



# **Bosnia and Herzegovina Analytical Report**

April 2022

# Table of contents

- 1.0 Executive Summary..... 3**
- 2.0 Key Political Developments..... 4**
  - 2.1 Russian invasion of Ukraine raises security concerns in Bosnia..... 4
  - 2.2 Bosnian electoral reform fails again..... 8
- About..... 12**
- Contact..... 12**

# 1.0 Executive Summary

The start of the Russian invasion of Ukraine on February 24 has added an additional layer of complexity to the ongoing, already serious crisis in Bosnia and Herzegovina (BiH). Many officials and experts expressed concerns that Moscow could use its strong local influence to fuel new political problems and/or orchestrate ethnic incidents in order to destabilize the country or the entire Balkan region, thus drawing away at least some Western attention from Ukraine.

On the other hand, the strong and united response of the USA and EU to this invasion, has at least temporarily halted local political quarrels and zero sum games, as local politicians opted not to provoke Western wrath and possible sanctions. However, this effect already seems to be wearing off as the EU's internal divisions and disagreements resurfaced again, especially after the recent elections in Hungary and another resounding victory for Viktor Orban. After Orban blocked EU sanctions against Bosnian Serb leader Milorad Dodik and clashed with Ukrainian President Volodymyr Zelensky, Dodik has shown signs of returning to his secessionist agenda.

Meanwhile, the preoccupation of US and EU leaders with the war in Ukraine – as well as their apparent lack of understanding of the seriousness of Bosnia's crisis – has contributed to the failure of yet another Western-mediated round of negotiations on electoral reform. If no solution is found for this issue in the next few weeks, Bosnia's electoral system - and with it the governments' legal continuity – could be seriously threatened if Bosnian Croat leaders – backed by their Bosnian Serb allies - live up to their pledge to block the holding of upcoming elections scheduled for October 2022.

## 2.0 Key Political Developments

### 2.1 Russian invasion of Ukraine raises security concerns in Bosnia

The beginning of the Russian invasion on Ukraine has fueled security concerns and fears of a possible [spillover](#) of the war from Ukraine to other European hotspots where Moscow has military or political leverage, such as South Ossetia, Transnistria or Bosnia-Herzegovina.

These fears were further inflated by social and mainstream media reports about gatherings of some paramilitary and/or militant groups, which appeared in the public domain before or after the beginning of the Russian invasion of Ukraine. These included reports about gatherings of [Zelene Beretke](#) (Green Berets – a Bosniak paramilitary group established at the beginning of the war in 1992), or the [Chetnik Ravnogorski movement](#) (a Serb guerilla group originally established during the Second World War). While some of these gatherings were eventually banned by local police, fears among the wider population in Bosnia remain elevated about potential renewed conflict in the country.

On the same day Russia launched its attack on Ukraine, BiH's EU-peacekeeping force EUFOR [announced](#) that it was beefing up its peacekeeping force in Bosnia from 600 to 1,100 amid a 'deterioration of the security situation internationally'. EUFOR reinforcements arrived to BiH within the next few weeks and were quickly deployed in patrols across the country, but especially in those regions where local security sources reported increased ethnic tensions, such as in Zvornik, Brcko and Prijedor. EU sources said that additional reinforcements will be approved in the near future, including possibly also German soldiers. The increased EUFOR presence has somewhat calmed tensions in the country, but they have also raised some eyebrows and triggered speculations that the US and EU are building up their military presence in the country as a deterrent against any possible Russian destabilization efforts, but also in case the West needs to use its executive powers embodied in the Office of the High Representative, OHR, which may require EUFOR's backup.

Meanwhile, reports from sources close to the leader of the Bosnian Serb ruling party, the Alliance of Independent Social Democrats (SNSD), and Serb member of the State Presidency Milorad Dodik suggest that these fears may not have been completely groundless. Namely, several Bosnian Serb and Serbian sources claimed to BIRN that in early March, Moscow offered its support to Dodik in case he decided to declare the independence of BiH's Serb-dominated entity of Republika Srpska. Such reports could not be independently confirmed, yet several [recent statements](#) from the Russian ambassador to BiH, Igor Kalabuhov, were interpreted as indirect Russian threats if BiH would try to join Western sanctions against Russia, or get move to NATO.

However, the same sources also told BIRN that – rather than taking up the Russian offer of support - following the strong Western reaction to the Russian invasion of Ukraine, Dodik had decided to halt his separatist initiatives and keep a low profile, not wanting to provoke possible new sanctions against himself or RS.

Initially, the Russian invasion of Ukraine and the strong international reaction had a noticeable effect on Bosnian politicians, encouraging them to tone down their usual confrontational rhetoric. Yet the effect on BiH politicians of the strong and united Western response to the war in Ukraine seem to be wearing off already, especially after Hungarian Premier Viktor Orban on March 18 [blocked](#) eventual EU sanctions against Dodik or other local politicians. A new hardening of positions by Dodik and his followers was evident already on April 7<sup>th</sup>, when Dodik openly criticized German intentions to send their troops to boost EUFOR, comparing German soldiers with Nazi ones who ‘helped (the Croat World War II) [Ustasha regime in killing Serbs.](#)’

This statement drew strong reactions from some of the [German](#) and [EU](#) officials, and probably contributed to Berlin's eventual decision to impose sanctions against some BiH officials, which EU sources said may be coming in the next few weeks. On the same day, local media reported that the Republika Srpska Official gazette has published a [new law on property](#), which the RS National Assembly adopted on February 10. This law is believed to be in violation of the BiH Constitution and OHR decisions, which was quickly annulled and condemned by the [High Representative Christian Schmidt](#).

