

68th Report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina to the Secretary-General of the UN

General Assessment of the Situation / Executive Summary

Before going into the substance of this report, let me emphasize that I have chosen to follow a slightly different structure than the one I usually use. The reason for this is linked to the situation Bosnia and Herzegovina faces and to the fact that this report covers the period leading to the 30th anniversary of the signing of the General Framework Agreement for Peace (GFAP), which will constitute an important milestone for Bosnia and Herzegovina. The reporting period also saw the commemorative events organized for the 30th anniversary of the genocide in Srebrenica which unfolded in a dignified and solemn manner. In this first section, I will therefore take stock of the situation on the ground as Bosnia and Herzegovina strives to overcome a crisis that has strained the institutions created in the implementation of the General Framework Agreement of Peace, while a second, more factual section will delve deeper into the events that happened during the reporting period.

This report covers the period from 16 April 2025 through 15 October 2025.

The crisis in Bosnia and Herzegovina follows the recent actions pursued by the authorities of the Republika Srpska and its former President Milorad Dodik against the State and its institutions. However, these are not isolated incidents triggered solely by the Judgment of the Court of Bosnia and Herzegovina and the subsequent Decision of the Central Election Commission on the termination of Milorad Dodik's mandate as president. Rather, they represent the latest moves in a long-standing policy trajectory, planned and prepared well in advance.

Against this backdrop, it is important to stress – perhaps above all else – that peace continues to prevail in Bosnia and Herzegovina despite the political tensions that followed the attacks against the core tenets of the General Framework Agreement of Peace by the parties represented in the Republika Srpska authorities. Fears that law enforcement agencies might be drawn in the confrontation have been short-lived. While the risk remains, the dispute was confined to the political realm. The transformation of military power into political structures that the General Framework Agreement of Peace accomplished has again proven effective. The stabilizing role of the European Union Force (EUFOR) in that respect and the decision to increase the number of troops in theater should not be underestimated.

However, these attacks against the General Framework Agreement of Peace have come at a significant cost, both politically and institutionally. Bosnia and Herzegovina has found itself in a structural crisis, one which had geopolitical repercussions. The General Framework Agreement of Peace has served as the cornerstone for peace, stability and progress over the past three decades. It remains the framework through which meaningful advancement, particularly towards the European Union (EU), can be achieved. Reforms undertaken within its framework – supported and encouraged to a significant degree by the Office of the High Representative – have enhanced the

country's political, monetary, and fiscal stability, have strengthened the rule of law, improved institutional functionality, supported the EU integration process, and encouraged investments.

Bosnia and Herzegovina belongs to the EU family, but the path towards EU membership has been undermined and threatened by the actions of domestic authorities, primarily those representing the governing coalition of the Republika Srpska. This has long prevented the adoption of necessary legal and constitutional decisions. The opportunities offered by the EU accession process were missed during the reporting period. Nonetheless, the recent adoption by the Council of Ministers of the Reform Agenda required for the implementation of the Growth Plan – just ahead of the 30 September deadline and thanks to tireless efforts by some within the Council of Ministers – may seem modest but could pave the way for renewed progress. The Reform Agenda is under review by the EU Commission.

Persistent disagreements among the State-level political elites – particularly among former coalition partners – over the fundamentals of the General Framework Agreement of Peace intensified following the decision rejecting the Appeal submitted by former President of the Republika Srpska Milorad Dodik against the first instance decision which found him guilty for not abiding by the General Framework Agreement of Peace. Issues of contention include the Constitutional Court of Bosnia and Herzegovina and its decisions, the international community and the High Representative, the EU path and integration into the North Atlantic Treaty Organization (NATO), the issue of State Property, the State Budget, and other matters fundamental to Bosnia and Herzegovina's sovereignty.

The General Framework Agreement of Peace is not optional. Its guarantees are not a matter of choice. It defines the minimum obligations all parties are required to respect under any

circumstance. The territorial integrity and political independence of the country must be respected by all domestically and internationally. Equally fundamental in the Bosnia and Herzegovina's institutional architecture is the rule of law. Court rulings, whether issued by the Court of Bosnia and Herzegovina or the Constitutional Court of Bosnia and Herzegovina, must be upheld and implemented.

The Constitutional Court of Bosnia and Herzegovina has issued several key rulings regarding RS acts and legislation adopted by the Republika Srpska National Assembly in February 2025. The Court repealed *ab initio* several laws adopted in the Republika Srpska National Assembly including the Law on the Non-Application of Laws and Ban on Operation of Extra-Constitutional Institutions of Bosnia and Herzegovina, the Law Supplementing the Criminal Code of the Republika Srpska, the Decision on Measures and Tasks Arising Out of Unconstitutional Decisions and Actions of Extra-Constitutional Institutions of Bosnia and Herzegovina, the Law on the High Judicial and Prosecutorial Council of the Republika Srpska and its Rulebook on the Procedure for Nomination and Selection of the First Members of the High Judicial and Prosecutorial Council of the Republika Srpska. These legislative acts were grounded in the erroneous assumption that an Entity could unilaterally withdraw from Bosnia and Herzegovina legislation and introduce their own, along with parallel structures to implement them.

Following the confirmation of the conviction of the former President of the Republika Srpska and the Decision of the Central Election Commission of Bosnia and Herzegovina to terminate his mandate, Milorad Dodik appeared to formally acknowledge the formal loss of his presidential mandate by registering his party for early elections and nominating a new presidential candidate for the Alliance of Independent Social Democrats (SNSD).

These decisions taken by State-level institutions, in particular the rulings and decisions of Courts, have sent a

powerful message: attacks on the General Framework Agreement of Peace, constitutional and legal order of Bosnia and Herzegovina as well as non-compliance with court decisions and laws of Bosnia and Herzegovina, carry legal consequences.

As the High Representative, I have persistently documented, including to the United Nations (UN) Security Council, the non-compliance of the Republika Srpska with its obligations and commitments under the General Framework Agreement of Peace, which has served as the bedrock for peace, stability and development in Bosnia and Herzegovina for the last 30 years. While these challenges have peaked over the reporting period, the actions taken by the judicial institutions of Bosnia and Herzegovina offer a glimmer of hope that the rule of law may ultimately prevail.

Although the State judiciary has reacted decisively to the actions undertaken in the name of the Republika Srpska Entity, the functionality of other institutions has been compromised. The State-level coalition fractured, with the Troika parties (SDP BiH-NiP-NS) withdrawing from their alliance with the Alliance of Independent Social Democrats (SNSD) while the Croat Democratic Union (HDZ BiH) and SNSD resisted the restructuring of the Council of Ministers. The coalition that was put in place following the 2022 elections, which relied on the need to find compromise to advance on the EU path, could not survive to the ultimatum and threats against the State made by the SNSD. The Parliamentary Assembly of Bosnia and Herzegovina remained paralyzed while the work of the Council of Ministers did not yield the expected outcomes.

The recent agreement on the Reform Agenda underscores a broader sense of missed opportunity. The current crisis in which Bosnia and Herzegovina finds itself is politically manufactured and a resolution could be achieved through existing institutions. Persistent challenges to institutional legitimacy undermine trust between political actors and constituent peoples, making compromise elusive. The

Constitution of Bosnia and Herzegovina relies on power-sharing and on the willingness of those in power to reach compromise. The subversion of competencies and institutions of Bosnia and Herzegovina and the adoption of legislative and policy acts by the Republika Srpska National Assembly with the aim of creating a parallel legislative and institutional framework in the Entity to the one existing at the State-level have a longstanding effect on the functionality of the State. Political claims that the International Community, particularly the High Representative, is an impediment to domestic political decision-making seem to serve as an excuse for own inaction.

Rather than being skeptical on the institutional architecture's capacity to manage crisis, the current situation shows the true nature of the problem that all politicians in Bosnia and Herzegovina must face. Constructive participation in the institutions created under the General Framework Agreement of Peace is what is needed to move Bosnia and Herzegovina further on the EU path. The application of the Alliance of Independent Social Democrats (SNSD) for early elections organized by the Central Election Commission and the recent agreement on the reform agenda could indicate that the party wants to break out of isolation. Further developments on this matter will have to be observed.

The Republika Srpska National Assembly's decision on 22 August 2025 to call for an Entity-Wide referendum on 25 October 2025 is deeply concerning. It echoes a similar attempt in 2011, which was ultimately halted following EU intervention. Referenda conducted at the entity level on matters outside their competence have no legal standing and risk exacerbating tensions.

The recent decision of the European Court on Human Rights (ECHR) Grand Chamber in the case brought by Mr. Kovacevic should also be taken as an indication that constitutional and institutional issues should be discussed by politicians in

Bosnia and Herzegovina rather than imposed from the outside. The Court upheld the Government's objection to the admissibility of the application on the grounds that the applicant, Mr. Slaven Kovačević, had abused the right of application within the meaning of the Convention and that he lacked victim status under the relevant provisions of the Convention on Human Rights. This decision does not release Bosnia and Herzegovina from its obligation to implement the past decisions of the Court, including by amending the Constitution as necessary. However, the decision shows that adapting the constitutional structure of Bosnia and Herzegovina will come from inside Bosnia and Herzegovina and will not be imposed from the outside.

The Constitution of Bosnia and Herzegovina has provided the basis for building State institutions and distributing responsibilities. It does not in any way undermine the Republika Srpska or questions its existence. All past agreements on the transfer of competences were endorsed by Republika Srpska authorities. The notion that the State holds all powers while Entities have none is incorrect. The Constitution grants extensive authority to the Entities, but this authority must be exercised within the framework of the State and in its interest, not in opposition to it. Both the Republika Srpska and Federation of Bosnia and Herzegovina have a crucial role to play in driving reform. There is no conflict between Bosnia and Herzegovina and its Entities. The General Framework Agreement of Peace guarantees the existence of both, alongside Bosnia and Herzegovina's sovereignty, territorial integrity, and political independence.

Attempts to erode the General Framework Agreement for Peace will not facilitate EU integration or help the State become functional and resilient to internal or external threats, but inclusive dialogue and responsible governance will. It is the unwillingness of the responsible institutions to perform their duties that obliged me to intervene to rescue the State from

financial disarray. In the absence of such action, court decisions recognizing debts incurred by the Republika Srpska were being enforced against State institutions, including the Central Bank of Bosnia and Herzegovina. My decision put a stop to these proceedings and ensured that financial liability rested with the responsible debtor. This decision has since been implemented, removing the threat to institutions and enabling the Central Election Commission of Bosnia and Herzegovina to prepare for the next General Elections in October 2026. By granting the financial means necessary for the introduction of technologies in the electoral process, the Central Election Commission is enabled to initiate the procurement process for the introduction of election technologies in the next General Elections. These technologies are widely seen by the International Community as essential in ensuring free and fair elections in the country.

In a situation where Bosnia and Herzegovina and the wider region continue to be qualified by the UN Security Council as a threat to peace and security (in particular UN Security Council Resolutions 1031(1995), 1144(1997), and most recently 2757(2024)), the presence of both military and civilian international institutions should not be discontinued to provide the reassurance that some still need. It is also a guarantee in a country that remain unstable and subject to geopolitical divisions. In that context, the implementation of the conditions included in the 5+2 Agenda is overdue and could provide evidence that Bosnia and Herzegovina is self-sustainable.

