the Croat people and argued that discussions of the democratisation of the HDZ are without foundation.¹²³ The Croat National Assembly (HNV) has criticised the HDZ for discouraging Croats from Central Bosnia from returning home.¹²⁴ A group of Herzegovinian Croat intellectuals has founded a board to meet with Croatian President Mesic. This group included "very influential people from social, business and religious life" wanting to correct the negative picture of Herzegovinian Croats created by "the behaviour of the actual government of Croats in BiH, whose individual ambitions, political and work interests were placed before the national interests" of Croats in Bosnia.¹²⁵

Meanwhile, while appearing to lack a unified political strategy, current HDZ ideology has taken a more moderate and defensive tone, appealing to the loss of "constitutional identity" which the Croat people are allegedly suffering within the Federation and the whole of Bosnia. This position, recently argued in a paper published in English in the classified sections of local newspapers, asserts that the Dayton agreement gives the Serb community greater rights through the existence of Republika Srpska and "de facto the same rights to the Bosniak community through the Federation entity."¹²⁶ Although produced by HDZ politicians in power, the document was distributed as the position of the "Croat political leadership."

Many Croat politicians outside the HDZ resented the fact that HDZ politicians presented their views as that of the Croatian leadership as a whole. "Again there are complaints, again talk about loss of identity. If someone damaged the identity of Croats in BiH that was done by the political leaders, who signed this announcement. They should ask themselves the question and not others."¹²⁷ Asked by an *Oslobodjenje* reporter whether the publication of the paper without direct mention of the HDZ indicated that their influence was waning, an HDZ representative explained: "We are not losing influence and we won't for a long time. We believe that as long as national questions are still being resolved, the

¹²² "Osam godina poslije: SDP otvorio ured u zapadnom Mostaru," *Oslobodjenje*, 18 February 2000, p.4.

¹²³ Given the relative increase in NHI popularity among absentee voters in the recent April municipal elections, this could spell the beginning of a rejection of HDZ hard-line policies by the Croat electorate. "NHI: HDZBiH i dalje obmanjuje clanstvo i narod," *Oslobodjenje*, 17 February 2000, p.3.

¹²⁴ "Osuda izgradnje "Bobanovih" i "Suskovih fantomskih naselja," *Oslobodjenje*, 20 February 2000, p.3.

¹²⁵ "Hercegovacki intelektualci osnivaju odbor za susret s Mesicem," *Oslobodjenje* (based on an article in *Vecernji list*), 1 March 2000, p.36.

¹²⁶ "Response of the Croat Leadership Regarding the Process of Losing the Constitutive Position in BiH," 18 January 2000.

¹²⁷ "Nije HDZ vec njegovi duznosnici," (Statement of Kresimir Zubak) *Oslobodjenje*, 22 February 2000, p.4.

HDZ will be the highest ranking Croat party ... Every day Croats lose a piece of their identity in BiH."

In the context of these complaints, Ante Jelavic has openly supported the idea of cantonisation and dissolution of the Federation. Members of the HDZ have called for three ethnically separate television stations and the introduction of a third entity. In a recent statement, HVIDR-a announced that if the elected Croat politicians will not hold a referendum on a third entity, then HVIDR-a will organise such a referendum as a non-governmental organisation.¹²⁸

The HDZ's calls for a third entity or cantonisation should be seen in the light of the fact that none of the real issues affecting the unification of Mostar and the canton, including return of displaced persons, have been adequately addressed by the HDZ over the last six years. The international community cannot continue to make the mistake of waiting for the HDZ to follow through on its commitments. In the run up to the April elections and under pressure from the international community, the HDZ completely disengaged from the international community on many of these key issues.

IV. THE SECTORS

A. Return of Displaced Persons and Refugees

"Under such pressure I am not prepared to fulfil the duties of mayor." Ivica Rozic, Mayor of Southwest municipality, Mostar, in response to the OHR's demand that he confirm the property claims of 39 displaced persons from that municipality. The municipality's housing office has over 4,500 outstanding claims. (8 March 2000)

1. Background

Before the war, Mostar was a unified multi-ethnic city in which approximately equal numbers of Serbs, Croats and Bosniaks lived, worked, intermarried and went to school together. During the war, the HVO (Hrvatsko Vijece Odbrane -- Bosnian Croat Army) and HDZ-controlled police ethnically cleansed most Bosniaks and Serbs from west Mostar. In addition to those driven out during the war, more than 100 non-Croat families were ethnically cleansed from west Mostar after the Dayton Peace Accords were signed. Today, Bosniaks and Croats in Mostar live almost exclusively in "their" respective areas, while most of the Serb population has fled to nearby parts of Republika Srpska or Serbia.

Since the end of hostilities, Bosniak authorities have made numerous public appeals for Serbs and Croats to return to Bosniak majority municipalities. HDZ authorities on the west side, however, have discouraged Croats from leaving Croat-controlled territory and obstructed efforts at encouraging the return of

¹²⁸ HRTV Mostar, 12 March 2000.

Bosniaks and Serbs to these regions. While small numbers of minorities have returned to reconstructed housing on both sides (about 1,200 persons to each side since the signing of the Dayton agreement, according to UNHCR figures¹²⁹), the west Mostar authorities systematically refuse to confirm the property rights of minorities from Croat controlled municipalities. While building new settlements for Croat displaced persons from other areas of Bosnia, the authorities have refused to process the vast majority of claims relating to the return of minorities to their pre-war accommodation.¹³⁰

2. *Implementation of Property Laws in West Mostar*

Politics, not rule of law, govern the return process in Mostar. The policy of the ruling Croat HDZ party with regard to minority, especially Bosniak returns to west Mostar is to maintain the demographic "purity" of the three Croat majority municipalities for territorial reasons. This policy has included obstructing the return of Croat displaced persons from west Mostar to central Bosnia¹³¹ and east Mostar.¹³² Despite six years of agreeing to minority return and pledging to implement Annex Seven, the actions and statements of HDZ officials and the pathetic return figures clearly demonstrate this policy.¹³³

The HDZ's frequent boycotting of contact with international organisations has blocked progress on return within Mostar. One of many recent examples was a meeting held with Republika Srpska and Federation mayors from Herzegovina to discuss return, at which the absence of HDZ mayors from the region provoked concern. The OHR and UNHCR noted this tactic: "It is with great disappointment that we have realised that the Mayors of Mostar, Capljina, Stolac and Ravno disassociated themselves from this meeting. They missed an excellent opportunity to demonstrate that they are committed to returns. Their boycott demonstrates that they do not understand the times have changed; they do not seem to care about refugees and displaced persons; they continue to avoid the responsibility enshrined in Annex Seven of the Dayton Peace Accords; they compromise the HDZ-BiH leadership's support to the issue of returns."¹³⁴

¹²⁹ "Estimates on Minority Returns," UNHCR SO SBiH, Monthly Statistic Information, 15 January 2000.

¹³⁰ Croat political opposition parties and groups have criticised these settlements as a political tool for keeping Herzegovina ethnically pure at the expense of potential Croat returnees to other parts of Bosnia. "The former Croatian government [i.e., in Croatia proper], with the funds from Croatian tax revenues, built Boban and Susak's villages, and other phantom border settlements in BiH to prevent the return of Middle Bosnian Croats to their homes ..." "Osuda izgradnje "Bobanovih" i "Suskovih fantomskih naselja," *Oslobodjenje*, 20 February 2000, p.3.

¹³¹ "I don't want here to speak about names. The thing is the same and when the word is about return to other places. I can only say how more and more Croats come to our office, which demonstrates the wish to return, but in that their politicians discourage them." Lennart Kotsalainen, Head of the Regional Office Mostar, UNHCR, interview in *Slobodna BiH*, 25 July, 1999.

¹³² "Safet Orucevic is making an effort to free up Croatian houses in Bijelo Polje so that they can return to their houses. The fact that they are not returning, the Croats use as an excuse not to accept the return of Bosniaks to west Mostar, etc. That problem will be addressed at the donors' conference where it will be said, if there is no progress in return, there will be no support." Interview with High Representative Carlos Westendorp in *Vecernje Novine*, 15 May 1999.

¹³³ Joint OHR/UNHCR Press Release, 4 November 1999.

¹³⁴ Ibid.

HVIDR-a has recently made statements in the media reinforcing the conclusion reached by some members of the international community that HVIDR-a controls the west Mostar housing stock. The March resignation of Southwest municipality mayor Ivica Rozic also leads to the conclusion that officials responsible for implementing the housing laws in Croat municipalities would have little or no power to do their jobs even if they wished to.

The statistics on implementation of the property laws support these conclusions. In the three Croat majority municipalities of Mostar, a total of 6,044 claims for socially owned property and 463 claims for private property had been filed by July of 1999. Of these 6,507 claims, the housing authorities have signed only a handful of claims in which the Double Occupancy Commission confirmed that the current occupant has alternate accommodation. No evictions have taken place without the good will of the current occupant. The majority of outstanding claims are in municipality Southwest, where there exists a backlog of approximately 4,500 unprocessed claims. Under existing law, these should all have been processed, and the pre-war occupant should have received notification within 30 days. This municipality currently lacks a mayor and a head of the housing department to sign decisions (all resigned rather than permit), and the housing office employs only two staff members.

