

VII. CONCLUSION

Firstly the Arbitral Tribunal needs to come to a final decision about the future of Brcko. ICG believes that decision should be to establish Brcko as a District of Bosnia and Herzegovina, under the temporary government of the existing international Supervisor.

The Supervisor must then use his authority to make rapid and radical reforms to the financial, economic, and administrative infrastructure which supports the continued existence of party-controlled parallel institutions. Such restructuring will lay the foundation for a functional free-market economy, a solid tax base, and an environment conducive to refugee returns.

In order to achieve the above stated aims, ICG recommends the Supervisor undertake a series of simultaneous reforms over a 60-day period. These include:

- Abolition of Payments Bureaux (ZPP, ZAP, SPP) and transfer of all payment functions to private banks;
- The establishment of strict banking criteria by an inter-entity task force from the USAID-supervised Banking agencies of both entities;
- The creation of a new local tax collection agency using former PB controllers;
- New three-man boards to run state- and socially-owned companies;
- Streamlining the business registration process to two days and automatic harmonisation of all business registrations at no cost to businesses;
- Reduction of the regulatory burden on business;
- Replacement of all current business taxes with an 8% VAT tax;
- Appointment of interim international supervisors with executive budget authority over all municipal departments;
- Unification of all three police forces under an international Commissioner;
- Unification of the judiciary;
- Creation of new education, housing and other administrations;
- Unification of all three power companies.

By reforming these control structures, the Supervisor will create effective and lasting changes in the Brcko municipality. These changes will encourage economic growth, foreign investment, employment, and increased inter-ethnic and inter-entity co-operation and trade. They will establish the rule of law and present a blueprint for successful inter-ethnic co-operation throughout Bosnia and Herzegovina. They will create lasting institutions, which will enable the Bosnians to successfully govern themselves in an economically viable municipality following the withdrawal of the international community. All of this will encourage people of all ethnic groups who left Brcko during the war to return to their homes. But without these reforms, Brcko will be simply one more international failure.

Sarajevo, 08 February 1999