The issue of State property stands out as an issue that requires our attention. The current situation where any disposal of that property is banned because of a ruling of the Constitutional Court of Bosnia and Herzegovina is placing those who abide by the rules at a disadvantage. Due to a higher level of compliance with the Constitutional Court ruling and the disposal ban, the Federation of Bosnia and

Herzegovina is more exposed to negative economic consequences which could lead to a complete blockage. In the current political context, it is unrealistic to expect that a comprehensive solution on the apportionment of State property can be achieved at State-level with the agreement of Republika Srpska authorities. However, it is important for Bosnia and Herzegovina that the disposal ban be eased to ensure that the authorities that do comply with the rule of law are not penalized and prevented from initiating development projects.

One year before the 2026 General Elections, Bosnia and Herzegovina must get out of the impasse it is in. Although there are signs that the country could overcome the crisis that culminated this year, it will take political courage for political leaders to depart from their entrenched positions and accept that dialogue is the only possible way forward in a situation where the preparation for elections will increasingly dictate the pace. In that context, the EU integration agenda will need to be used to bring political parties together. The role of the international community is to create incentives for constructive engagement within the framework of the existing institutions.

I. Political Update

A. General Political Environment

Predominant Challenges to the General Framework Agreement of Peace

1. Deliberate attempts to obstruct State-level institutions by the Republika Srpska continued during the reporting period. Also, hate speech insulting the memory of the victims of war and genocide and attacking the integrity of ethnic and religious groups escalated in the Republika Srpska, as the ruling coalition leaders directed threats towards opposition politicians and

Bosniak representatives in that Entity with increased frequency. In addition, political violence targeting opposition politicians increased, with acts ranging from administrative retaliation to vehicle arson and physical assault. These developments reflect the ruling coalition's broader goal of consolidating its political power within the Entity by suppressing dissent, fomenting interethnic tensions, and poisoning public discourse.

2. On 21 May 2025, former President of the Republika Srpska Milorad Dodik addressed the Republika Srpska National Assembly on the 30th anniversary of the General Framework Agreement for Peace. The speech reflected longstanding policies of the Republika Srpska leadership, particularly the SNSD-led government, which aimed at challenging Bosnia and Herzegovina's constitutional order and creating the conditions for potential secession of the Republika Srpska. The policies manifested by Dodik's speech were largely crystalized in the *Protest Against the Breach of the General Framework Agreement for Peace in Bosnia and Herzegovina and General International Law* adopted by the Republika Srpska National Assembly on 22 May 2024 as well as the *Conclusions of the All-Serb Assembly Declaration* on 8 June 2024.
3. On 29 May 2025, the Constitutional Court of Bosnia and Herzegovina annulled four Republika Srpska laws that sought to abolish State-level institutions on Republika Srpska territory and restrict NGO activities. The Court made clear that these acts amounted to an attempt to abolish the sovereignty of the State of Bosnia and Herzegovina *de facto* and *de iure* over part of its territory. It underscored that unilateral moves by an Entity to reclaim previously transferred responsibilities are unconstitutional and void.

4. As already noted in my previous report, in its Trial Judgment of 26 February 2025 in the Case of Milorad Dodik et al., the Court of Bosnia and Herzegovina found Milorad Dodik guilty for not abiding by the General Framework Agreement of Peace, for having continued with the actions to introduce special Republika Srpska law that would seek to make the decisions of the Constitutional Court of Bosnia and Herzegovina invalid in the territory of the Republika Srpska. He was sentenced to one year of imprisonment and banned from performing the duties of the President of Republika Srpska for six years. On 1 August 2025, the Court of Bosnia and Herzegovina announced that the Appellate Division Panel dismissed the appeals filed by both the Prosecutor's Office of Bosnia and Herzegovina and the defense thereby upholding the Trial Judgment of 26 February 2025. It further stated that a written copy of the Appellate Division Panel's Judgment was sent to the parties on 1 August 2025, noting that no further appeals in criminal process remain against the Judgment. In a separate statement, the Court of Bosnia and Herzegovina clarified that the legal consequences incident to conviction take effect by the force of law and as such do not need to be specified in the Judgement itself. The security measure of the six-year ban on holding the office of the President of the Republika Srpska became enforceable after the Judgement became final and binding.
5. Legal consequences pursuant to the Criminal Code of Bosnia and Herzegovina started to apply after the Judgement became final and enforceable, and included, among other things, the cessation of all official duties of Milorad Dodik in his capacity as the President of Republika Srpska.
6. Under the Election Law of Bosnia and Herzegovina, the

mandate of an elected official shall be terminated before its expiration if, among other things, a final court judgment sentences them to at least six months imprisonment, imposes a security measure of a ban on performing their official duties, or results in legal consequences incident to the conviction that cease an official duty and terminate such an employment. In this case, all above mentioned conditions were met. According to the Law, the mandate ends on the date of the court's final, binding judgement.

7. On 6 August 2025, the Central Election Commission of Bosnia and Herzegovina adopted a Decision recognizing the termination of the mandate of Milorad Dodik as president as of 12 June 2025, i.e., as of the date that the Court of Bosnia and Herzegovina confirmed that its judgment became final. On 12 August 2025, Dodik's defense team confirmed in public that they had filed an appeal with the Central Election Commission against the Decision, which was confirmed publicly by the Central Election Commission the next day. On 18 August, the Appellate Division of the Court of Bosnia and Herzegovina dismissed as unfounded the appeal against the Decision and confirmed the Central Election Commission's determination.
8. During its session on 22 August 2025, the Republika Srpska National Assembly adopted a series of conclusions, among other things, challenging the exclusive legal competences of the Central Election Commission of Bosnia and Herzegovina by explicitly forbidding the Republika Srpska authorities from cooperating with the State institution in organizing early elections and deeming such cooperation a criminal offense. On 28 August 2025, in line with its legal obligation to organize early elections within 90 days from the cessation of the respective mandate, the

Central Election Commission adopted a separate *Decision on Announcement and Holding of Early Elections* for the President of the Republika Srpska on 23 November 2025.

9. On 22 August the Republika Srpska National Assembly adopted, among other things, *the Decision to Call an Entity-Wide Referendum* on 25 October 2025 and, acting under urgent procedure, adopted *the Law on Amendments to the Law on Referendum and Citizens' Initiative*. The amendments introduced a mechanism allowing the Republika Srpska National Assembly to establish a special referendum commission to conduct referenda whenever it deemed appropriate. The amended structure now provides that a referendum may be carried out not only by the Republika Srpska Election Commission, but also by such an *ad hoc* The adoption of amendments was preceded by the decision of the Commission in the Republika Srpska National Assembly canceling the public vacancy issued on 17 June 2025 for appointment of the new Republika Srpska Election Commission. The said vacancy applied the Republika Srpska Election Law declared unconstitutional in its entirety in September 2024 for which the Constitutional Court of Bosnia and Herzegovina issued a separate Decision prohibiting its application on 10 July 2025. Following adoption, the Law and the *Decision to Call an Entity-Wide Referendum* were submitted to the Republika Srpska Council of Peoples where the Bosniak caucus invoked the Vital National Interest clause. As no consensus was reached at the Republika Srpska Council of Peoples session on 4 September 2025, the matter has been referred to the Vital National Interest Panel of the Republika Srpska Constitutional Court for review, which ruled on 3 October 2025 that the Law and the Decision do not violate the vital national interest of the Bosniak people.

10. The *Decision to Call an Entity-Wide Referendum* for 25

October 2025 provided that the referendum question to be posed to the Republika Srpska citizens would read as follows:

“Do you accept the decisions of the unelected foreigner Christian Schmidt and the judgments of the unconstitutional Court of Bosnia and Herzegovina rendered against the President of the Republika Srpska, as well as the decision of the Central Election Commission of Bosnia and Herzegovina to terminate the mandate of President of the Republika Srpska Milorad Dodik?”

11. In my competence as the final authority in theater regarding the interpretation of the Agreement on the Civilian Implementation of the Peace Settlement, I hereby inform the UN Security Council of the following:

- No referendum can be conducted by an Entity in a matter that does not fall within its constitutional competencies.
- Matters of State judicial institutions fall within the constitutional responsibilities of the State and do not fall under the Entity's constitutional responsibilities.
- The status and powers of the High Representative are matters arising under the General Framework Agreement for Peace and International Law and therefore do not fall within the purview of the Entities.
- The Entities cannot adopt legal acts on these matters, by referendum or otherwise.
- A decision to Call an Entity-Wide Referendum violates the Republika Srpska's obligations and commitments arising under Annex 4 and Annex 10 to the General Framework Agreement for Peace.

12. At the time of this writing, it remains uncertain whether any referendum will be held on the date

originally announced. Other dates have also been mentioned, including 9 January 2026, the Day of Republika Srpska that was declared unconstitutional by the Constitutional Court of Bosnia and Herzegovina.

13. On 10 September 2025, the President of the Constitutional Court of Bosnia and Herzegovina granted an interim measure in response to a request by 14 members of the House of Representatives of Bosnia and Herzegovina, challenging the Republika Srpska National Assembly Conclusions of 22 August 2025 concerning the *Information Related to the Decision of the Central Election Commission of Bosnia and Herzegovina on the Termination of the Mandate of President of the Republika Srpska Milorad Dodik*.
14. The Constitutional Court of Bosnia and Herzegovina temporarily rendered ineffective items 6, 7, and 8 of the Republika Srpska National Assembly Conclusions from 22 August 2025 – the date the Republika Srpska National Assembly Conclusions entered into force, as well as all acts based on them, and prohibited the Republika Srpska authorities and officials from undertaking actions under those items. Item 6 of the conclusions had required Milorad Dodik to continue performing as the President of the Republika Srpska, despite the fact that his mandate had ended. Item 7 had rejected early elections for the President of the Republika Srpska and had called on political actors not to participate. Item 8 had forbidden Republika Srpska authorities from cooperating with the Central Election Commission on early elections, proclaiming such cooperation a criminal offense. At its session held on 24 September 2025, the Republika Srpska National Assembly decided to amend its 22 August Conclusions. Item 6 of the 22 August Conclusions was replaced with the new text which provides, among other things, that all political parties based in the

Republika Srpska were called to independently decide on their participation in the early elections for the President of the Republika Srpska. Items 7 and 8 of 22 August Conclusions were deleted and replaced through renumbering of the old conclusions.

Announcement of the early elections for the President of the Republika Srpska

15. On 28 August 2025, acting in accordance with the Election Law of Bosnia and Herzegovina, the Central Election Commission of Bosnia and Herzegovina adopted a Decision to announce early elections for the President of Republika Srpska, setting the date for 23 November 2025. The Ministry of Finance and Treasury of Bosnia and Herzegovina had a legal obligation to provide the funds for elections to the Central Election Commission of Bosnia and Herzegovina no later than 15 days from the date of calling the elections (i.e., by 12 September 2025). This deadline was not met due to the obstruction by the Minister of Finance and Treasury of Bosnia and Herzegovina, though the funds were eventually provided by an act of the Deputy Minister of Finance and Treasury of Bosnia and Herzegovina on 19 September 2025, acting in accordance with prerogatives assigned to him by virtue of my amendments to the Law on Financing of the Institutions of Bosnia and Herzegovina (7 June 2022), adopted to prevent obstruction in funding of electoral processes. Whilst the decision of the Ministry of Finance and Treasury availed the Central Election Commission to proceed with election-related activities, including initiating the necessary public procurement procedures, the week-long delay in assigning the funds could have an adverse effect on the ability to ensure their completion by Election Day. On 22 September 2025, the Central Election Commission of Bosnia and Herzegovina adopted the Instruction on Deadlines of

Electoral Activities for Conduct of Early Elections for the President of the Republika Srpska and started its activities on the elections. At the time of reporting, the process was still underway.