3. *Post-Dayton Ethnic Cleansing in west Mostar*

The west Mostar authorities have not even resolved any of the cases of non-Croats forcibly expelled from their homes following the signing of the Dayton Peace Accords.¹³⁵ This is a disturbingly eloquent demonstration of the HDZ's complete unwillingness to implement Annex Seven in Mostar and of the failure of the international community to exert sufficient pressure to overcome obstructionism on west Mostar housing issues.¹³⁶ To these cases should be added those cases of ethnic minorities who disappeared or were found murdered after the signing of the Dayton agreement and whose houses were immediately occupied, sometimes by members of the HVO or the secret police.

The international community raised this issue at the Bonn Peace Implementation Council document in December 1997 and essentially let it drop until the Bosniak side raised it during the Schwarz-Schilling mediation in May 1999. Different estimates put the number of these incidences of violent ethnic cleansing at between 81 and 131 households (cases, not individuals). It was agreed last year that OHR, UNHCR and the Federation Ombudsman would begin verifying reported

¹³⁵ This does not include the expulsions that occurred following the Liska Street incident, which were resolved soon after this incident.

¹³⁶ The last wave of such expulsions, termed "evictions" in the polite language of compromise, occurred following the Liska Street incident of 10 February 1997. A Reinstatement Team of SFOR, IPTF and local police resolved all of these cases. The Reinstatement Team was also charged with resolving any other cases of persons whom the Mostar Deputy of the Federation Ombudsman determined to be illegally evicted following Dayton.

cases of post-Dayton expulsion. Deadlines were established for the verification and resolution of 20 cases every two weeks.

The verification of these cases stopped last year in the wake of the November removals and the HDZ boycott of the OHR. Meanwhile, of 38 verified cases so far submitted to the west side housing offices, officials have issued 13 decisions confirming that the current occupant is illegal and therefore has four days to move out. None of these evictions has been enforced. Only one property has been repossessed, but through unofficial channels. The west Mostar authorities have made excuses relating to the status of the current occupants, claiming that they are war widows, invalids, or that they cannot return to their pre-war accommodation. None of these excuses carry any weight under current property laws, particularly since the new occupants are not refugees, but rather illegal occupants. The continued failure to resolve these cases is an embarrassment to the international community's efforts with regard to Mostar and undermines the confidence of the non-Croat population in the international community and the OHR.

4. *Double Occupancy Cases*

As in other parts of Bosnia, the OSCE¹³⁷ and local housing authorities in Mostar have established a special commission for verifying cases in which someone who is occupying another person's property, already has alternate accommodation. The international community in Mostar has also set up a hotline for the anonymous reporting of cases of multiple occupancy. In theory these cases should be the easiest to solve, since they involve evicting someone who already has another place to live. In practice, many of the apartments involved in these cases are being used by persons with political connections or links to HVIDR-a, making local housing authorities unwilling or afraid to resolve them.

To date, the hotline has received reports of approximately 800 cases of double occupancy in west side municipalities, and approximately 230 such cases in east side municipalities. Meanwhile, the double occupancy commission is perhaps the only joint institution in Mostar which actually functions, with representatives from the Croat and Bosniak majority municipalities meeting regularly and successfully confirming cases of double occupancy. And yet the housing offices of west Mostar are still unwilling or unable to act on the conclusions of the commission. The double occupancy commission had confirmed 130 cases of double occupancy by April 2000. One hundred and three of these cases were in the Croat majority municipalities, ten of which were resolved informally by the parties themselves. The 27 cases confirmed in east-side municipalities have resulted in 12 resolved cases, many through eviction. The east-side authorities have shown a far greater willingness to act on the conclusions of the commission following the recent OHR removals, resolving many of their confirmed cases with evictions.

¹³⁷ The OSCE introduced the idea of the Double Occupancy Commission on which OHR, OSCE, UNHCR and UNMIBH represent the international community.

Among the three municipalities of west Mostar, municipality Southwest has the worst record in implementing the return of private and socially owned property to pre-war occupants. In November 1999, the High Representative removed the mayor of this municipality, Stipe Maric, as well as the head of the housing office, Marina Deronjic, for obstruction of the property laws. Ivica Rozic, also a member of the HDZ, was recently nominated to replace Maric. On 8 March of this year, however, soon after taking office, Rozic announced his resignation. OHR had presented Rozic with a 15-day deadline for resolving 32 cases of multiple occupancy. The head of OHR for the region, Finn Lynghamm, suggested that continued failure to implement the property laws could lead to Rozic's personal criminal conviction under existing laws. Explaining his resignation, Rozic asserted that "under such pressure I am not prepared to fulfil the duties of mayor."¹³⁸

This case clearly demonstrates that many of the HDZ officials in office are essentially puppets to a hidden master. When caught between pressure from the international community to implement housing decisions, and pressure from the hard-liners to obstruct, Rozic decided to resign. Several international community representatives in the Mostar region cited the element of fear, which contributes to the inability of otherwise co-operative officials to carry out their work. HVIDR-a makes frequent threatening statements in the media against implementation of the property laws, suggesting that they actually control the housing stock in west Mostar.¹³⁹ This group has also threatened members of the judiciary, administration and politicians who have shown signs of implementing the property laws.

Over the last few months, HVIDR-a has noticeably increased its media threats and criticisms against local officials who are "not respecting the problems of the war victims." Rumours suggested that local officials had struck a deal with HVIDR-a to give in to some of the international community's demands, but recent statements by HVIDR-a in the media and Rozic's resignation suggest otherwise. In any case, the OHR should be commended for holding individual officials personally responsible for fulfilling the obligations of their positions. The question of who will implement the property laws in west Mostar remains unresolved.

B. City Administration

1. Background

The Interim Statute establishes the structure of the city government, which is composed of a city council, the mayor and deputy mayor¹⁴⁰, and the executive, consisting of the city departments, under the mayor's control. The city council is composed of an equal proportion of Bosniaks, Croats and members of "other"

¹³⁸ "Nacelnik podnio ostavku," *Oslobodjenje*, 8 March 1999, p.4.

¹³⁹ As recently as 28 January 2000, a HVIDR-a statement on the radio in Mostar addressed war invalids and families with housing problems to seek help from HVIDR-a, clearly implying that they have some control over the housing stock.

¹⁴⁰ In the implementation of the 1996 election results, it was determined that the positions of mayor and deputy mayor would be filled by a Croat and a Bosniak, who would rotate on a regular basis.

groups. The competencies of the city government are distributed among five departments, each having a head and a deputy head.¹⁴¹ These departments are: Finances and Reconstruction, Urban Planning, Economic Politics-Development, Infrastructure, and Public Transportation and Communications. The Administration of the Central Zone falls under the activities of the Urban Planning department.

2. *Current Situation*

The text of the agreement that Christian Schwarz-Schilling negotiated in August 1999, confirms that the city council rarely meets, that the city administration does not carry out the majority of responsibilities prescribed in the Statute and that unified city finances do not yet exist. It should be added that due to continuous obstruction from the Croat side, the city administration has not yet moved into a permanent location.¹⁴² The Administration is located in a temporary facility in the central zone. Although the HDZ Mayor/Deputy Mayor Ivan Prskalo has an office in this building, he also carries out the functions of Mayor from an office in the west side "Parkovi" company of which he is also the director. He receives members of the international community and media in these separate offices. Finally, it should be noted that donations from the international community, as well as foreign investments in local companies continue in many instances to enter Mostar through the parallel structures.

C. Central Zone

"For the HDZ, the central zone in Mostar does not exist." Rade Bosnjak, Governor of Canton Seven (10 September 1998).

1. *Background*

The Rome Agreement and Interim Statute of February 1995 established the central zone, which was later incorporated into the Federation and Canton Seven Constitutions. The central zone consists of a common strip of land around the former confrontation line, where joint Federation, Canton and City institutions and administrations should be located. The central zone should be administered by the mayor and deputy mayor who, under article 65 of the Interim Statute, must establish departments for this purpose. These include departments for collecting revenue in the central zone and establishment of a central zone housing office. The central zone also encompasses key common infrastructure areas: the three power plants on the Neretva, the three fresh water sources and the Mostar

¹⁴¹ Generally speaking, the heads and deputy heads represent different peoples, usually a Bosniak and a Croat, although this is not spelled out in the Interim Statute.

¹⁴² The first building considered for this purpose is located in the central zone near the Hotel Ero was rehabilitated by the EU in 1996 at a cost of about 1.2 million DM, and then illegally occupied by the courts of Herzeg-Bosna. At the Rome meeting, it was informally agreed that the building of the First Grammar School would be used, but this was then changed to the multi-ethnic grammar school and now has been commandeered to be a Croat grammar school teaching the Croat curriculum. The parties finally agreed in 1999 to use the former facilities of the railways, although this move has not begun. In the meantime, the administration is located in temporary offices.

airport. The fundamental concept of this zone is that it is administered by the city institutions, such as the city council, where Bosniaks, Croats and "other" groups have equal representation.

2. Current Situation

The central zone represents the only part of the city of Mostar to be managed exclusively by the joint city administration and is therefore the symbol and key to a unified and multiethnic Mostar. For this reason, the HDZ has actively obstructed implementation of all aspects of this zone. This opposition continues today through the strategic building of ethnically exclusive institutions in the central zone (Herceg-Suma building, the cathedral, the Croat National Theatre, and appropriation of the First Grammar School) without city approval. In addition, the HDZ has actively obstructed the establishment of all institutions with competencies over this zone (courts, police, housing office, revenue collection, and special voting procedures) arguing that the canton or neighbouring municipalities should cover such areas in the central zone.