16. On 1 October 2025, the Central Election Commission of Bosnia and Herzegovina certified five political parties and two independent candidates for participation in the early elections for the President of the Republika Srpska. An appeal was filed against the certification of the Alliance of Independent Social Democrats (SNSD), which the Court of Bosnia and Herzegovina dismissed on 10 October 2025. The appeal argued that the legal consequences incident to his conviction prevent Milorad Dodik from exercising the function of SNSD President and, consequently, his power of representation when signing the SNSD application for certification of that political subject in the upcoming elections. The Court reasoned that the Central Election Commission applied the law correctly and noted a separate procedure related to deletion of the entry on the right to representation of the political subject at a competent court could be instigated to determine the effect of the legal consequences on his position as political party president.

Updates on the Reform Agenda and the EU Integration

17. In the reporting period, the Council of Ministers was able to adopt the Law on Regulator, Transmission and Market of Electric Energy in Bosnia and Herzegovina, the Law on Measuring Units and a set of laws regulating intellectual property, as well as number of Strategies including Civil Society Development Strategy 2025-2029, Integrated Border Management Strategy 2025-2029.
19. However, the key legislative requirements for the

opening of accession negotiations, the Law on High Judicial and Prosecutorial Council and the Law on Courts of Bosnia and Herzegovina, remained pending. The Parliamentary Assembly of Bosnia and Herzegovina rejected the Law on High Judicial and Prosecutorial Council, while there has been no development on the part of the Council of Ministers regarding submission of the Law on Courts of Bosnia and Herzegovina, despite several unsuccessful parliamentary legislative initiatives. There has also been no progress in reaching an agreement on appointing a chief negotiator and negotiating structure, thereby delaying the start of negotiations.

20. After these setbacks and sustained losses in the first round of EU funds, the Council of Ministers of Bosnia and Herzegovina successfully passed the Reform Agenda necessary for the Growth Plan before the 30 September deadline. Currently, the Draft Reform Agenda is under review by the EU Commission.

B. Decisions of the High Representative During the Reporting Period

21. In the reporting period, I passed two decisions i.e., a Decision Suspending All Disbursements of Budgetary Funds for Party Funding to the Alliance of Independent Social Democrats (SNSD) and United Srpska (Ujedinjena Srpska) of 24 April 2025, and a Decision Enacting the Law on Amendments to the Law on Financing of the Institutions of Bosnia and Herzegovina of 17 July 2025.
22. The 24 April Decision Suspending All Disbursements of Budgetary Funds for Party Funding to the Alliance of Independent Social Democrats (SNSD) and United Srpska (Ujedinjena Srpska) was issued following the Communique of the Steering Board of the Peace Implementation Council on 4 December 2024. The Communique strongly condemned flagrant attacks by the Republika Srpska ruling coalition against the General Framework Agreement

for Peace and the constitutional and legal order of Bosnia and Herzegovina, including ongoing secessionist actions. It further stated that any actions challenging the sovereignty, territorial integrity and political independence of Bosnia and Herzegovina, or undermining the functionality of its institutions must be countered promptly through the constitutional and legal framework, and reiterated the need for the International Community to retain the necessary instruments to uphold the General Framework Agreement for Peace and support for the High Representative in ensuring respect for the General Framework Agreement for Peace and in carrying out his mandate under Annex 10 and relevant UN Security Council Resolutions.

22. The Republika Srpska ruling coalition continued to disregard the decisions of the Constitutional Court of Bosnia and Herzegovina by attempting to establish new Republika Srpska institutions in defiance of the constitutional order of the country. These actions were mainly instigated by the Alliance of Independent Social Democrats (SNSD) and United Srpska (Ujedinjena Srpska), and such behavior seriously undermined the functioning of the State of Bosnia and Herzegovina and the rule of law. Such behavior is inconsistent with the Constitution of Bosnia and Herzegovina, Article III.3.b) providing that "The Entities and any subdivisions thereof shall comply fully with the Constitution (...) and with the decisions of the institutions of Bosnia and Herzegovina," thus undermining the implementation of civilian aspects of the General Framework Agreement for Peace.
23. Pursuant to the 24 April Decision all disbursements of budgetary funds for political party funding to the Alliance of Independent Social Democrats (SNSD) and United Srpska (Ujedinjena Srpska) in the Parliamentary

Assembly of Bosnia and Herzegovina, the Parliament of the Federation of Bosnia and Herzegovina, Republika Srpska National Assembly, Cantonal Assemblies, city and municipal councils/assemblies and the Assembly of Brčko District of Bosnia and Herzegovina were suspended with immediate effect. The suspended funds are being transferred upon suspension to a special account opened at the Central Bank of Bosnia and Herzegovina. The Decision envisaged that the suspension shall be lifted following a positive assessment by the High Representative of the compliance by said political parties with the General Framework Agreement for Peace. Upon lifting of this suspension, the High Representative will decide on the use of the funds accumulated on the special account.

24. Contrary to the 24 April Decision, and in an attempt to prevent its implementation, as well as contrary to the Law on Political Party Financing in Bosnia and Herzegovina, the Republika Srpska National Assembly adopted the Republika Srpska Law on Financing of Political Organizations, which abolishes the financing of political organizations from any level of budget in Republika Srpska (Entity, City or Municipality), but still envisaging budgetary funds for financing of the work of parliamentary, delegate, or committee clubs and groups covering, among other things, flat-rate expenses for work in the electoral units of deputies and councilors, travel expenses abroad if not organized by the Republika Srpska National Assembly, different material costs, such as fuel, press, official gazettes, publications, costs of accommodation and food and other expenses related to the work of deputies, delegates, or councilors in clubs and groups thus allowing the very payments targeted and suspended by the 24 April Decision.

25. According to the report of the Central Bank of Bosnia and Herzegovina of 3 October 2025, the amount of BAM 104,571.37 was paid into the special account. Payments for this purpose from various levels of government are made in different dynamics (monthly, quarterly, annually) so the real effects of the 24 April Decision will be known only at the beginning of the next fiscal year. Based on the current circumstances, my decision of 24 April is implemented by the State of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina and Brčko District levels of government. According to the amendments to the 2025 Republika Srpska Budget, a current grant in the amount of BAM 210,000 is still foreseen for the work of delegate clubs at the Entity level. Whether the payments are made to the benefit of the Alliance of Independent Social Democrats (SNSD) and United Srpska (Ujedinjena Srpska) from any level of government in the Republika Srpska will only be possible to determine after the budget execution report in the first quarter of the next fiscal year. However, given the fact that only the amount of approximately BAM 5,000 has been paid into a special account from the banks situated in the Republika Srpska, it seems safe to assume that the Ministry of Finance of the Republika Srpska is not acting in accordance with the 24 April Decision.
26. The Decision Enacting the Law on Amendments to the Law on Financing of the Institutions of Bosnia and Herzegovina of 17 July 2025 was issued in the circumstances of temporary financing of the institutions of Bosnia and Herzegovina i.e., the uncertainty of the adoption of 2025 the Budget of Bosnia and Herzegovina which still is the case, and the imminent threat to the smooth functioning of some of the most important institutions of Bosnia and Herzegovina such as the Central Election Commission of Bosnia and Herzegovina,

the Central Bank of Bosnia and Herzegovina and the Air Navigation Services Agency of Bosnia and Herzegovina (BHANSA). Specifically, Bosnia and Herzegovina was facing multiple arbitration claims under bilateral investment protection agreements that posed a significant risk to the financial sustainability of Bosnia and Herzegovina without having legal mechanism to preserve the institutional integrity and operational stability of the state. This situation revealed a structural gap in ensuring that liabilities arising from actions of the responsible Entity are borne by that Entity and that the initiation of enforcement proceedings against Bosnia and Herzegovina and its institutions seeking payment from the State budget jeopardize not only the normal functioning of some key institutions but also the country's standing in international financial relations.

27. These enforcement actions had also a negative impact on the allocation of funds required by the Central Election Commission of Bosnia and Herzegovina for the introduction of election technologies in the electoral process – essential for strengthening election integrity and transparency in line with international democratic standards.
28. The decision of the International Centre for Settlement of Investment Disputes (ICSID) in the arbitration case Viaduct d.o.o. Portorož, Vladimir Zevnik and Boris Goljevsček v. Bosnia and Herzegovina confirmed the claimants' right to compensation in the amount of EUR 39.8 million plus interest. Based on the bilateral 2002 Agreement on the Reciprocal Promotion and Protection of Investments between Bosnia and Herzegovina and the Republic of Slovenia, it was clearly determined that the authorities of the Republika Srpska were solely responsible for the damages caused by awarding a

concession in 2004 for the construction of two hydropower plants on the Vrbas River and for unilaterally terminating those concessions in 2016. The decision further confirms that Bosnia and Herzegovina and its institutions were neither involved in these actions nor gave approval for them, while the Republika Srpska has never disputed its role or responsibility in the matter. Despite the 2017 Agreement on Mutual Rights and Obligations Regarding the Arbitration Proceedings in this Case between Bosnia and Herzegovina and the Republika Srpska and despite repeated payment requests submitted by the Attorney General's Office in accordance with the 2017 Agreement, the Republika Srpska failed to comply with its obligations. This led to the initiation of enforcement proceedings against the financial interests of Bosnia and Herzegovina targeting the assets of the Central Bank of Bosnia and Herzegovina (including its regional office buildings in Mostar and Banja Luka) before the Municipal Courts in Sarajevo, Banja Luka, and Mostar, as well as the Air Navigation Services Agency of Bosnia and Herzegovina, whose revenues were frozen by EUROCONTROL following a decision by the competent authority in Brussels.

29. This decision addresses urgent technical and legal problems, deriving from the failure to adopt the 2025 State budget, the continued use of temporary financing, and the expiration of deadlines for preparations for the 2026 general elections – by enabling the settlement of the unresolved debt obligations of the Republika Srpska to the Viaduct company. The 17 July 2025 Decision was not about the overdue 2025 Budget itself; this remains the responsibility of the institutions of Bosnia and Herzegovina. However, it removes political and legal obstacles where the Ministry of Finance and Treasury of Bosnia and Herzegovina and the Council of Ministers were unable to make any meaningful progress, by addressing

two urgent issues: the settlement of the Viaduct debt and the distribution of the profits of the Central Bank of Bosnia and Herzegovina.

30. A portion of the blocked settlement reserve from road toll revenues, specifically BAM 120 million out of a total of circa BAM 316 million, was allocated to the Treasury to settle the Viaduct claim. This portion of the funds is presumed to represent the share of the Republika Srpska in the settlement reserve. Thus, the principle that “whoever incurred the debt shall pay for it” remains central to the Decision and it is ensured that the debt of the Republika Srpska is not shifted to the state. The Republika Srpska had accepted these financial obligations by signature of then Prime Minister of the Republika Srpska Government Željka Cvijanović in 2017 but did not fulfil its duties and, to the contrary, allowed the debt to increase over the years. The Decision additionally ensured that the Republika Srpska budget expenditures – such as salaries and pensions – will not be used for the settlement with Viaduct. An equivalent amount of the settlement reserve was made available to the Federation of Bosnia and Herzegovina.
31. The Decision stopped the enforcement measures against the Central Bank of Bosnia and Herzegovina and the Air Navigation Services Agency of Bosnia And Herzegovina, specifically the seizure of assets and funds, thereby protecting the integrity of both Bosnia and Herzegovina as a whole and its institutions, and restored their functionality.
32. With this Decision, funds were made available for the implementation of the Feasibility Study of Central Election Commission of Bosnia and Herzegovina on the introduction of specific electoral technologies into the electoral process of Bosnia and Herzegovina, as adopted

by the Parliamentary Assembly House of Representatives of Bosnia and Herzegovina on 15 April 2025. The funds, made available from the profits of the Central Bank, will enable the Central Election Commission of Bosnia and Herzegovina to procure and implement election technologies in order to significantly contribute to the integrity and transparency of the 2026 general elections. Funds for this purpose should have been included in the budget for 2025.

33. Amendments to the Law on Financing of the Institutions of Bosnia and Herzegovina enabled for any such future cases identification of the responsible party i.e., the actual debtor and the obligation of the actual debtor to settle the debts.

Preparations for 2026 General Elections

34. Following up on the High Representative's Decision, at its session on 30 July 2025, the Central Election Commission of Bosnia and Herzegovina adopted, among other items, a Decision on the implementation of a multi-year project for the introduction of specific electoral technologies into the electoral process in Bosnia and Herzegovina, the Framework Operational Plan for the same and a Decision on the appointment of project teams for the said implementation.
35. The Central Election Commission of Bosnia and Herzegovina explained that the process of introducing electoral technologies involves a multi-year project of capital investment and digitalization of the electoral process in the period 2025-2028, in accordance with the dynamics set out in the Framework Operational Plan. As for the implementation, some of the planned activities include providing storage and space for devices, public procurement for paper and printing of ballots, hiring staff to work on the implementation of the project and

the conduct of the elections and its education and training, voters' education, establishment of a data center hosting etc. Finally, a project evaluation and system upgrades are planned activities for 2027.

36. On 11 September 2025, the Central Election Commission of Bosnia and Herzegovina issued a public statement expressing its concern about the lack of personnel and noting that its draft new Rulebook on Internal Organization, which matches the new responsibilities of the Central Election Commission assigned to it by virtue of my Decision Enacting the Law on Amendments to the Election Law of Bosnia and Herzegovina of 26 March 2024, has been pending adoption by the Council of Ministers of Bosnia and Herzegovina since 21 March 2025, despite repeated requests for its consideration. It is noted that this could adversely affect their ability to ensure full implementation of election technologies at the 2026 General Elections. The Rulebook of the Central Election Commission did reach the Agenda of the Council of Ministers of Bosnia and Herzegovina at the session on 1 October 2025 but was not adopted and this important issue remains unresolved.

C. Five Objectives and Two Conditions

Progress of the Objectives

37. There was no major breakthrough in the implementation of the 5+2 Agenda in the reporting period. Certain developments mentioned in this report cast doubts on the compliance with the General Framework Agreement of Peace, a requirement under the second condition under said Agenda. Unfortunately, there has been no legislative work at the State level towards the resolution of State Property. While authorities in the Federation of Bosnia and Herzegovina are making efforts to abide by the so-called State Property Disposal Ban as

well as relevant decisions of the Constitutional Court of Bosnia and Herzegovina referring to State Property. The same cannot be said about the authorities in the Republika Srpska.

38. In the Brčko District, the general positive trend continues, but the new Government has still not managed to reach the pace of progress from before the Government reshuffle of March 2023.
39. Fiscal sustainability of the State of Bosnia and Herzegovina remained fragile and as such posed a threat to its institutional functionality, political stability and economic prosperity. The State budget for 2025 was yet to be adopted at the time of writing this report, and the State institutions have only been able to continue their operations on temporary financing, which had been made available by my Decision of 7 June 2022 Enacting the Law on Amendments to the Law on Financing of the Institutions of Bosnia and Herzegovina.
40. In the context of reforms pertaining to the rule of law cluster among the 14 key priorities set out in the European Commission Opinion on Bosnia and Herzegovina's application for European Union membership, no progress has been achieved in the reporting period regarding the adoption of the new Law on the High Judicial and Prosecutorial Council of Bosnia and Herzegovina (HJPC) and the new Law on Courts of Bosnia and Herzegovina.

State and Defense Property

41. During the reporting period, there was no breakthrough in the resolution of the State Property Objective, in particular no legislative work at the State level towards regulation of State Property. Unfortunately, in the current political context, it is highly unlikely that a comprehensive solution on the apportionment and management of State Property which was called for by the

Constitutional Court of Bosnia and Herzegovina can be achieved at the State level in the short to medium term. Considering the ongoing constitutional crisis related to Dodik's trial and conviction, State Property has been (repeatedly) invoked as an issue of the highest importance. During his speech given at the special session of the "new Republika Srpska Government," Dodik reiterated his previous statement that the Republika Srpska would declare independence if there were attempts to take away "its property":

"I call on all our public, so that our people understand: What is happening to me and to the Republika Srpska is only a question of property. [...] They will not take away property. This Government must clearly say that if they touch property, we are an independent country that same night. And that we will defend that independence."

Pursuant to the Agreement on Succession Issues between the (then) five successor states of the former Socialist Federation of Yugoslavia and the case-law of the Constitutional Court of Bosnia and Herzegovina, the State of Bosnia and Herzegovina owns all State Property inherited from the Former Socialist Federal Republic of Yugoslavia.

42. In the meantime, the unresolved issue of State Property continues to represent a significant barrier to the economic development of Bosnia and Herzegovina, impacting development and investment projects in all key sectors such as transport and communication, renewable energy, mining and agriculture.
43. Pursuant to the relevant decisions of the Constitutional Court of Bosnia and Herzegovina, the State of Bosnia and Herzegovina is the titleholder/owner of all State Property, which includes public goods such as agricultural land, rivers, forests and forest land. Based on this ownership right, it is the exclusive

competence of the Parliamentary Assembly of Bosnia and Herzegovina to adopt legislation regulating State Property. In the absence of relevant state-level legislation, and with reference to the relevant jurisprudence of the Constitutional Court of Bosnia and Herzegovina, all above-mentioned categories of State Property are subject to the so-called State Property Disposal Ban, which prohibits disposal of these assets, in terms of direct or indirect transfer of ownership.

44. Considering the fact that many investment and development projects involve State Property assets, primarily agricultural and forest land, the current legal situation has led to serious legal uncertainty and even blockage of implementation of those projects at the level of entities, cantons and units of local self-governance. This is particularly the case in the Federation of Bosnia and Herzegovina, where the authorities are making efforts to abide by the so-called State Property Disposal Ban and the relevant decisions of the Constitutional Court of Bosnia and Herzegovina, while the authorities of the Republika Srpska continue to openly flout them.
45. This is why there have been increased calls by domestic authorities in the Federation of Bosnia and Herzegovina for a swift resolution of this urgent matter, including the introduction of amendments to the so-called State Property Disposal Ban. These amendments could arguably enable the implementation of numerous currently blocked projects and help mitigate negative economic consequences.
46. On 12 September 2025, the Prime Minister of the Federation of Bosnia and Herzegovina submitted to the Office of the High Representative an official Initiative for amendments to the State Property Disposal Ban, which would provide for exemptions that enable implementation

of infrastructure projects of public interest and strategic importance for the Federation of Bosnia and Herzegovina and Bosnia and Herzegovina.

47. In the meantime, the Constitutional Court of Bosnia and Herzegovina has issued new decisions, in individual cases, enforcing the property rights of the State of Bosnia and Herzegovina over State Property assets. These decisions are particularly initiated by an appeal submitted by the Public Attorney's Office of Bosnia and Herzegovina and establish violation of the right to a fair trial in property-related disputes before lower courts, but also a violation of the right to property of Bosnia and Herzegovina (see case No. AP-1632/21).

Completion of the Brčko Final Award

48. Party politics at large did not impact relations among political partners in power in the Brčko District and did not interrupt the everyday work of the government.
49. During the reporting period, the Office of the High Representative and Brčko District Supervisor continued to engage at the expert and political level in promoting good governance, economic growth and infrastructure development, and private sector investment climate.
50. Even though it was expected that the work on amendments to the Law on Police and the Law on Police Officers to address issues of hiring, promotion and retirement, would continue after the Local Elections back in October 2024, the Working Group established for this purpose is yet to resume its work. However, an initiative submitted on 31 January 2025 by several political parties to amend the Law on Police, which resulted in the political decision of the parliamentary majority to introduce a compromise solution that has introduced an exception for a third consecutive mandate under extraordinary circumstance. The Law on Amendments to the Law on Police

was adopted by the Brčko District Assembly on 9 July 2025.

51. Even though the current District authorities seem more determined to finalize public administration and civil service reform, i.e., to finalize the new Law on Public Administration and the Law on Civil Service, there has been little progress. Encouraged by the Brčko District Supervisor, the leaders of the executive and legislative authorities in Brčko decided to engage with the working groups tasked with drafting the laws, in order to expedite the work in coordination with the EU Delegation and the Office of the High Representative. After a joint initiative by the EU and the Office of the High Representative, comments were distributed to the authorities in the District in mid-August. A meeting of all relevant counterparts is expected soon in order to finalize the texts of the two laws.
52. The urgent repairs of the Brčko-Gunja Bridge connecting Brčko to Zagreb-Belgrade highway, which had been closed to vehicular traffic since 14 February 2025 for safety reasons, was completed, and the bridge was reopened to light vehicle traffic up to 3.5 tons on 19 June 2025.
53. In an effort to strengthen the District's energy security, the Brčko District's Energy Working Group continued to assist the authorities in finalizing the adoption of four remaining laws – on concessions, water, agricultural land, and amendments on the law on renewable sources of energy and efficient cogeneration. The Law on Concessions was adopted in the first reading on 10 September 2025 and was subject to public hearing before its final adoption. The Law on Water was adopted by the District Assembly in the first reading in September 2024, and the procedures related to public hearing were finalized, but the final vote on its adoption is yet to come because of Brčko's business

community's specific concerns. The need to adopt additional laws and bylaws remains and heavily depends on legal advisory support from the Office of the High Representative and their adoption is expected to enable the investments in the sector and lead to an improved energy supply security in the District.