HDZ officials at all levels contend that any actions confirming the territorial and administrative unity of the central zone are tantamount to creating a seventh municipality in Mostar.¹⁴³ According to this view, if the central zone has institutions of self-government, education, courts, and police, and if the citizens of the central zone do not vote in neighbouring municipalities, then it is a *de facto* municipality.¹⁴⁴

The logical fallacy of this argument lies in the fact that the Rome Agreement, Interim Statute and the decision of the Constitutional Court of the Federation confirm that the central zone is to be administered by the city, precluding the interpretation that this constitutes a municipality.¹⁴⁵ The Croat (HDZ) side has complained that this zone contains a Bosniak majority and therefore constitutes the fourth Bosniak majority municipality. But, considering the fact that the city government contains equal numbers of Bosniaks, Croats and "others," Croats actually have greater representation in the administration of this territory than they would if it were a municipality. In opposing the central zone, elected HDZ officials have blocked implementation of the cantonal courts and prosecutor's office, as well as the laws on financing the city of Mostar and the law on local self-government.¹⁴⁶

¹⁴³ Letters from President of the Federation, Ivo Andric-Luzanski to OHR, 12 October 1999 and 12 January 2000. Letter from Deputy Governor of Canton Seven, Rade Bosnjak to OHR, 13 January 2000.

¹⁴⁴ Ibid.

¹⁴⁵ "The Central Zone can never be a Municipality or a unit of local self-government simply by virtue of the fact that it does not have its own executive or any other exclusive organs. Namely, the self-governing rights of the citizens of the Central Zone are exercised through the organs of the City of Mostar." OHR letter, 18 January 2000.

¹⁴⁶ "In our opinion, the High Representative's Decision with regard to the judiciary structure in the so-called central zone ... is disputable due to the reasons which we are going to elaborate in the further text." Andric-Luzanski, Letter of 12 October 1999. In his 19 November 2000, response to this letter, High Representative Wolfgang Petritsch dismissed the HDZ's interpretation of the central zone,

HDZ opposition to the central zone and the city authority has been carried out through the construction, renovation and appropriation of buildings within the central zone, without the approval of the city. Work on the massive foundation of the planned Croat national theatre began in 1997. Along the same strip of the *Bulevar* are the foundations for a planned 25 million DM cathedral.

In the latter half of 1999, reconstruction began on the beautiful Austro-Hungarian-era building, which had served as Mostar's main grammar school before the war. Reportedly, the Croat majority municipality Southwest was carrying out the operation with a donation of about six million DM from unknown sources.

The school opened in 2000 to students from the Southwest municipality, who receive instruction according to a Croatian curriculum. The Bosniak side reacted with public outrage. Mayor Safet Orucevic had been pushing for the use of the Grammar School as the seat of the City Administration since the Rome Agreement. In a July 1999 letter, then-High Representative Carlos Westendorp reiterated the recent conclusions of a meeting between the mayor and deputy mayor that the old railway administration building would accommodate the city administration and that the First Grammar School would be open to all Mostarians.

From a legal point of view, the Croat actions are partially justified. According to the Interim Statute, certain types of institutions in the central zone are to be administered by the neighbouring municipalities, with the approval of the city council, including schools. The city council, however, did not approve Southwest municipality's take over of the school, nor did it approve the administration of the elementary school on the east side of the central zone by municipality Old Town.

Seen within the overall context of Croat obstruction to unified institutions, the Grammar School is yet another piece of the puzzle. With the new cathedral, Croat national theatre, and other buildings along the *Bulevar*, Croat control of the First Grammar School would complete the ethnic line of Croat controlled buildings drawn through the middle of the central zone. Meanwhile, the authorities of municipality Southwest will not approve plans to renovate even one destroyed mosque in their municipality. The appropriation of buildings within the central zone is clearly part of an ongoing plan to cement the ethnic divide.

reiterating that "I expect you to use your influence to ensure the aforementioned decisions [on the judiciary], which have been ignored over the last fifteen months ... are fully implemented without delay."

The HDZ also disrupts the normal functioning of the central zone by blocking the establishment of any institutions with specific administrative jurisdiction there. This includes blocking the establishment of an office for processing claims for return of property within the central zone,¹⁴⁷ blocking the establishment of a central zone court and prosecutor's office,¹⁴⁸ and blocking the establishment of a system for collecting revenues in the central zone.¹⁴⁹

The airport, which the city government should administer under the terms of the Interim Statute, opened in February 1998, only by virtue of an arbitration decision under which the OHR administered the airport until last November. This delay has been attributed to the financial interests of local HDZ leaders wishing to make a profit through the privatisation of the airport.¹⁵⁰

On 2 March 2000, the OHR brokered an agreement with the HDZ and SDA, in which the parties agreed to accept the judicial institutions of the central zone and agreed about how the central zone would be policed. The agreement also calls for a unified tax collection system for revenues in the central zone, a single city administration account to be opened in the ZPP or ZAP, and an interim method for allocating revenues from the cantonal budget to the city administration. Given the HDZ's past history of not honouring signed agreements, the international community should not hold its breath while waiting for this agreement to translate into policy.

In the overall HDZ Mostar strategy, weakening the central zone and city administration is complemented by the exclusion of Bosniaks from municipal institutions in Croat majority municipalities. Most recently this has taken the form of the refusal to adopt "vital interest" clauses in the three Croat majority municipal statutes, as required by the City Interim Statute. In the face of HDZ intransigence, the OHR imposed the "vital interest" clauses in a 6 July 1999 decision. These clauses require that when voting on issues fundamental to both peoples, a majority of Croat *and* Bosniak votes is required. These areas of vital interest are culture, education, religion, national monuments and housing affairs. This decision also obligated these municipalities to create the position of municipal deputy head, a position ostensibly to be filled by a member of the ethnic minority.

¹⁴⁷ The central zone housing office started processing claims in February 2000. In a 1 September letter to Ivan Prskalo, the OHR chastised him for "your refusal to staff a Central Zone Housing Office on the basis that to do so would be contrary to the Interim Statute of the City of Mostar." Erlichmann goes on to explain that article 65 of the Interim Statute calls on the mayor to establish administrative departments necessary for administration of the central zone. Given the fact that the Federation property laws were adopted in April 1998, he judges as "shameful" the fact that not a single decision has been issued on the 369 claims for socially owned property in the central zone.

¹⁴⁸ On 6 July 1999, the OHR issued a decision establishing the central zone prosecutor's office and establishing the cantonal courts, including a central zone court.

¹⁴⁹ This was one of the main reasons for the HDZ's refusal to sign the August 1999, Schwarz-Schilling mediation.

¹⁵⁰ "Privatizacija pod hrvatskom kontrolom," *Jutarnji List*, 15 June 1998, p.7.

D. Judicial System

1. Background

The unification of police and court structures in the Herzeg-Neretva Canton, including structures within Mostar, has developed over the last two years, only through the constant intervention of the international community. In a March 1998 decision, the OHR established six municipal courts and one central zone court in Mostar. In a July 1998 decision the High Representative imposed the *Law on the Courts of the Hercegovina-Neretva Canton* and the *Law on the Court for the Central Zone of Mostar*. Nevertheless, two ethnically divided municipal and higher courts, two public prosecutor's offices and two public attorney's offices continued to function in complete separation, their respective jurisdiction determined by former conflict lines until late 1999. Although the cantonal Ministry of the Interior had established unified, multi-ethnic police patrols by 1998, the Croat and Bosniak elements of these police continue to operate essentially in parallel. The inability of the police in Mostar and Canton Seven to act professionally in carrying out court orders and the investigation of crimes, particularly when an ethnic element is involved, will be addressed in the following section on police.

On 6 July 1999, the High Representative issued four important decisions concerning Mostar and Canton Seven, two related to the implementation of unified judicial structures. An OHR press release explained that these decisions were "necessary in view of the failure of the competent authorities to implement relevant laws and with the intention to enable the proper functioning of the judicial system within the Canton."¹⁵¹ First, the High Representative ordered that the Cantonal Court must be established by 1 September 1999 and that the municipal courts of Canton Seven and the central zone court must be established by 1 November 1999. Although the city of Mostar consists of six municipalities, OHR determined that for an interim period, Mostar would have one municipal court for the three Croat majority municipalities and one such court for the three Bosniak majority municipalities -- yet another international community concession to HDZ separatist efforts. A second decision established the law for a central zone prosecutor's office.

The Croat and Bosniak cantonal authorities could not agree on who would hold the top positions of the cantonal court, so the OHR imposed a system in which the court's first president would be a Croat, and would thereafter rotate between national groups.¹⁵² The cantonal court was formed at the end of September 1999 and should have begun the process of selecting judges for the municipal courts. Yet the job advertisements for the municipal courts were delayed by the refusal of the Croat side to recognise the legitimacy of a central zone court.¹⁵³

¹⁵¹ "Mostar Decisions," OHR Press Release, 8 July 1999.

¹⁵² According to this system, the cantonal public prosecutor is a Bosniak, the cantonal public attorney is a Croat, and the President of the cantonal Misdemeanour Court a Bosniak.

¹⁵³ UNMBiH-Region Mostar, Weekly Report, 6-12 November 1999.

The HDZ has effectively blocked the formation of municipal courts, due to objections over the existence of a central zone court. In a letter to OHR dated 12 October 1999, Ivo Andric-Luzanski, President of the Federation, argued that the establishment of a court for the central zone would set a precedent for the establishment of other institutions of administration and self-government in the central zone. Such institutions, according to his argument, would make the central zone an illegal seventh municipality with a Bosniak majority. This letter suggests that the first court of instance for citizens of the central zone should be the cantonal court, or that the jurisdiction should be divided between the two neighbouring Bosniak and Croat majority courts. HDZ Canton 7 and Federation officials reconfirmed this position in a series of January letters to the High Representative.

The OHR responded to these arguments by noting that the central zone was established at the Rome Agreement, and signed by Federation President Zubak. OHR added that a July 1998 Constitutional Court decision found that the existence of the central zone is in line with the Federation Constitution.

2. *Current Situation*

While the municipal courts and the central zone courts have not yet been formed, the cantonal court has been formed and is hearing cases. The International Criminal Tribunal for the Former Yugoslavia has decided on a number of war crimes cases which will be tried locally by the new Canton Seven court. Judges are currently hearing a case against three Bosniaks, implicated in the murder of non-Bosniak civilians near Konjic in 1992. On 2 March, the court issued an order for the arrest of five former HVO officers from Mostar, including Zeljko Dzidic, president of the Mostar city HDZ board. These defendants are accused of the torture and murder of war prisoners and civilians in Mostar. Given the controversial nature of the case, the fact that the panel of judges -- consisting of two Croats and one Bosniak -- seems to be doing its job reflects well on the court. Unfortunately the cantonal Minister of Interior and all three police chiefs in the Croat majority municipalities resigned, rather than enforce the court's arrest order. In addition, Canton Seven still lacks a judicial police force to provide security for the building where these controversial war crimes cases are being tried.

The judges for the two municipal courts of Mostar have been selected by the cantonal Court and these selections are awaiting approval by the cantonal council. According to an agreement brokered by the OHR on 2 March and signed by both sides, the legitimacy of the central zone court has been acknowledged, and the court should be formed soon.

Once the municipal courts are formed they will still be hampered by a divided police force unable to investigate crimes in a professional or efficient manner. Nor will the implementation of these laws ensure the independence of the judiciary, especially from executive influence.

E. Police

Although UNMiBH is overseeing the process of unifying the Croat and Bosniak elements of the Canton Seven police, parallel forces continue to function. In the March 2000 report of the UN Secretary General on the Bosnia Mission, the obstruction of Croat authorities was identified as the primary reason for the failure to integrate Canton Seven police and establish an effective State Border Service. "In Mostar, senior Croat authorities have refused to allow Bosniak officers to work in the Croat controlled western part of the city in the same building as their Croat counterparts. High level representations to local Croat officials and to the top Croat leadership, including a formal joint demarche by UNMiBH, SFOR and the Office of the High Representative, have been unsuccessful and have been met with a hostile political campaign. Local Croat obstruction effects all aspects of the work of the international community in Canton Seven, including returns to and evictions from the west side of Mostar."¹⁵⁴

The current police force operates in a unified manner when traffic violations, misdemeanours and other everyday cases are in question. And yet the police still operate and are funded through parallel command structures. A recent article in *Oslobodjenje* called attention to the fact that Mostar may be the only city in Europe in which police officers do not use the same radio frequency.¹⁵⁵ And the UN reports that Bosniak police working in the Croat controlled Mostar Southwest police station sit around and do nothing.¹⁵⁶ The police do not function together well enough to investigate more complex crimes, and cases with an element of ethnic tension have no chance of professional treatment by the "unified" police. According to east side police, 24 cases of Bosniaks murdered in west Mostar since the signing of the Washington Agreement remain unsolved. These include the case of an old Bosniak woman who disappeared from her apartment on the west side in December 1996. Her body was found a few days later with signs of physical abuse. Immediately following her disappearance, an HVO officer moved into the apartment.¹⁵⁷

A recent case reported by the IPTF, while lacking an ethnic element, shows the extent to which Croat police carry out operations independent of their Bosniak counterparts. The case involves a man allegedly brutally assaulted by police officers from a different canton (eight) on the premises of the Mostar Southwest police station. The suspect was then forcibly taken to Split, Croatia to be tried for vehicle theft. Ivan Hrkac, the decertified police officer who fired on Muslim civilians on Liska Street in 1997, was allegedly involved.

¹⁵⁴ "Report of the Secretary-General on the United Nations Mission in Bosnia and Herzegovina," 15 March 2000, p.3.

¹⁵⁵ "Sporo Ujedinjenje Policije," *Oslobodjenje*, 10 February 2000, p.10.

¹⁵⁶ United Nations Mission in Bosnia Herzegovina Civil Affairs - Region Mostar Weekly Report, 6-12 November 1999.

¹⁵⁷ "Pregled Izvršenih Ubistva Poslije Primirja HVO-a i Armije BiH u Zapadnom Mostaru," Case 21, provided by east Mostar police.

The problems stem from the fact that two *de facto* Ministries of Interior (MUP) exist, supported by separate cantonal budgets and working in separate buildings.¹⁵⁸ The Bosniak element of the ministry is allocated about 8.8 million DM, while the Croat element is allocated about 18 million DM.¹⁵⁹ One result of these separate budgets is the fact that the salaries of Croat police officers and ministry staff are 30 percent higher than Bosniak salaries.¹⁶⁰ Plans to move the Croat element of the MUP into the current temporary offices across from the City Administration have come to nothing. The Croat staff has visited their offices for two "photo ops," but has not moved into the floor reserved for them. Meanwhile, the Croat authorities continue to engage in what the UN's Mostar spokesman recently termed "creative obstruction," stalling any concrete arrangements concerning the MUP's permanent location.¹⁶¹

The 10 July 1997, police restructuring agreement for Canton Seven determines the number of Croat and Bosniak police to be employed as a function of the population. IPTF has certified about 500 Croat and 500 Bosniak police, but both sides still employ non-certified officers. The Bosniaks have decreased the number of "excess" officers to 36, while about 300 non-certified Croat officers continue to work and receive salaries. These officers represent a significant security threat.

The situation with the police shows little hope of improving. As of March 2000, the cantonal Minister of the Interior and all three police chiefs in west Mostar have resigned over the issue of a court order to arrest five local Croats accused of war crimes.

F. Education

1. *The De Facto State of Education in Mostar, the Federation and Bosnia*

Three separate education systems operate in Bosnia. They are organised on the basis of ethnicity and reinforce ethnic identity over Bosnian citizenship. Curricula and textbooks in majority Croat areas are taken from Croatia, while those in majority Serb areas come from Serbia. Within Mostar itself, students on the east side use a "Bosniak" curriculum and those on the west side use the Croatian one. The schools in Mostar and Canton Seven remain "open" to members of all ethnic groups, provided that enrolled students accept the national curriculum of the majority ethnic group.

¹⁵⁸ In the cantons of the Federation, the cantonal Ministries of Interior (MUPs) command the police.

¹⁵⁹ "Prijedlog Proracuna-Budzeta Hercegovačko-Neretvanske Zupanije-Kantona za 2000-tu Godinu," Hercegovina-Neretva Canton, Ministry of Finance, February 2000.

¹⁶⁰ Information provided to ICG by a representative of the Ministry of Interior.

¹⁶¹ "This represents the continuing incompetence of one side to honour agreements that date back to 1996." "Vlasti izmisljaju prepreke," *Oslobodjenje*, 17 February 2000, p.2.

The nationalist parties of Bosnia have politicised the issue of education, in the context of protecting national identity. In practice, the continued existence of separate curricula discourages minority return and reinforces the effects of ethnic cleansing, both physically and psychologically. For example, Bosniaks returning to Stolac have the choice of sending their children to the local Croat elementary school, or sending them to a cramped and inadequate Bosniak facility located in a returnee's home. This dual educational system hampers refugee return. In Old Town municipality, Bosniak refugees from Stolac have had their housing issues in Stolac resolved, but are loath to give up their temporary accommodation and their children's right to attend Bosniak schools in Mostar. Serbs returning to Mostar, meanwhile, have the choice of sending their children to a school with a Bosniak or a Croat curriculum.

While Bosniak politicians favour a single joint system, Croat and Serb authorities do not. Therefore, it is unreasonable to assume that the sides can agree on a joint system without serious and sustained pressure from the international community at all government levels. If a system of ethnically separate education continues, the effects of ethnic cleansing and the psychological fears and prejudices created through the war years, will simply be passed on to the next generation.

2. *The structure of education in the Federation and Canton Seven*

While creating a Federation Ministry for Education, the Washington Agreement gave the cantons the ultimate right to legislate and administer education policy. In Canton Seven, the split taxation systems and parallel budgets support Bosniak and Croat *de facto* Ministries of Education. On paper, a Croat minister and his Bosniak deputy run a single ministry, but in fact each of these ministers works independently, in ethnically separate buildings, with separate staffs, and financed from separate budgets.