54. Aiming to achieve the objectives of the Brčko District Sustainable Energy and Climate Action Plan, the authorities continued to work with the United Nations Development Program (UNDP) on retrofitting public buildings for better energy efficiency. Works on the fourth building selected for retrofitting in 2023 – 2025 started in early February 2025 and was completed at the end of April 2025.
55. Due to the overall slowdown, as reported in my previous report, the Brčko District has not yet managed to reach the level of progress it had achieved previously. Consequently, there has been little significant construction in the first business zone in the District because of the District's failure to provide necessary infrastructure it was obliged to provide under the agreement signed with an Austria-based consortium.
56. Demining activities were completed in December 2024, as scheduled, and a final report was produced. The ceremony declaring Brčko District as officially mine free was held on 28 May 2025.

Fiscal Sustainability

57. The financing of the institutions of Bosnia and Herzegovina remains uncertain and inadequate. Although it is the last quarter of 2025, the State budget for this year has yet to be adopted. While my Decision of 7 June 2022 secured uninterrupted temporary financing of the institutions of Bosnia and Herzegovina, this is only a stop-gap measure.

58. Restricting financing of the institutions of Bosnia and Herzegovina – through prolonged temporary financing or insufficient budgets – is an entrenched trend. For over a decade, financing at the State-level has mostly been temporary and frozen at or about the same level, undermining the ability of the institutions of Bosnia and Herzegovina to fully function and to meet their constitutional, legal and international obligations, including those relevant to the EU and NATO integration processes. During the reporting period, the State faced the threat of being deprived by the Entities of the profits of the Central Bank of Bosnia and Herzegovina that legally belong to it as well as a threat of being saddled with financially significant debt incurred by the Republika Srpska. Without my 17 July 2025 Decision, these attempts would not only have resulted in a revenue shortfall for the institutions of Bosnia and Herzegovina in 2025 but would have set a precedent detrimental for their viability.
59. Addressing certainty, reliability and adequacy of financing of the institutions of Bosnia and Herzegovina is an essential element of countering these destabilizing tendencies and strengthening the resilience of the State to challenges and its ability to safeguard institutional functionality, political stability and economic prosperity of Bosnia and Herzegovina on its course to the EU and NATO.
60. My office will continue to follow, analyze and report all developments related to fiscal sustainability in Bosnia and Herzegovina, including those relevant to the indirect taxation system and the Fiscal Council of Bosnia and Herzegovina.
61. The Fiscal Council of Bosnia and Herzegovina did not meet at all, while the Indirect Taxation System Governing Board met only once in the reporting period (5

September), albeit with a modest outcome. Although it is the last quarter of 2025, the indirect tax revenue allocation coefficients in effect are still those from the third quarter of 2023 that benefit the Republika Srpska. For the last two years, the Republika Srpska has blocked by dissent the quarterly coefficient adjustments by the Board, thereby damaging the Federation in the total amount of approximately BAM 100 million. The Republika Srpska also blocks by dissent the bi-annual debt settlement by the Board, which would compensate the Federation for the financial damage. The failure of the Governing Board to adopt these decisions is in defiance of its legal obligations.

62. Moreover, the Governing Board has made no progress on at least two additional longstanding issues with financial implications. The Board has not yet adopted a permanent methodology for the allocation of road toll revenue, thereby also accumulating road toll reserves instead of deploying them for road and highway construction. The accumulated funds currently total BAM 80.73 million. Also, the Board has not yet identified an alternative enforcement source for the outstanding BAM 30 million debt of the Indirect Taxation Authority to the Republika Srpska based on a 2015 decision by the Court of Bosnia and Herzegovina. The attempted debt enforcement by the Republika Srpska in 2018 from public revenue accounts of the Indirect Taxation Authority caused financial damage to all indirect tax revenue beneficiaries, including both entities and the Brčko District, as well as to recipients of VAT refunds and customs insurance depositors. The suspension of the enforcement by the Court of Bosnia and Herzegovina expires in June 2026.
63. Addressing issues pertaining to certainty and adequacy of financing of the institutions of Bosnia and Herzegovina as well as to the stability and

functionality of the single indirect tax system is crucial to safeguarding and strengthening the fiscal sustainability of Bosnia and Herzegovina and thereby its political stability.

64. Another element of importance to that end is the Central Bank of Bosnia and Herzegovina, which is the sole authority for issuing currency and for the monetary policy in Bosnia and Herzegovina pursuant to the General Framework Agreement. The Office of the High Representative continues to support this institution, whose unimpeded work and ability to meet its constitutional and legal obligations safeguard monetary and financial sector stability and are vital for reforms and overall stability of Bosnia and Herzegovina.

Rule of Law Issues

65. Concrete requirements in the rule of law sector form part of the 14 key priorities set out in the European Commission Opinion on Bosnia and Herzegovina's application for EU membership, namely the adoption of the new Law on the High Judicial and Prosecutorial Council of Bosnia and Herzegovina and the new Law on Courts of Bosnia and Herzegovina.
66. The new Draft Law on the High Judicial and Prosecutorial Council, which continues the functioning of a single council with the jurisdiction for judicial appointments and discipline as well as overall development of the judiciary throughout Bosnia and Herzegovina did not advance in the legislative process after it was adopted as the governmental draft in March this year. Soon after its adoption by the Council of Ministers of Bosnia and Herzegovina, the High Judicial and Prosecutorial Council itself notified the Ministry of Justice of Bosnia and Herzegovina roughly 40 changes that the Council would seek in the Draft, pursuing lessening of judicial

integrity requirements. The Ministry of Justice of Bosnia and Herzegovina called for a working group with the Council to continue working on the Draft.

67. The Court of Bosnia and Herzegovina is the cornerstone of the division of competencies between the State of Bosnia and Herzegovina and its entities. With its competency on the entire territory of the country, and its criminal jurisdiction over offences prescribed by entity codes when they have consequences for or endanger the values of the whole state, or are otherwise of inter-entity character, is the State's ultimate responsibility to defend its constitutional values and to ensure that it functions pursuant to the rule of law. The new Law on Courts of Bosnia and Herzegovina should not diminish the Court's competency or its functionality.
68. For both of these requirements on Bosnia and Herzegovina's EU path, there is a danger that the process designed to improve rule of law conditions in the country could be abused to undo previously achieved results in the process of building Bosnia and Herzegovina as a rule of law state. On the contrary, in order to continue building a country that functions on the principle of the rule of law, previous reforms should only be enhanced and added to by measures identified in the so-called Priebe report of 2019. For starters, the decisions of the Constitutional Court of Bosnia and Herzegovina need to be respected and implemented, and the existence and jurisdiction of state rule of law institutions should be upheld. Noticeably, corruption continues to be a major concern and is too often overshadowed by the repetitive political crises.

Kovačević Case

69. In the Case of Kovačević v. Bosnia and Herzegovina that

was referred to the Grand Chamber of the ECHR at the request of the Government of Bosnia and Herzegovina on 14 December 2023, the Court delivered the operative provisions (conclusions) of the ruling of the Grand Chamber on 25 June 2025. The Court decided that the applicant's complaints under Article 3 of Protocol No. 1 to the Convention, taken alone and/or in conjunction with Article 14 of the Convention, regarding the indirect nature of the elections to the House of Peoples of Bosnia and Herzegovina and the amendment of certain electoral rules on the day of the general elections of 2 October 2022 fall outside the scope of the case as submitted to the Grand Chamber. The Court upheld the Government's objection to the admissibility of the application on the grounds that the applicant, Slaven Kovačević, had abused the right of application within the meaning of the Convention and that he lacked victim status under the relevant provisions of the Convention on Human Rights. The ECHR published complete text of the Grand Chamber's Judgement on 1 October 2025. Four cases remain pending in front of the ECHR concerning cases of discrimination in the access to constitutional structures.

D. Further Challenges to the General Framework Agreement for Peace

Annex 7 – Returnees

70. Minority returnees remain one of the most vulnerable social groups in Bosnia and Herzegovina, with many experiencing various forms of discrimination. Returnees in general feel isolated in their places of return, without significant access to employment or economic support. They continue to flag the inactivity or the lack of adequate support by the local authorities,

stressing the need for consistent institutional support.

71. There is a direct causal relationship between the decades-long secessionist rhetoric in the Republika Srpska and increased concerns for the safety of the returnee population. The uncertainty was strengthened by several early cases of intimidation against Bosniak political representatives in the Entity immediately after the second instance verdict against Milorad Dodik that led to his dismissal.
72. Several examples of appropriate judicial follow-up strengthened the expectation that future attacks on returnees would be deterred.

Education and Curricula

73. Discrimination is, however, not limited to returnee communities and continues to be present in Bosnia and Herzegovina. In several cantons of the Federation of Bosnia and Herzegovina, specifically the Central Bosnia, Herzegovina-Neretva, and Zenica-Doboj cantons, the practice known as “two schools under one roof” or “2 in 1” continues to exist in a certain number of cases. Initially introduced as a temporary solution for students from different ethnic backgrounds, this arrangement has evolved into a long-term practice that lacks a clear path to integration. Despite violating international conventions, as well as domestic laws and court rulings, the relevant cantonal authorities – who have primary responsibility for education in the Federation of Bosnia and Herzegovina – have not been held accountable for discrimination in education and demonstrate insufficient political will to address the issue. Additionally, parental concerns about preserving national identity add to the complexity of this situation.

Trust-building, Reconciliation and Inter-ethnic relations

74. This period saw several cases of vandalism and desecration of shrines, cemeteries, and memorial monuments of all ethnic communities.
75. The provocations in relation to commemorative activities occurred in the form of disrespectful disturbances after the annual civic service on 11 July 2025 commemorating Srebrenica Genocide, and the petition by a war criminal to ban the "White Ribbon Day" commemorating the Bosniak victims of Prijedor. These ethnically motivated provocations and genocide denial deepen the divisions and negatively affect inter-ethnic confidence building efforts.
76. The reporting period also saw an increase in glorification of war criminals. There were many instances of glorification of war criminals as their pictures appeared on t-shirts, flags and other items sold across the Republika Srpska as well as one particular mural in Banja Luka depicting genocide convict and war criminal Ratko Mladic.
77. In July and August 2025, there was a significant rise in ethnic-based incidents, particularly in the Central Bosnia Canton (Federation of Bosnia and Herzegovina). While most did not result in physical violence, they heightened safety concerns among returnees and local citizens, mainly Bosniaks and Croats.
78. A meeting of the Conference of European Rabbis, which was scheduled to take place from 16 to 18 June 2025, was called off by the organizers after public appeals by high-profile officials against their gathering in Sarajevo. The decision came after the hotel and venue reservations were cancelled following an open letter that appeared on local media by Minister of Labor and

Social Policy of the Federation of Bosnia and Herzegovina Adnan Delić who argued in sharp language that the event was being organized in support of Israel at the height of the crisis in the Middle East. Although a formal apology was issued by the Government of Bosnia and Herzegovina, the Conference was eventually relocated to Munich. Subsequently, both the Government of Bosnia and Herzegovina and the religious leader of the Muslim community in the country, Raisu-l-Ulama Husein ef. Kavazović, invited the Rabbi Conference back for a future event.

79. Bosnia and Herzegovina is home to an estimated 1,000 Jews who, like other minority ethnic groups, are not able to hold certain political offices. The judgments of the ECHR in the Sejdić-Finci group of cases, which require amending the Constitution of Bosnia and Herzegovina in order to eliminate discrimination, remain unimplemented. I continue to encourage politicians in Bosnia and Herzegovina to implement the said judgements, and to amend the Constitution of Bosnia and Herzegovina in order to eliminate discrimination.