In addition to the split Ministry of Education, another institution, the Pedagogical Institute, administers education policy in Canton Seven. The Pedagogical Institutes existed throughout Bosnia as the pre-war institutions responsible for education. The Dayton Agreement created the Federation and cantonal Ministries of Education without dismantling the institutes or addressing the problem of overlapping authority. These institutes have the authority to monitor schools, carry out teacher assessments, develop and control curricula, and carry out other duties that should fall under the Ministry of Education. Predictably, there are two separate Pedagogical Institutes in Mostar. The west Mostar Pedagogical Institute actually administers the Croat element of education policy for the entire Federation, including the west Mostar University, through its inter-cantonal wing. The activities of this institute reportedly include the revision of textbooks imported from Croatia. Reportedly, the privatised "Croatian Community of Herzeg-Bosna" funds the Institute.¹⁶²

¹⁶² "Education in Bosnia and Herzegovina: Governance, Finance and Administration," Report by the Council of Europe for the World Bank, 10 November 1999.

3. *The First Grammar School and Current Efforts To Unify Education*

The current battle over the use of the First Grammar School, discussed earlier in this paper in the section on the *Central Zone*, has little to do with questions of education. Clearly, the OHR should have stopped renovations on the school and prevented its opening this year. The HDZ has delivered yet another blow to the authority of the city and the central zone, taking the First Grammar School, a symbol of Mostar's multi-ethnic past and making it into an exclusively Croat institution. And yet, in terms of education, the Grammar School does not really get to the heart of the issue. The ethnic division of education cannot be resolved in Mostar until the administration and governance of education is unified and a single curriculum developed.

Meanwhile, Canton Seven still has not adopted a single piece of legislation on pre-schooling, elementary schools or high schools, leaving the ethnically divided elements of the Ministry to administer education as they have done since the start of the war. The Croat and Bosniak elements of the Ministry of Education have been in mediation about the adoption of these laws, but the Croat side of the Ministry has introduced draft laws calling for two Pedagogical Institutes, which the Bosniaks will not accept. On 28 February 2000, the Herzegovina-Neretva Canton Minister for Education surprised HDZ governor Rade Bosnjak with his resignation. International community representatives indicated that the Croat minister had been co-operative and professional in his relations with his Bosniak counterpart, but ultimately powerless to do anything without approval from the central powers of the HDZ.

In an attempt to jump-start the process of unifying the Bosnian education system, the OHR and UNESCO recently held a conference on education models, at which it was recommended that Bosnia adopt the Swiss model of education. This system is "founded on the idea of parallel lesson plans and programs with a high level of co-ordination and exchange as well as unified basic elements."¹⁶³ In typical fashion, this conference was misrepresented in the local Croat media, where it was reported that the conference participants "agreed that BiH should establish 'three parallel education systems on the basis of the Swiss model."¹⁶⁴

G. Public Companies and Infrastructure

1. *Ethnically Clean Garbage and Water*

Mostar has two payment bureaux, two post offices, two public bus companies, two public companies for city cleaning, two water and sewage companies, two electrical distribution companies and two public pension funds. Many of these services were rehabilitated through EU or other international funds. This inefficient system is a self-parody. For example, in 1997 the EU built a new waste disposal facility for the city on the east side of Mostar. The west-side "Parkovi" company, run by Deputy Mayor Ivan Prskalo, has refused to use this

¹⁶³ "Svajcarski model osnov za obrazovni sistem u BiH," *Oslobodjenje*, 17 February p.4.

¹⁶⁴ *Ibid.*

site, even though the west side lacks a proper facility. Similarly, Croat-run bus companies do not use the EU renovated bus station on the east-side of town. Instead, passengers are picked up and dropped off at agreed locations. When dialling the phone company for information, one must use separate phone numbers to access east and west side operators. During the last six years, both HDZ officials in Mostar and SDA officials, notably Edhem Bicakcic, Premier of the Federation and former Director of the Federation Elektroprivreda BiH have turned down offers of international community assistance to unify these inefficient utilities and services. In 1996 Bicakcic turned down Hans Koschnik's 12 million DM offer to reunite the hydroelectric production systems on the Neretva River.

Recent efforts at unifying Mostar's divided water and sewage systems, managed by the two "Vodovod" public companies, illustrate the HDZ's persistent opposition to unification of public utilities and to the authority of the city administration. In November 1998, Bosniak and Croat representatives of the city government and of the "Vodovod" companies reached an agreement accepting \$12 million from the World Bank for the rehabilitation and reunification of these systems and agreeing to form a joint management structure. The fact that the director of the west side "Vodovod," an extremist removed from political office in 1997, had not been involved in the negotiations, raised questions about the possibility of implementing this agreement.¹⁶⁵

As expected, the HDZ obstructed the implementation of the project. At the 6 April meeting of the city government, Deputy Mayor Ivan Prskalo refused to sign the final decision to accept the funds from the World Bank. On the same day, OHR Mostar announced its "disappointment with the Mostar city session" for undertaking "additional time-consuming activities," which "again proved the impermissible lack of professional and serious approach by the authorities." The statement continued: "This kind of conduct by the leadership of this City does not set a good example for any international community institution who would wish to provide money for this City. Besides the possible loss for the economy, a brilliant new water supply with pure water for years to come might be lost forever by pure negligence by the representatives of all citizens of Mostar. The same donation would in addition solve the sanitation problems for the city."¹⁶⁶

With this statement, the OHR again tried to resolve one-sided obstruction by reprimanding both partners in the city government. In his response to this statement, Bosniak Mayor Orucevic expressed his "disappointment at the obstruction of the HDZ and the tolerance for this obstruction by the OHR." He noted that the Bosniak side had co-operated with all agreements related to

¹⁶⁵ Mile Puljic represents the more extreme element of the HDZ, having left office following pressure from the international community in 1997. In a sense Puljic could be put in the same category as Mijo Brajkovic, former mayor of west Mostar and Governor of Canton Seven, who now runs the aluminium company in west Mostar. Both of these men were extremist politicians who, upon removal from office, went on to become powerful forces through their control of public companies.

¹⁶⁶ "OHR Mostar Press Release: OHR(S) Disappointment with the Mostar City Administration Session," Mostar, 6 April 2000.

"Vodovod," and had been recognised by the World Bank as a co-operative partner.¹⁶⁷

On 10 April 2000, the mayors of the three Croat majority municipalities sent identical letters to the Mayor and Deputy Mayor of Mostar, copied to the OHR and the World Bank, explaining the HDZ's position. The mayors explained that since the west side municipal councils had founded the west side "Vodovod," only these councils, and not the city executive have the right to negotiate changes to the company's structure. "Mayor and Deputy Mayor, for all these reasons, you have neither the legal authority, nor the mandate to carry out [such] a change... since this violates the constitution and the law, ... and its fulfilment could have far-reaching negative consequences, i.e. the invalidity of your decision because of lack of competency."¹⁶⁸ Nevertheless, at the 11 April 2000 session of the city government, Mayor Orucevic, with the support of OHR Mostar, signed the decision accepting the World Bank project. Deputy Mayor Prskalo reluctantly added his signature to the document. Whether the three Croat majority municipalities honour the agreement remains to be seen. Experience would suggest they may not.

Although the Interim Statute explicitly states that the city government has competency over Mostar's water and electrical utilities,¹⁶⁹ the HDZ mayors of the west side municipalities attempted to argue that the municipalities have the right to manage the west side public companies, including "Vodovod." Such free interpretation of the law by Croat officials is possible because the Canton Seven authorities have yet to pass a Law on Self-Government, which would more explicitly define the competencies of the canton, city and municipalities. In his November 1999 warning letter to cantonal Governor Rade Bosnjak, Deputy High Representative Hoffman gave Bosnjak until December 1999 to pass this law and the Law on the Distribution of Revenues. As of April 2000, neither of these laws had been passed. The failure to pass these laws prevents the unification of the city and cantonal parallel financial structures.

Continuing HDZ and SDA control of parallel public companies starts at the Federation level. *Slobodna Bosna* reported in February on the arrangement between these two parties to keep control of the capital and profits of public firms such as the PPT and Elektroprivreda, privatising only a minority percentage of shares in these companies. "The functioning of public companies in the existing manner," the article continued, "means the continued extension of the so called parallel institutions from which they are also financed. Parallel institutions 'on both sides' will be abolished the moment their material basis dries up."¹⁷⁰ Yet, international investors continue to support the existence of these parallel

¹⁶⁷ "City of Mostar Press Release: Mayor Orucevic's Disappointment with the Obstruction of the HDZ and the Tolerance for this Obstruction by the Regional Office of the OHR," 6 April 2000.

¹⁶⁸ Letters of 10 April, 2000 from Vjekoslav Kordic, mayor of Municipality South, Zarko Markic, mayor of municipality Southwest, and \ljubo Golemac, mayor of municipality West.

¹⁶⁹ Article 7, Tasks of the City. The Cantonal Constitution supports this article.

¹⁷⁰ "Drzavna Preduzeca sa 'Spiska 47' nece biti privatizirana nego ostaju pod kontrolm stranackih oligarhija," *Slobodna Bosna*, 3 February 2000, p.6.

structures, as seen in a recent move by a Spanish company to invest \$4.5 million in HPT-Mostar, the Croat-controlled half of the telecommunications system.¹⁷¹

With a 21 February 2000, ruling of the Temporary Election Commission,¹⁷² OSCE delivered the first blow at party control of public companies. The commission forbade any elected official from being on the boards of public companies. It remains to be seen how this broadly defined rule will be applied.

2. *Hydroelectric plants in Mostar*

The misuse of the hydroelectric plants on the Neretva River is a perfect illustration of the way SDA and HDZ control of public companies supports parallel institutions within Mostar. According to the Interim Statute, the three hydroelectric plants on the Neretva (H.E. Salakovac, H.E. Grabovica and H.E. Mostar) are part of the central zone, and as such are to be administered by the city administration. In reality, the Sarajevo based Elektroprivreda BiH runs the Salakovac and Grabovica plants, which provide electricity to east Mostar. Elektroprivreda Herzeg-Bosna operates the H.E. Mostar plant, which feeds into the west-side system. In 1996, the EU offered 12 million DM in assistance to rehabilitate the three power plants as a unified system, which was turned down by the SDA. This has led to speculation that the SDA in Sarajevo and the HDZ agreed to divide this resource. In fact, the west side aluminium factory does use electricity produced by Elektroprivreda BiH, but this electricity is first sold to a German company which in turn sells ethnically clean electricity to the west side factory.

The rehabilitation of Mostar Hydroelectric is an example of how European companies, often with the assistance of their governments, have invested in the parallel institutions of Herzeg-Bosna. In October 1997, the Croatian and Bosnian press reported that the Spanish company ISINEL had signed an agreement with Elektroprivreda Hrvatske Zajednice Herzeg-Bosna to invest somewhere between 77 and 97 million DM in the rehabilitation of this plant.¹⁷³

Meanwhile, the unified city administration of Mostar is losing access to huge revenues from these plants, which could be used to reunify the city through initiatives such as the building of transit housing to support minority returns. Safet Orucevic, currently the SDA deputy mayor of Mostar, has openly confronted the SDA in Sarajevo over this issue, lending full support to the integration of the two electrical distribution systems and to joint city management with the Croats. Such an action would strengthen the authority of the unified city administration, while drawing revenue away from the parallel institutions.

¹⁷¹ "Postignuta Suradnja izmedju HRT-a Mostar i Spanjolskog Koncerna Amper S.A. Alcatel Cable Iberica: Ugovor vrijedan cetiri i pol milijuna dolara," *Slobodna Dalmacija*, 1 April 2000, p.15.

¹⁷² Rule 7.18.

¹⁷³ "Dnevnik," HTV Mostar, 21 October 1997.

H. Privatisation

The partial privatisation of companies, particularly in west Mostar, has also contributed to cementing the ethnic divisions created by the war. Although the Federation laws on privatisation were not passed until 1998, a number of firms in west Mostar and other parts of the Federation began the process of privatisation well before the establishment of a legal framework. They encouraged investment, both foreign and domestic, in war-ravaged companies by issuing and selling new shares through a questionable process known as "co-capitalisation." Through this process, the HDZ ensured that they maintained ethnic control over the development and profits of these businesses on the west side.

Certainly the most controversial of these "co-capitalised" companies in Mostar is Aluminijski Kombinat (Aluminiij), the aluminium factory in west Mostar which employed almost 5,000 Mostarians before the war. Mijo Brajkovic, who served as the hard-line HDZ mayor of west Mostar during and immediately after the war and as prime minister of Canton Seven, and who played a role in organising the mob attack on EU Administrator Hans Koschnick in 1996, directs this company. At the factory's reopening ceremony in March 1997, Brajkovic took the opportunity to note that the international community was to blame for the violence against Koschnick, pursuing a mistaken policy of pushing for "multi-ethnicity" Bosnia.¹⁷⁴

Aluminij could not have reopened without significant foreign investment and assistance from the Croatian government,¹⁷⁵ Spanish government,¹⁷⁶ and from Spanish, German,¹⁷⁷ American,¹⁷⁸ Swiss and other foreign investors.¹⁷⁹ Representatives of the international community, as well as an SDA-led coalition (KCD, the Coalition for a Unified and Democratic Bosnia) criticised privatisation initiatives like Aluminij as merely cementing ethnic cleansing.¹⁸⁰ The KCD

¹⁷⁴ "Inat, dispet i prskos," *Oslobodjenje*, 16 March 1997.

¹⁷⁵ Accusations were made that members of the HDZ government in Croatia redirected money from the fund for reconstruction of the Republic of Croatia to assist in the start up of Aluminij. "Novac za obnovu Hrvatske zavrio u Mostaru," *Tjednik 6*, 1998.

¹⁷⁶ Former EU administrator Ricardo Peres helped organise assistance and investment from Spain, one of the reasons why he received a medal from the Croatian government (Gojko Susak) in Zagreb in May 1997.

¹⁷⁷ "The value of the contract with the Venezuelan-American company 'Venco' and the German 'Daimler Benz' was \$30 million in the first 18 months." "Prve pecene anode," *Vecernji List*, 14 June 1997, p.8.

¹⁷⁸ "This morning the contract was signed for the delivery of anode for the company VENKO from Houston worth \$40 million. ...During the signing of the contract, ...future co-operation was discussed. In the first part will be assistance in the rehabilitation of ovens for baking anode." *TV Herceg-Bosna, Erotel, Dnevnik*, 29 July 1998.

¹⁷⁹ "The rehabilitation completed up until now has happened thanks to the joint investment of the Sibenik factory of light metals and their partners from the aluminum industry the companies 'Conoco Venco' and 'Demis Daimler Benz Interservis,' with the guarantee of the Croatian government." "Obnovu Gospodarstva Ucvrsucje Mir," *Vecernji List*, 25 August 1997, p.8

¹⁸⁰ "The international community will return to the beginning all privatisation initiatives implemented in various parts of BiH, without the approval of the OHR, because such illegal approaches are considered

protested the "illegal" privatisation of Aluminij and other companies with foreign capital, calling on foreign governments to investigate their investments in the area, particularly those coming from Spain for Aluminij and for HE Mostar, as well as from Germany, Italy, the US and Croatia. In particular, KCD criticised foreign governments for supporting projects carried out under the laws of "the parastate of Herzeg-Bosna."¹⁸¹ Furthermore, they argued, these donated and invested funds were providing financial support to the hard-line political current in Herzegovina.¹⁸² In a June 1998 interview, Brajkovic noted that the local government received about \$450,000 a month in revenues from his company.¹⁸³

The involvement of foreign firms in the "co-capitalisation" of other Herzeg-Bosna enterprises was discussed at a November 1997 meeting in Mostar between the representatives of 12 German firms and the representatives of 13 companies which were members of the Chamber of Commerce of Herzeg-Bosna. At the beginning of April 2000, Mijo Brajkovic announced on local HRTV that Aluminij had recently signed a contract with a German-American company for a new investment of about \$33 million (65 million DM).

Questionable and illegal privatisation of public companies along ethnic lines remains a significant source of friction between Bosniaks and Croats. Unfortunately the international community has been slow to address these issues, particularly regarding the continued international investment in the companies of Herzeg-Bosna. Until an international community-supervised review and revision of these processes occurs, war-time and post-war privatisation will continue to aggravate relations between the two sides.

V. CONCLUSION

In the six years since the signing of the Washington Agreement, extremist elements in the HDZ have pursued policies intended to keep Mostar divided. Even with the changed political climate in Croatia, HDZ extremists have shown little initial willingness to implement either the goals of Dayton, or the numerous agreements they have signed. These elements have often been abetted by the reluctance of international community officials and organisations, including the EU, OHR, and SFOR, to hold the HDZ accountable for its commitments. The HDZ's continued obstructionism raises serious questions about the future of the Dayton peace process. The overwhelming victory of the HDZ in every Croat-majority municipality in Herzegovina during the 8 April elections places a greater premium on effective action by the international community to capitalise on the breakthrough Croatian elections earlier this year.

to 'cement' ethnic cleansing." Statement of Deputy High Representative Jacques Klein, reported in *Jutarnji List*, 15 June 1998.

¹⁸¹ "SDA Koalicija u Mostaru: Reagovanje ne Aluminijevskom kombinatu," *AIM*, 15 August 1997.

¹⁸² Public Statement of the Coalition for a Whole and Democratic BiH, 25 August 1997.

¹⁸³ HTV, *Dnevnik*, 4 June 1998.

The illegal Herzeg-Bosna third entity and the hard-line HDZ position are maintained by a complex system of financing. The parallel system continues to be supported by a system of parallel finances, illegal activities, and split public companies, which the HDZ and SDA control at the Federation, canton and city levels. No progress can be expected in Mostar until the financial pillars of Herzeg-Bosna, legal, quasi-legal, and illegal, are dismantled.

Dealings with local officials in Mostar would be more productive if the international community took a new approach to the issue of accountability for upholding the rule of law. Accountability must be established at all levels, up to HDZ party boss Ante Jelavic. This will require a political commitment from heads of organisations in Sarajevo, backed by western governments. At the same time, political officials must be held personally and legally accountable for fulfilling their legal duties. This should include criminal responsibility for officials who break the law. Parties whose officials demonstrate a policy of continued obstruction should be forbidden from fielding candidates in future elections. The security issue must be effectively addressed. The international community needs to move beyond the counterproductive policy of relying on hostile police to enforce unpopular laws. New initiatives must be taken to create a truly secure environment that will enable refugee returns to occur and the city reunified.

No matter how difficult some of these recommendations may be to implement, the fact remains that they were put forward across a multi-ethnic spectrum by individuals intimately familiar with the workings of the Mostar city administration, the HDZ, and the SDA. So too, these individuals have observed the international community's failed efforts over the past six years. We recommend that their experience and knowledge be heeded.