Marking of the 30th Anniversary of the Srebrenica Genocide

80. Memorial Centre Srebrenica-Potočari hosted the marking of the 30th anniversary of Srebrenica Genocide. Further seven identified victims were buried during the ceremony, with a total of 6,772 victims buried at the Memorial Cemetery. The families are still searching for around 1,000 victims of the Srebrenica genocide, stressing the need for a continued support to the domestic and international agencies engaged on the search and identification of missing persons. The total number of victims stands at 8,372.

Missing Persons

81. Continuing with the activities on archiving and permanent storage of objects discovered in mass graves, the Missing Persons Institute of Bosnia and Herzegovina handed over 868 cases to the Srebrenica Memorial Centre (with the pertaining several thousand individual pieces of clothes and shoes). This activity took place at the end of September 2025. These belongings were located in the mass graves where genocide victims were exhumed from and are the only remaining evidence of their existence.
82. On 3 September 2025, the Missing Persons Institute of Bosnia and Herzegovina commemorated the 20th anniversary of its establishment, reaffirming its crucial role in the search for and identification of missing individuals. During this occasion, it was emphasized that the fate of 7,581 missing persons – out of more than 32,000 victims who disappeared during the war – remains unknown. These cases are particularly challenging, as they are mostly related to war crimes, and the perpetrators have made significant efforts to cover their tracks. The passage of time, along with the deaths of witnesses and relatives, complicates the identification process. Therefore, a key message from this event was the need to engage and raise awareness among the public in Bosnia and Herzegovina about the importance of this process. There was also a call for more extensive support from the authorities to ensure that the search for the missing can gradually come to an end. A central challenge in this search is the lack of precise information regarding the locations of mass graves. It is crucial for those with this information to “break the silence.”

Compensation for the Victims of War

83. Survivors of conflict-related crimes in Bosnia and

Herzegovina face unequal access to rights and support, as the set of protections and services available to them varies depending on their place of residence within the country. The process of implementation of the Law on Protection of Civilian Victims of War in the Federation of Bosnia and Herzegovina has not fully answered the needs of the beneficiaries. Although the cantonal authorities have mainly harmonized their legal frameworks with the Federation, they still lack in implementation of certain rights.

84. Despite continued advocacy, children born of war remain unrecognized by law in the Republika Srpska, leaving them excluded from systemic support and protection, deepening their social and economic marginalization.
85. The Republika Srpska Attorney General's Office continued to act in accordance with instructions from the Republika Srpska Government and persists in initiating enforcement procedures against victims of war crimes for the recovery of court costs and attorney fees. Despite the ruling of the Constitutional Court of Bosnia and Herzegovina, following the practice of the ECHR, that such actions are disproportionate and constitute a violation of the victim's right to property as well as the right of access to court as an element of the right to a fair trial, many cases are still entering the enforcement phase.
86. In light of the observed inconsistencies in the practice of courts in Bosnia and Herzegovina regarding the enforcing the payment of costs of proceedings in war damages compensation cases, the High Judicial and Prosecutorial Council of Bosnia and Herzegovina has attempted to intervene by issuing a letter to all courts in the country, raising awareness of the existing jurisprudence and seeking to halt this practice.

II. Developments Related to the State Institutions of Bosnia and Herzegovina

A. Presidency and Council of Ministers of Bosnia and Herzegovina

87. The Presidency of Bosnia and Herzegovina held four regular sessions in the reporting period as well as several extraordinary sessions. The Presidency took decisions from within its competency in the domain of foreign affairs and defense and engaged in serious bilateral and multilateral forums and international summits and conferences, including attending the marking of 30th anniversary of the General Framework Agreement for Peace in Bosnia and Herzegovina. The messages vehiculated by the members of the Presidency have continued to reflect the political division of the country.
88. Presidency Member Bećirović regularly warned of the serious political situation in the country, escalation of crises and dangerous attacks against the fundamentals and institutions of the General Framework Agreement for Peace and the constitutional and legal order of Bosnia and Herzegovina, alongside concrete secessionist actions undertaken by the Republika Srpska authorities, stressing that without protecting the constitutional order it would be impossible to preserve peace and stability in the country as well as the Region as whole. Presidency Member Bećirović also submitted constitutional challenges before the Constitutional Court of Bosnia and Herzegovina, on several occasions.
89. Presidency Member Željka Cvijanović maintained the narrative that the current crisis was political in nature, provoked by the decisions of the High Representative and that there were no security threats. She stood openly in defense of the former President of

the Republika Srpska Milorad Dodik.

90. On 16 July 2025, Croat Member of the Presidency Željko Komšić took over the chairmanship of the Presidency as part of the regular eight-month rotation cycle.

Council of Ministers of Bosnia and Herzegovina

91. The Council of Ministers held a total of 14 regular sessions and 11 extraordinary sessions chaired by Chairwoman Borjana Krišto (HDZ BiH).
92. Chairwoman Krišto maintained optimism vis-à-vis bringing Bosnia and Herzegovina back on track with reforms and European integration. She continued to emphasize that EU membership remains the single key strategic goal and a foreign policy priority. Chairwoman Krišto repeatedly stressed the importance of internal dialogue in reaching consensus between constituent peoples in ensuring their equal rights and constituent legitimate position, while respecting the constitutional order of the country.
93. Following the dismissal of Nenad Nešić (DNS) from his duties as Minister of Security of Bosnia and Herzegovina on 28 January 2025, the position of the Minister of Security has been vacant. Chairwoman Borjana Krišto failed to put forward a new candidate for the vacant position of the Minister of Security for vetting and subsequent nomination, whereby she was deemed in the 27th Emergency Session of the House of Representatives of Bosnia and Herzegovina to have violated the law on Council of Ministers. She justified her inaction by pointing out the absence of clear political agreement and majority, while questioning the democratic capacity of the Republika Srpska opposition in the Parliamentary Assembly of Bosnia and Herzegovina.
94. The established practice of not proposing legislation to the Parliamentary Assembly of Bosnia and Herzegovina

unless there is full political consensus was maintained, negatively affecting legislative output.

95. The Council of Ministers adopted ten pieces of legislation (including a draft State Budget, an EU-related Law on Regulator, Transmission and Market of Electric Energy in Bosnia and Herzegovina, a Law on Measuring Units as well as a set of laws regulating intellectual property), as well as a number of Strategies including Civil Society Development Strategy 2025-2029, Integrated Border Management Strategy 2025-2029.

Parliamentary Assembly of Bosnia and Herzegovina

96. During the reporting period, the House of Representatives of Bosnia and Herzegovina held five regular and eight urgent sessions, while the House of Peoples of Bosnia and Herzegovina completed only one urgent session but commenced five urgent sessions and one regular session none of which was brought to a successful completion.
97. Overall efficiency, productivity and legislative output of the Parliamentary Assembly of Bosnia and Herzegovina suffered due to blockages in the House of Peoples and poor legislative output on the part of the Council of Ministers.
98. The Parliamentary Assembly of Bosnia and Herzegovina adopted two pieces of legislation in the reporting period, while rejecting several.
99. Rules of procedures and quorum rules, with repeated walkouts, continue to be abused regularly as a tool for shaping agendas and deliberately preventing discussions and subsequent voting on Initiatives for the removal of House of Peoples collegium member Nikola Špirić (SNSD)

as well as SNSD ministers Staša Košarac (Foreign Trade and Economic Relations) and Srđan Amidžić (Finance and Treasury) and deputy ministers in the Council of Ministers. All initiatives for the removal of the Alliance of Independent Social Democrats (SNSD) functionaries are still pending.

Central Election Commission of Bosnia and Herzegovina

100. On 25 September 2025, the Central Election Commission of Bosnia and Herzegovina elected its new President Jovan Kalaba who assumed his duties on 1 October. This was a part of a regular, 21-month rotation of the Central Election Commission members at this position and this time the President had to be elected from the ranks of the Serb people. Jovan Kalaba will be the President until 30 June 2027.

III. Developments Related to the Federation of Bosnia and Herzegovina

A. Executive and Legislative Authorities of the Federation of Bosnia and Herzegovina

101. The Government of the Federation of Bosnia and Herzegovina met regularly throughout the reporting period, holding eight regular sessions and 50 extraordinary sessions. On the other hand, the Parliament of the Federation of Bosnia and Herzegovina met far less frequently, with the House of Peoples of the Federation of Bosnia and Herzegovina holding only three regular sessions and the House of Representatives of the Federation of Bosnia and Herzegovina holding two extraordinary sessions and five regular sessions. The output of the Federation authorities was low in this reporting period with adoption of one new law and three proposals to amend current legislation.

Federation's Response to the Legislative Proposals of the National Assembly of the Republika Srpska

102. On 26 June 2025, after discussion on possible courses of action in light of current proposals and legislative solutions in the field of internal affairs in the National Assembly of the Republika Srpska, the House of Representatives Security Committee of the Federation of Bosnia and Herzegovina unanimously reached conclusions condemning the actions of the Republika Srpska Government on account of a proposal for the formation of auxiliary police force of the Republika Srpska Ministry of the Interior and the calls on the Republika Srpska Government to suspend or terminate all activities related to the above.
103. The Committee requested the Office of the High Representative and the EUFOR-Althea Mission to respond as soon as possible and unequivocally to the attempt to form a reserve police force in the Republika Srpska, which they assessed as a direct violation of the General Framework Agreement for Peace and a threat to peace in the country.

B. Constitutional Court of the Federation of Bosnia and Herzegovina

104. After the procedure was initiated in June 2022, the House of Peoples of the Parliament of the Federation of Bosnia and Herzegovina was finally able to appoint on 22 April 2025 Boris Barun, a Judge in the Constitutional Court of the Federation of Bosnia and Herzegovina, as the replacement of Kata Senjak who had met the retirement requirements in January 2023.
105. At the same session, the House of Peoples of the Parliament of the Federation of Bosnia and Herzegovina appointed Anja Pavelka Vuleta as a judge replacing Mirjana Čučković in the Constitutional Court of the

Federation of Bosnia and Herzegovina who had reached retirement age.

C. Mostar: City Statute

Mostar Statute

106. As I reported previously, the non-implementation of the Mostar Agreement from June 2020 remains. The adoption of the High Representative's Statute with possible amendments has not yet been discussed with the Mostar City Council elected in 2024. I continue to urge all parties to find a compromise and commit to adopting a Statute that offers a functional, equitable, and cohesive governance structure for Mostar – one that genuinely serves the interests of its diverse population and safeguards the city's long-term stability.

D. Developments at the local level

107. The confirmation of the results of the indirect elections by the Central Election Commission of Bosnia and Herzegovina for the Sarajevo City Council on 23 April 2025 concluded the process of implementing the results of the local elections.

IV. Developments Related to the Republika Srpska

A. Executive Authorities of the Republika Srpska

108. After the termination of his mandate as President, Milorad Dodik purported to exercise *de facto* political authority and considerable influence over the Republika Srpska Government decisions as the leader of the Alliance of Independent Social Democrats (SNSD) and undertook international visits to Budapest, Belgrade, and Moscow.