VI. RECOMMENDATIONS

Momentum is building in Bosnia for bolder action to reunify Mostar. The International Crisis Group asked moderate Croat and Bosniak officials what they would recommend to achieve this. Sources included former and present mayors, as well as members of both the Party of Democratic Action (SDA) and Croatian Democratic Union (HDZ). Significantly, moderate Croats and Bosniaks proved to be in almost complete agreement as to the need and means for unification. The following recommendations, based extensively on the consensus reached by our Croat and Bosniak interlocutors for unifying Mostar, provide a roadmap for effective action by the international community. They require no commitment of additional funds or other resources to Bosnia.

Both Croats and Bosniaks agreed that the key to unifying Mostar lay in destroying the financial underpinnings of the HDZ's illegal parallel structures. In particular this meant attacking the economic and financial base of Herzeg-Bosna, by destroying its capacity to generate revenues through illegal channels. Croats and Bosniaks agreed that once unity was achieved, Mostar could be financially self-sufficient, with little or no need for international community aid.

Financial

1. In keeping with numerous signed agreements, the international community (USAID's Macro-economic Assistance Program, World Bank, and Office of the High Representative (OHR)), working in concert with the Federation Ministry of Finance, should immediately force the six Mostar municipalities to cease and desist all revenue collection and treasury activities through the payments bureaux (ZPP and ZAP). These activities should be transferred to one unified account in a private, commercial bank, under the control of the city central administration. A logical candidate would be the European Bank for Reconstruction and Development (EBRD) controlled Market Banka, which includes both Croats and Bosniaks among its top management. This recommendation results from numerous agreements already signed by both sides;
2. At present donations flow through a myriad of ethnic institutions. The World Bank, European Union (EU), IMG, and OHR should ensure that donors funnel all donations to Mostar through the city's central government, and not through the various ethnically controlled municipal structures. This will increase the authority and influence of the city central government;
3. USAID and the U.S. Department of Treasury (which are already supervising payments bureaux transformation) should create – within 60 days – a treasury/revenue-collection agency in the Mostar city administration. All official revenue and treasury functions of the payments bureaux should be immediately transferred to this newly created treasury office in the city administration. USAID should tightly supervise the functioning of the two payments bureaux (ZPP and ZAP) until overall payment bureaux reforms are completed;
4. To provide greater accountability and transparency, the Croatian government should channel all remaining financial support to Bosnian Croats through the Bosnian central government or Federation government organs and institutions;

Crime/Corruption

5. The Federation Ministry of Finance, the Croatian government, OHR and USAID, should carry out an immediate joint financial audit of the following institutions:
Hercegovacka Banka Mostar; Hrvatska Banka Mostar; Dubrovacka Banka Mostar; Hercegovina Holding; Hercegovina gradnja; MIO Pension Fund Mostar; Investment Fund; Aluminiij; Soko; HVIDR-a and UDIVDR-a; INA-BiH; Croatia-Bus; Jambo; Mepas; ZAP (west Mostar); ZPP (east Mostar);
6. The OHR anti-corruption unit should work closely with the Croatian government, the Federation prosecutor's office, and the SFOR intelligence services to identify, monitor and investigate individuals and companies in Mostar identified with organised crime and corruption;

7. OHR's anti-corruption unit should assist the Federation to form a Criminal Assets Bureau, which will have powers to freeze assets and accounts supporting criminal activity. The Bureau would also have power to obtain information for investigations. This Bureau could begin by freezing all assets related to illegal operations uncovered by last year's Westar operation undertaken by SFOR against the Herzeg-Bosna and Croatian intelligence apparatus in Mostar;
8. OHR's anti-corruption unit should immediately review the Federation government's electricity-for-aircraft deal with Debis International and Daimler-Chrysler for possible irregularities;
9. CAFAO and the newly created national border police should place increased emphasis on customs monitoring in western Herzegovina;
10. The Croatian government, OHR anti-corruption task force, and Federation prosecutor should carefully review the activities of those individuals who are rumoured to form the Bosnian Croat de facto shadow government involved with criminal activities and illegal Bosnian Croat parallel institutions of Herzeg-Bosnia. Those who hold public office and are found to be obstructing unification should be immediately removed by the OHR. Others should be subject to criminal charges, where applicable:

Economic

11. To stimulate private investment and economic growth, CAFAO and USAID should create -- within 60 days -- a new tax code for Mostar, based on the EU standard Value Added Tax system, preferably at a level of no more than 10 percent;
12. The OHR should return physical and legal control over the three Mostar hydroelectric dams to the central city administration. This will provide the city with the needed revenues to finance a unified administration. The opportunity to exercise control over these revenues will entice recalcitrant HDZ hard-liners into co-operating with the central administration. These revenues will also make Mostar financially self-supporting. Little international community assistance will be needed;
13. USAID, World Bank, and Mostar's city administration should undertake a 60 day action program to revamp existing business regulations. This will create an investment-friendly environment and stimulate business growth;
14. USAID, the Federation Agency for Privatisation, and Germany's Gesellschaft für technische Zusammenarbeit (GTZ), acting under authorisation from OHR, should immediately create a panel to review the manner in which state-owned firms and assets were privatised in the Mostar region. It should also review the performance of divided state-owned companies. This panel should ask each of the two sides to submit a list of privatised companies for review. This panel should review these firms and -- where necessary -- reverse suspect cases of privatisation, as well as audit their accounts. Firms to be reviewed include but are not limited to:
Aluminij; Soko; Vodovod; Mljekara; Parkovi; Zitopromet; Hepok; Velmos; Merkur; Autoprevoz; Hotel "Neum;" Elektrodistribucija; Elektroprivreda; DOM; PTT/HPT;

Political

15. The OSCE and OHR should draft a plan for the establishment of international community managed housing offices in west Mostar, including hiring of new staff. A supervisor from the international community would have the legal right to sign property decisions;
16. OHR should place all six Mostar municipalities into a national-level condominium district, similar to Brcko. In addition, a special envoy should be appointed for Mostar;
17. Because of the six-year record of blatant obstruction of the Dayton Peace Accords, OHR and OSCE should take advantage of the 8 April 2000 municipal elections. OSCE and OHR should deny final certification to all elected officials from the HDZ list. Rather, it should extend probationary certification, with final certification dependent on the officials fulfilling a minimum set of conditions. The OSCE should make the HDZ's participation in subsequent elections subject to strict conditionality;
18. The EU, US, Canada and the Croatian government should institute travel bans on politicians identified as obstructionist or involved in criminal activity;
19. OHR and the international community should urge the Croatian government to channel all financial aid to BiH Croats through central and Federation government channels;
20. SFOR should physically halt construction on all buildings in the central zone which have not received the necessary permission from the city government;
21. UNESCO and OHR should work in concert to help develop a multi-ethnic educational curriculum acceptable to all three national groups in Mostar that would be applied throughout the entire city. The First Gymnasium -- located in the central district -- is an important symbol of a unified Mostar and would be the best location to begin implementation of this initiative. It should develop a multi-ethnic curriculum acceptable to all three national groups, in concert with UNESCO and OHR;
22. The international community must stop pressuring both sides equally in situations where one side clearly bears more of the burden of non-compliance;
23. OHR and the Department of Urban Planning of the Mostar City Administration should immediately evaluate the use of all buildings in the city's central zone to prevent illegal use of these buildings;
24. It is unacceptable that four years after the passage of the Interim Statute Canton Seven has no law defining the precise competencies of the canton, city and municipalities. HDZ obstruction of this law supports its continued effort to weaken the power of unified institutions and avoid unified finances. The OHR should immediately apply pressure at all levels for the passage of the Canton Seven Law on Self-Government, and the Law on the Distribution of Revenues. If the law is not passed, it should be imposed;
25. If an acceptable version of these laws is not passed within the next three months, the OHR should remove cantonal Governor Rade Bosnjak, according to the terms of the warning letter that Deputy High Representative Hoffman

sent to Bosnjak in November 1999. In this case, the OHR should also impose these two laws;

Security

26. SFOR needs to significantly increase its security support for international community initiatives in Mostar. Up to now it has not been willing to live up to its Dayton obligations to provide assistance to those organisations charged with implementing civilian aspects of the Dayton agreement;
27. To provide greater accountability and transparency, the Croatian government should channel all military aid to the HVO (Bosnian Croat Armed Forces) through the Standing Committee on Military Matters (SCMM);
28. SFOR should immediately and without further delay, publish the findings of the Westar raid;
29. SFOR should continue to take aggressive action (a la Westar) against the *de facto* Herzeg-Bosna intelligence service. In particular, it should locate and close their offices;
30. In the interim period while unification measures are taking place, SFOR should be prepared to assume responsibility for civilian security, in the absence of co-operative local police partners;
31. SFOR should immediately increase the level of support it offers the Refugee Return Task Force (RRTF) for refugee returns. Increased support should include physical assistance in supporting evictions, crowd control, and providing increased security for returnees;
32. SFOR, acting under authorisation from the OSCE, United Nations Mission in Bosnia and Herzegovina (UNMiBH) and OHR, should physically remove from office all officials in Mostar residing in housing that belongs to a refugee or displaced person. This should be done on the basis of legally valid decisions by the CRPC, Ombudsmen, Human Rights Chamber, and Housing office. The people who have been removed should be forbidden from holding public office in the future;
33. The UN and the Peace Implementation Council should give the International Police Task Force (IPTF) a stronger security role, particularly where SFOR is unwilling to fulfil its responsibilities. This could include the formation of elite armed IPTF units, as well as the authorisation for IPTF to take over policing responsibilities in those municipalities deemed to be non-compliant;
34. SFOR should immediately provide the physical security necessary for IPTF to carry out the unification of the cantonal and city police forces;
35. The police should be paid from one common source, utilising the newly created treasury functions within the city administration. Those police who do not accept the new unified administration should be fired;
36. SFOR should maintain close scrutiny of HVIDR-a and UDIVDR as potential terrorist organisations;

Media

37. The International Media Commission (IMC) should continue to press forward with its laudable and to date successful efforts at media reform in the region;
38. OHR should authorise OSCE and the Open Broadcast Network (OBN) to undertake a long-term media campaign in the Mostar region to overcome the impact of years of nationalist hatred and rhetoric. The purpose would be to convince Mostarians that ethnic co-operation and integration would lead to economic prosperity and consequent social benefits.