109. During the reporting period, the Republika Srpska Government held 21 regular and one special session.
110. Following the resignation of Prime Minister Radovan Višković, the Republika Srpska National Assembly approved on 2 September 2025 the reshuffled government led by former Republika Srpska Minister of Agriculture, Water Management, and Forestry Savo Minić. The opposition boycotted the vote, denouncing the process as unconstitutional in the absence of an incumbent President, but the Minić Government *de facto* took office on 9 September 2025. The election of the “new Prime Minister” and “new Government”, however, was not conducted in accordance with the requirements prescribed by the Republika Srpska Constitution and in defiance of clear decisions of State-level institutions. Any decision of this “new Government,” or any decision adopted by bodies that include its members *ex officio*, may be subject to legal challenges.
111. On 9 September 2025, the Constitutional Court of Bosnia and Herzegovina received four separate requests concerning the review of constitutionality and/or resolution of constitutional dispute over the Republika Srpska National Assembly Decision to elect “new Prime Minister” and the Republika Srpska National Assembly Decision to elect “ministers in the Government” based on the fact that the Prime Minister was nominated by Milorad Dodik whose mandate as the Republika Srpska President had ceased before the nomination. An additional request concerning the same decisions of the Republika Srpska National Assembly was submitted to the Court on 10 September 2025. Applicants also requested the Court to grant interim measures against these challenged the Republika Srpska National Assembly decisions. The date of deliberation of said request and/or requests for interim measures by the Court is

unknown.

112. The “new Government” of the Republika Srpska barred Slovenian President Natasa Pirc Musar and Foreign Minister Tanja Fajon from entering the Entity in response to the Slovenian Government decision on 11 September 2025 to impose an entry ban on Milorad Dodik. However, on 17 September 2025, Dodik announced that he would propose the abolition of the ban on entry into the Republika Srpska for Musar and Fajon after he received a personal request from Ljubljana Mayor Zoran Janković.

B. National Assembly of the Republika Srpska

113. During the reporting period, the Republika Srpska National Assembly held two regular and five special sessions, adopting 15 laws.

114. Key developments included:

- 21 May: Adoption of the Republika Srpska Law on the Financing of Political Organizations, effectively curtailing party financing for the opposition following the suspension of public funding to the Alliance of Independent Social Democrats (SNSD) and United Srpska (Ujedinjena Srpska) to counter attacks on the General Framework Agreement for Peace and the constitutional order of Bosnia and Herzegovina by these parties' leaders.
- 29 May: The Constitutional Court of Bosnia and Herzegovina annulled four Republika Srpska laws that sought to abolish State-level institutions on Republika Srpska territory and restrict NGO activities. These laws had been adopted in retaliation for Milorad Dodik's first-instance conviction in February 2025.
- 3 July: Adoption of amendments to the Law on Police and Internal Affairs, introducing the possible establishment of an auxiliary police force.

- 22 August: Adoption of a decision to call for a 25 October Entity-Wide referendum on the validity of decisions by the Court of Bosnia and Herzegovina, the Central Election Commission of Bosnia and Herzegovina, and the High Representative as well as a Law on Amendments to the Law on Referendum and Citizens' Initiative.
- September 15: Vice President of the Republika Srpska Davor Pranjić signed the Decree on the Promulgation of the Law on Amendments to the Law on the Police and Internal Affairs of the Republika Srpska introducing auxiliary police forces. This confirms the draft law on amendments and additions to the Law on Police and Internal Affairs previously adopted by the Republika Srpska National Assembly on 3 July 2025.

115. In mid-April 2025, at the beginning of the reporting period, public hearings and expert consultations concerning the adoption of a new Republika Srpska Constitution concluded. The draft document includes provisions for the re-establishment of an Entity Army as well as a Border Service, the creation of separate Republika Srpska judicial and prosecutorial bodies, and the abolishment of the Republika Srpska Council of Peoples. If enacted, these changes would roll back core State-level reforms achieved through international and domestic consensus, including defense reform, the nationwide VAT system, and the establishment of the State Border Service.

116. On 11 September 2025, Dodik urged the "new Government" of the Republika Srpska and the Republika Srpska National Assembly to finalize details for the adoption of the new constitution, but this new constitution was not voted on by the Republika Srpska National Assembly during this reporting period.

V. Public Security and Law Enforcement, Including Intelligence Reform

117. The practice of inappropriate political interference in operational police functions continued during the reporting period.
118. Police administration at every level continued to be widely understaffed.
119. Despite some progress in the implementation of the recommendations of the Group of States Against Corruption (GRECO) of the Council of Europe (CoE), political divisions in the country and lack of harmonization between the legal frameworks at different levels of government continue to make it difficult to direct and coordinate law enforcement agencies, especially in the fight against corruption and organized crime.
120. On 11 June 2025, Bosnia and Herzegovina finally signed the Agreement with the EU on operational activities carried out by the European Border and Coast Guard Agency in Bosnia and Herzegovina (FRONTEX) a key step in strengthening operational cooperation between EU member states and the competent authorities in Bosnia and Herzegovina in migration management and in advancing on the EU path, making Bosnia and Herzegovina a credible partner in ensuring the foreign borders of the EU.

Director and Deputy Director of State Investigation and Protection Agency

121. During the developments surrounding the possible arrest of former Republika Srpska President Milorad Dodik after his first instance verdict, Director of the State Investigation and Protection Agency Darko Ćulum announced in March 2025 his resignation and stated his aspiration to become a police advisor to the Republika

Srpska Ministry of the Interior. However, Ćulum's resignation was never processed as the Independent Board of the Parliamentary Assembly of Bosnia and Herzegovina was not in session at the time. In July 2025, Darko Ćulum withdrew his resignation and returned to his position as Director of the State Investigation and Protection Agency, without providing any justification for his unauthorized leave for about four months that called into question Ćulum's discharge or other disciplinary action. In August 2025, the Independent Board finally dismissed the proposal to discharge Ćulum from his position as Director, meanwhile the post of deputy director of the State Investigation and Protection Agency remains vacant.

Introduction of Auxiliary Police Forces in the Republika Srpska

122. On 15 September 2025, Vice President of the Republika Srpska Davor Pranjić signed a Decree on the Promulgation of the Law on Amendments to the Law on the Police and Internal Affairs of the Republika Srpska that introduces an auxiliary police force.
123. The amendments established a legal basis for the Republika Srpska Ministry of the Interior to make potential *ad hoc* decisions regarding the introduction of an auxiliary police force of an undefined number of personnel. In the Federation of Bosnia and Herzegovina, this move was widely interpreted as laying the groundwork for the militarization of the Republika Srpska police, and as such, a step that should be matched by the Federation of Bosnia and Herzegovina.
124. The creation of these auxiliary police forces can be observed as a renewed effort to significantly expand and militarize the Republika Srpska police, a process that began in late 2018 and was halted in June 2019 due to

international pressure. This included the procurement of long-barreled weapons and other military-grade equipment. The size, equipment, and capabilities of the Republika Srpska police provides the ability to obstruct State-level law enforcement and institutions within the Entity.

Establishment of the Independent Board of the Federation of Bosnia and Herzegovina

125. The post of the Police Director of the Federation of Bosnia and Herzegovina has been vacant since January 2019, and the post of the Deputy Police Director has been vacant since February 2023. The Independent Board of the Federation of Bosnia and Herzegovina was established on 22 April 2025 to oversee the appointments for the said positions.

VI. Economy

A. Economic Trends

126. The economic growth projection for 2025 is 2.4 per cent, slightly below the 2024 level. The foreign trade exchange registered moderate growth in the first half of the year, with exports up by 5.7 per cent and imports up by 4.4 per cent. Industrial production dropped by 1 per cent. Annual inflation was 4.8 per cent. Early estimates of foreign direct investments are less encouraging, showing a drop in Q1 of 25.7 per cent.
127. The public debt of Bosnia and Herzegovina at the end of 2024 totaled BAM 13.73 billion or 25.67 per cent of its GDP. By composition, the foreign debt share is BAM 9.23 billion (67.22 per cent) and the domestic debt share is BAM 4.50 billion (32.78 per cent). By debtor, the Federation share is 50.21 per cent, the Republika Srpska's share is 49.05 per cent, and the share of the State institutions and the Brčko District is 0.38 per cent and 0.36 per cent, respectively.

128. The banking sector appears stable, capitalized and profitable. The profit registered in the first half of 2025 amounted to BAM 306.8 million in the Federation (down by 8.7 per cent) and BAM 142 million in Republika Srpska (up by 12 per cent).
129. Social welfare indicators signal some improvements. Despite an increase over the last year, the average net salary of BAM 1,570 and the average pension of BAM 704 remain significantly below the average price of the basket of goods of over BAM 3,100 for a four-member family. This suggests that even those with steady incomes struggle to make ends meet. The number of unemployed persons is 316,927; and the real, labor survey-based unemployment rate is 12.6 per cent. The number of employed persons is 856,998, while the number of pensioners is 749,512.
130. There has been no apparent improvement in the demographic situation in this reporting period. Political instability, corruption, nepotism and poor standards of living are quoted as the key factors that account for emigration. The increasing outflow of youth is yet another serious impact of the political, economic, and social challenges Bosnia and Herzegovina faces, and it continues to jeopardize the overall economic, political, and social prospects of the country.
131. The credit ratings remain the same, B+ by Standard & Poor's and B3 by Moody's Investors Service, with stable outlook. Political instability, institutional complexities and a reform slowdown are generally seen as key risks and constraints. Other ratings published in the reporting period include the United Nations Conference on Trade and Development's (UNCTAD) 2025 World Investment Report, which notes an increase in foreign direct investment (FDI) inflows to Bosnia and Herzegovina in 2024, and the United Nations Development

Program's (UNDP) 2024-25 Human Development Report, which ranks Bosnia and Herzegovina as 74th of 192 countries. The Heritage Foundation's 2025 Index of Economic Freedom ranks Bosnia and Herzegovina as 70th of 176 countries and 34th of 44 countries in the Europe region.

B. Fiscal Issues

132. There were no delays in debt servicing and regular budget payments in the reporting period. This was foremost due to the continued growth of indirect tax revenue, which accounts for most budget revenue for all levels of government. In the period January-August, the Indirect Taxation Authority collected BAM 7.886 billion, an increase of 5.1 per cent or BAM 383 million over the same period in 2024. The regular payments should also be attributed to borrowing, which was particularly excessive in the Republika Srpska, but decreased due to sanctions by the United States Office of Foreign Assets Control (OFAC).
133. It is the last quarter of the year and the State budget for this year has yet to be adopted. All budget calendar deadlines – in terms of budget preparation as well as budget adoption – have passed. Finance and Treasury Minister of Bosnia and Herzegovina Srdjan Amidzic (SNSD) has contributed to the delay by holding the State budget hostage to the Republika Srpska's attempts to drain State revenues. Procedurally, the 2025 State budget proposal is now with the Parliamentary Assembly of Bosnia and Herzegovina. It amounts to BAM 2.797 billion (BAM 11.1 million more than in 2024), of which BAM 1.570 billion is for financing the institutions of Bosnia and Herzegovina (increase of 16 per cent) and BAM 1.226 billion is for servicing foreign debt (decrease of 14 per cent). If this budget proposal is adopted by the Parliamentary Assembly of Bosnia and Herzegovina, it

would not mitigate the consequences of the years of underfunding but it would provide some 'breathing space' for the State institutions as my Decision of 17 July 2025 ensured that the State revenues be used for the benefit of the State institutions and their obligations and not be reallocated to the entities or used to settle their debts.

Financial Sector of the Federation of Bosnia and Herzegovina

134. The Federation maintained its budget stability, which should be attributed to the sustained growth of indirect tax revenues and continued domestic borrowing, mainly through the issuance of treasury bills and bonds. In July 2025, the Federation successfully issued its first-ever Eurobond of EUR 350 million with a five-year maturity and a 5.5 per cent interest rate on the London Stock Exchange. The transaction was oversubscribed and will help finance budget payments.

Financial Sector of the Republika Srpska

135. The stability of budget payments in the Republika Srpska during 2025 continues to rely on growing public revenues and increased domestic and foreign borrowing. At its 15th Regular Session on 1 July 2025, the Republika Srpska National Assembly adopted the Rebalanced 2025 Budget of BAM 6.490 billion, up BAM 420 million (6.9 per cent) from the original 2025 Budget. Pensions and civil servants' salaries remain the most significant expenditure, at BAM 1.946 billion and BAM 1.321 billion respectively, with wage hikes of 10 per cent introduced in April 2025 and an additional 30 per cent supplement for armed officers. In August 2025, an extraordinary 3 per cent pension increase, and 10 per cent higher war veteran allowances were also implemented.

136. The rebalanced budget was adopted despite a Republika Srpska Constitutional Court decision (25 June 2025) that found controversial changes to the Budget System Law unconstitutional – specifically, the reduction of VAT revenues for major cities to finance underdeveloped municipalities. Regarding the rebalanced budget, the Republika Srpska Fiscal Council recommended building up additional fiscal space (buffers) and advancing structural reforms to enhance public-sector efficiency, competitiveness, and the economy's resilience to shocks.
137. The Republika Srpska Government has earmarked BAM 861 million for debt service in 2025 and expects to cover about one-fifth of its budget needs via borrowing. To finance its deficit and debt repayments, the Republika Srpska Government plans BAM 943.9 million in borrowing for 2025, up from the BAM 862 million initially planned in the 2025 budget. This includes a BAM 479 million foreign loan (EUR 245 million) agreed on 20 March 2025, with a 10-year repayment period and 5 per cent interest rate, to be disbursed in four tranches by December 2025. According to the Republika Srpska Ministry of Finance, as of 31 March 2025, the total debt of the Republika Srpska stood at BAM 6.587 billion (34.1 per cent of GDP), of which public debt was BAM 5.711 billion (29.5 per cent of GDP). The structure of the total debt was 59.98 per cent external and 40.02 per cent domestic.
138. The Republika Srpska Government continued to finance its operations through the Banja Luka Stock Exchange. In 2025 to date, it has raised BAM 358.6 million, comprising BAM 315 million in 5 and 10-year bonds, and BAM 33.5 million in Treasury Bills, alongside BAM 9 million in retail bonds aimed at citizens. Foreign financing has become increasingly complex for the Republika Srpska due to United States sanctions on the Republika Srpska officials and related companies, which have deterred multilateral and EU lenders and pushed the

entity toward a narrower pool of domestic banks and unverified foreign sources. Reflecting this tightening of access to funding, on 7 February 2025, S&P Global Ratings affirmed the Republika Srpska's long-term 'B' credit rating. Still, they revised its outlook to negative, citing heightened risks to timely debt refinancing and essential public investment.

C. Specific International Obligations

139. Bosnia and Herzegovina has still not rectified its non-compliance with the Energy Community Treaty, due to which it has been on-and-off sanctions by the Energy Community Ministerial Council since 2015. Its overall implementation performance score dropped by 6 per cent from 2023 to 2024, with 13 open infringement cases, of which four were opened in 2024. The most serious and persistent breach concerns the long-standing failure of Bosnia and Herzegovina to establish a gas sector regulator at the State level, which the Republika Srpska persistently rejects. The next annual meeting of the Energy Community Ministerial Council is expected in December 2025.

D. Problems of Specific State Legal Entities

Cultural Institutions of Significance for Bosnia and Herzegovina

140. Although my Order *Supporting the Functioning of the National and University Library of Bosnia and Herzegovina and Other Cultural Institutions of Significance for Bosnia and Herzegovina* of 21 November 2024 ensured the uninterrupted operation of seven cultural institutions and prevented disruptions in their daily management, the absence of comprehensive legislation to address their governance and funding remains a significant issue. These institutions continue

to rely primarily on funding from lower levels of government, which threatens their long-term stability and does not reflect their previously recognized status. It is essential that the State adopts clear and systematic legal measures to establish sustainable frameworks for their management and financing. The Presidency of Bosnia and Herzegovina's inclusion of these institutions in the proposed 2025 State Budget is a positive and necessary step that reflects their state-level character.

VII. Developments Related to Annex VIII and Commission to Preserve National Monuments

141. The structure and composition of the Commission to Preserve National Monuments, established under Annex VIII, remains unchanged from my previous report.
142. Structural shortfalls have significantly affected the Commission's functionality. Broader concerns regarding its independence and institutional capacity have been compounded by persistent difficulties in decision-making. These issues were further reflected in the 2024 Financial Audit Report on the Commission, published by the Audit Office of the Institutions of Bosnia and Herzegovina in July 2025. The Audit Report highlighted the operational stagnation and governance challenges currently facing the body.
143. Except for amendments adopted to a previous decision in July 2025, the Commission's overall institutional status remained unchanged.

VIII. Media Developments

Intimidation of NGOs and journalists in the Republika Srpska

144. The environment for media freedom, particularly in the

Republika Srpska, remained difficult throughout the reporting period. Political influence over both public broadcasters and private outlets continues to be widespread, limiting pluralism and undermining editorial independence.

145. In February 2025, the Republika Srpska authorities introduced the so-called “Foreign Agent” law, imposing strict registry and reporting obligations on any media outlet or NGO receiving foreign funding. The law’s vague provisions raised serious concerns about its potential for selective enforcement, abuse, and retaliation. Although the interim Decision of the Constitutional Court of Bosnia and Herzegovina U-6/25 suspended the Republika Srpska’s ‘foreign agents’ law *ab initio* and no registry was ever established, Republika Srpska authorities nevertheless used the climate around the law to intensify extraordinary financial audits of foreign-funded NGOs and independent media, increasing pressure on critical outlets. Intimidation and threats against independent journalists also persisted, ranging from legal harassment and hostile rhetoric by senior officials to restrictions on media access to government meetings. Domestic and international organizations have repeatedly warned that such pressures are having a chilling effect on watchdog journalism.

Communication Regulatory Agency

146. The competition for the Director General of the Communications Regulatory Agency (CRA), launched in 2024, remains unresolved. The appointment process – requiring both a CRA Council nomination and Council of Ministers’ approval – was not completed by the end of the reporting period.

Sustainability of the Public Broadcasting System

147. The chronic underfinancing of the three-tier Public Broadcasting system also persisted. Revenue collection remains fragmented, with The Republika Srpska Radio-Television continuing to collect fees separately, contrary to the system's revenue-sharing formula. This practice has further strained the liquidity of both the Radio and Television of Bosnia and Herzegovina (BHRT) and the Federation of Bosnia and Herzegovina broadcaster. The arrears of the BHRT remained acute. On 28 March 2025, the European Broadcasting Union (EBU) reiterated its warning that it may seek a freezing order on the bank accounts of the BHRT by February 2026 unless a full repayment is made. In July 2025, the BHRT confirmed publicly that it would not participate in the 2026 Eurovision Song Contest due to ongoing sanctions by the EBU linked to its outstanding debt.

IX. European Union Military Mission in Bosnia and Herzegovina

148. developments in the last six months clearly proved the unanimous approval of the UN Security Council on 1 November 2024 to extend the mission of EUFOR-Althea was of utmost importance for peace and stability in Bosnia and Herzegovina.
149. Due to the legal and political developments directly challenging the structures of the General Framework Agreement for Peace and the functionality of the country, EUFOR-Althea is very much needed as a stabilizing force. Increased visibility, mobility and activities of EUFOR-Althea troops as well as the availability of Over-the-Horizon Reserve Forces and the successful completion of its annual Quick Response 25 exercise in September 2025 proved to be essential for providing reassurance, assisting de-escalation and for

the preparation of adequate responses to any eventual deterioration of the security situation. This in turn made it possible for EUFOR-Althea to reduce its force level back to its regular strength, by the deactivation of its Reserve Forces in October 2025. However, in view of a lack of reconciliation with no solution in sight for the root causes of instability, continued vigilance is needed. The international community cannot permit a security vacuum in Bosnia and Herzegovina.

150. According to Articles I and II of Annex 1-A and Articles I, II and IV of Annex 1-B of the General Framework Agreement for Peace, all parties are committed to arms control and have agreed to cooperate with international organizations. EUFOR-Althea continues to undertake a role in arms control by conducting verifications and inspections. Due to the ongoing political crisis, this role has become even more significant for the maintenance of a safe and secure environment, in close coordination with the relevant ministries. EUFOR-Althea also remains a key contributor in the field of humanitarian demining through the Mine Action Strategy of Bosnia and Herzegovina.
151. Since the invitation to the NATO membership Action Plan in 2010, the Armed Forces of Bosnia and Herzegovina have become a reliable partner in the Euro-Atlantic security architecture. Although the Armed Forces of Bosnia and Herzegovina are crucial State-level institutions in which cooperation within the multi-ethnic structure functions best, its cohesion and unity were also tested due to political developments. The operational and command capabilities of the Armed Forces of Bosnia and Herzegovina remain dependent on the support of NATO and EU partners.

X. Operations of the Office of the High

Representative

152. While the Office of the High Representative has faced substantial reductions to its budget and staff over the past few years, its remaining tasks have not decreased commensurately. The current annual operating budget of the organization is EUR 5,857,618, identical to the previous year with no expected adjustment for inflation. Collecting budgeted funds remains challenging, with over EUR 700,000 of the budget uncollected in the 2024/25 financial year. As previously noted, the Russian Federation suspended its contribution to the Office's budget in February 2022, and this remains its position. The Office employs 82 national staff and 20 international staff, 16 of whom are seconded to Sarajevo, or to regional and field offices.
153. To achieve progress on the 5+2 Agenda, it is imperative to maintain a robust and efficient Office of the High Representative. Its capacity to fulfil its mandated responsibilities is highly dependent on the appropriation of necessary resources. The current financial situation is not commensurate with the goals established by the Steering Board of the Peace Implementation Council and could endanger the achievement of the mandate of the Office of the High Representative.

XI. Reporting Schedule

154. I submit this report in accordance with the requirement in UN Security Council Resolution 1031 (1995) for the High Representative to submit regular reports to the Secretary-General for transmission to the Security Council. Should the Secretary-General or any member of the Council require further information, I am at their disposal. The next regular report is scheduled for May 2026.