Sarajevo/Washington/Brussels
19 April 2000

APPENDIX I

Major Agreements Related To Mostar (1994-2000)

The following list represents the major agreements reached on Mostar since 1994. By no means does this list contain the numerous less noticeable agreements signed to unify the city and achieve the goals set out in the Geneva Memorandum of Understanding. Nor does this list address the numerous Federation wide issues which were also agreed upon repeatedly and which touch upon the fate of Mostar.

1. **Washington Agreement** **March/April 1994**
 - Established peace between Croat and Bosniak armies
 - Established the Federation

2. **Geneva Memorandum of Understanding (MOU)** **6 April 1994**
 - Established temporary European Union Administration
 - Unified, multiethnic city and administration
 - Freedom of movement
 - Unified police
 - Return of refugees and displaced persons

3. **Mostar Freedom of Movement Agreement** **19 April 1995**
 - Freedom of movement

4. **Madrid Agreement about Mostar** **24 October 1995**
 - Unified, multiethnic city and administration
 - Freedom of movement
 - Unified police
 - Return of refugees and displaced persons

5. **Dayton Peace Accord-Annex** **10 November 1995**
 - Unified, multiethnic city and administration

6. **Rome Agreement** **18 February 1996**
 - Unified, multiethnic city and administration
 - Central zone
 - Unified police
 - Freedom of movement
 - Return of refugees and displaced persons

7. **Interim Statute** **20 February 1996**
 - Unified city and administration
 - Central zone

8. **Geneva Declaration** **18 March 1996**
 - All aspects of Rome Agreement
 - Unified Federation customs, taxes and finances
 - Unified, multiethnic city and administration

- Freedom of movement
- Religious freedoms
- Return of refugees and displaced persons

- 9. Petersburg Declaration** **25 April 1996**
- Unified, multiethnic city and administration
 - Federation wide commitment to establish municipal and canton structures, protecting human rights, return of displaced persons and refugees, unifying police, and unifying finances.
- 10. Agreement "Joint Action"** **6 August 1996**
- Unified, multiethnic city and administration (HDZ recognition of election results)
- 11. Agreed Measures of the Federation Forum** **25 October 1996**
- Unified Police
 - Other measures relating to unified finances, Sarajevo and the Federation in general
- 12. Agreed Measures of the Federation Forum** **13 December 1996**
- Unified, multiethnic city and administration (formation and financing of city institutions)
 - Post-Dayton expulsions (ethnic cleansing)
 - Unified police
 - Unified finances
- 13. Agreement between SDA and HDZ in Sarajevo 1997** **24 January**
- Unified, multiethnic city and administration (adoption of constitutional amendments in line with Interim Statute)
- 14. Agreed Measures of the Federation Forum** **3 February 1997**
- Unified, multiethnic city and administration (formation of city municipalities)
 - Freedom of movement
 - Post-Dayton expulsions (ethnic cleansing)
 - Unified finances
 - Unified police
- 15. Agreement following Liska Street incident** **12 February 1997**
- Implement all previous agreements
 - Unified police
 - International investigation of incident
 - Post-Dayton expulsions (ethnic cleansing)
 - Freedom of movement
- 16. Failed unified police agreement** **29 March 1997**
- Unified police, HDZ rejected agreement.

- 17. Conclusions of the Federation Forum** **14 April 1997**
- Unified, multiethnic city and administration (adoption of constitutional amendments in line with Interim Statute)
- 18. Agreement on forming the six municipal councils of Mostar** **3 June 1997**
- Unified, multiethnic city and administration (agreed on the formation of the municipal councils one whole year after the elections)
- 19. Sarajevo Agreement** **6 June 1997**
- Unified, multiethnic city and administration (adoption of constitutional amendments in line with Interim Statute)
- 20. Agreement on integrated Police Force** **8 July 1997**
- Unified police
- 21. Conclusions of the Forum Federation** **20 August 1997**
- Unified, multiethnic city and administration (adoption of constitutional amendments in line with Interim Statute)
 - Unified police
 - Unified judicial system
 - Return of refugees and displaced persons
- 22. Frowick-Tudjman Agreement** **12 September 1997**
- Unified, multiethnic city and administration (adoption of constitutional amendments in line with Interim Statute and disbanding of the Union of Croat Municipalities)
 - Return of refugees and displaced persons
- 23. Federation Forum Chairman's Conclusions** **12 November 1997**
- Unified judicial system
- 24. Agreement constituting City Council** **25 November 1997**
- Unified, multiethnic city and administration
- 25. Bonn Peace Implementation Conference** **December 1997**
- Unified, multiethnic city and administration
 - Unified judicial system
 - Post-Dayton expulsions (ethnic cleansing)
- 26. Agreement on return within the City of Mostar** **16 April 1998**
- Return of refugees and displaced persons
- 27. Conclusions of the Federation Forum** **16 April 1998**
- Unified, multiethnic city and administration
 - Return of refugees and displaced persons
 - Unified institutions

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| 28. Protocol Agreement for the Mostar City Council | 25 November 1998 |
| <ul style="list-style-type: none">• Unified, multiethnic city and administration | |
| 29. Amendment to April 16 Return Agreement | December 1998 |
| <ul style="list-style-type: none">• Return of refugees and displaced persons | |
| 30. Schwartz Shilling Canton 7 mediation | 25 May 1999 |
| <ul style="list-style-type: none">• Unified canton institutions (ministries)• Unified finances/budget• Unified police• Return of refugees and displaced persons | |
| 31. Schwartz Shilling Mostar City Mediation | 26 August 1999 |
| <ul style="list-style-type: none">• Unified, multiethnic city and administration• Unified finances• Central zone• Return of refugees and displaced persons | |
| 32. OHR brokered agreement on Central Zone | 2 March 2000 |
| <ul style="list-style-type: none">• Unified judicial system, central zone• Unified police, central zone• Unified finances, tax collection in central zone and joint account• Return of refugees and displaced persons (opening access to land registry records which Croat side has held since the war) | |

APPENDIX II

Glossary of Abbreviations

CAFAO	European Commission Customs and Financial Assistance Office
CE	Council of Europe
CPC	Commission on Public Corporations
CRPC	Commission for Real Property Claims of Displaced Persons and Refugees
DPA	Dayton Peace Agreement
DPs	Displaced persons
DRS	OSCE Department of Regional Stabilisation
EASC	OSCE Election Appeals Sub-Commission
EU	European Union
FMUP	Federal Ministry of Internal Affairs
FRY	Federal Republic of Yugoslavia
FSC	OSCE Forum on Security and Co-operation
GFAP	General Framework Agreement for Peace in Bosnia and Herzegovina
HDZ	Hrvatska Demokratska Zajednica
HVIDRA	Hrvatski veterani i invalidi domovinskog rata
HVO	Hrvatsko Vijeće Obrane
IC	International Community
ICITAP	International Criminal Investigation Training and Assistance Program
ICTY	International Criminal Tribunal for the former Yugoslavia
IEBL	Inter-entity Boundary Line
IELC	Inter-entity Legal Commission
IFOR	Implementation Force
IPTF	International Police Task Force
JCC	Joint Consultative Commission
JSAP	UNMiBH Judicial System Assessment Programme
MoU	Memorandum of Understanding
NATO	North Atlantic Treaty Organisation
NERIC	National Elections Results Implementation Committee
OSCE	Organisation for Security and Co-operation in Europe
OHR	Office of the High Representative
PEC	OSCE-led Provisional Election Commission
PEL	Permanent Election Law
PIC	Peace Implementation Council
RRTF	Return and Reconstruction Task Force
RS	Republika Srpska
RSMUP	Ministry of Interior of Republika Srpska
SCMM	Standing Committee on Military Matters
SDA	Stranka Demokratske Akcije
SDP BiH	Socialdemokratska Partija Bosne i Hercegovine
SDS	Srpska Demokratska Stranka
SFOR	Stabilisation Force
SIDA	Swedish International Development Agency
SRS	Srpska Radikalna Stranka

SRSG	Special Representative of the Secretary-General
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNHCR	United Nations High Commissioner for Refugees
UNMiBH	United Nations Mission in Bosnia and Herzegovina
USAID	United States Agency for International Development
VJ	Vojska Jugoslavije
VRS	Vojska Republike Srpske
WB	World Bank
ZOS	Zone of Separation