Meanwhile, local parties once again intensified their zero-sum games on different administrative levels, which seemed to be at least temporarily put on hold immediately after the start of the war in Ukraine and strong Western reaction to this. The war in Ukraine also became caught up in local political clashes. Bosniak officials started taking

diplomatic actions and positions towards the war in Ukraine without required consultations with the BiH Presidency, despite repeated complaints from the Serb member of the presidency, Dodik. On March 2 the BiH ambassador at the UN Sven Alkalaj [voted](#) for the resolution condemning the war in Ukraine, while on the same day the Foreign Minister, Bisera Turkovic [informed](#) the EU that BiH will align itself with the EU sanctions against Russia. On April 7<sup>th</sup>, Alkalaj also [voted](#) for the expulsion of Russia from the UN human rights council.

Bosniak, EU and US officials claimed that these votes did not require consultations with the presidency, as they were in line with BiH's obligations stemming from the Stabilization and Association Agreement (SAA), which Bosnia signed with the EU in 2008. Dodik and some other Bosnian Serb and Croat officials said this was yet another example of Bosniak officials monopolizing state institutions for their political purposes. Still, Dodik failed to challenge these actions by launching the official process for the protection of the Vital National Interest (VNI).

Local sources said that Bosniak politicians tried to use this situation to provoke Dodik into a new radicalization, while Dodik used the situation to score PR points among conservative Bosnian Serbs but still stopped short of launching an official process that would draw further Western attention to himself (and possibly new sanctions). In return, representatives of the SNSD and Croat Democratic Union (HDZ) [blocked](#) the State Parliament from adopting a resolution condemning Russian aggression against Ukraine on March 31<sup>st</sup>. The political deadlock was also made obvious as the Bosnian Parliament, in the course of March, [failed to agree](#) on several proposed laws – including reduction or abolishment of an excise tax on fuel and reduction of Value Added Tax (VAT) – that were supposed to mitigate the negative impact of the sharp increase of prices on the already poor living standards in the country.

Tensions increased even further on April 11<sup>th</sup>, when first the UK and then US government announced new sanctions against BiH politicians. The UK government imposed [sanctions](#) against Dodik and his SNSD colleague and RS President Zeljka Cvijanovic, which include a travel ban and seizing of any eventual properties that Dodik and Cvijanovic may have in the UK. Only moments later, the US Treasury published [a new list of sanctions](#) against Balkan officials, which include the former Secretary General of the main Bosniak Party of Democratic Action (SDA) Asim Sarajlic, and former chief BiH prosecutor Gordana Tadic, known to be close to Dodik and his party.

Local sources said that neither UK nor US sanctions would have any direct effect on the listed BiH officials, since none of them is known to have property in these two countries. Yet sources said that it is likely that Dodik will probably try to use these sanctions to rally Bosnian Serbs behind himself, which was often the case with Western sanctions against Bosnian Serb leaders in the past. However, UK sanctions could block any future attempt of the RS to sell its bonds on London's financial markets, as it did in [2021](#). That scenario, as well as further sanctions against RS officials that are expected from Germany and some other EU countries, could bring RS into serious financial crisis already by the end of this year.

## 2.2 Bosnian electoral reform fails again

EU and US negotiators - EEAS' Angelina Eichhorst and the new US ambassador to BiH Michael Murphy - held another round of negotiations on electoral reform during March 18-20, yet even those talks ended without an agreement. Weeks later, local media and politicians still present conflicting information about the outcome of these negotiations and blame each other for their failure. This media chaos was made possible by US and EU officials, who once again failed to provide any details about the process and outcome of the talks, which caused new frustrations among not only local media but also Western diplomats, who have been complaining after each round of negotiations that Western negotiators are withholding information about what was offered and what occurred during the talks.

After the talks ended, Murphy indirectly pointed the finger at the ruling Bosniak and Croat parties, telling journalists that [‘SDA and HDZ failed to reach a reasonable agreement,’](#) but failed to provide any further details. Even EU ambassadors were frustrated because they were not given documents that were discussed, although they were given a general briefing by the EU delegation about what happened during the talks, sources said.

A senior US source, who participated in these negotiations, said these talks came “an inch from a deal” and that they were “never so close to an agreement” adding that this fact “makes it even more so frustrating” because the talks eventually failed.

The source said that the negotiating team has in this round of negotiations paid more attention to the issues related to the election and functioning of the FBiH House of Peoples, as they understood that this needs to be done in order to respect and implement the ruling of the BiH Constitutional Court in the Bozo Ljubic case.

The source added that by the end of the first day of negotiations, on Friday evening, all state-level issues (meaning the formulation of the makeup of the BiH presidency and modality for the election of the two members from the FBiH) have been agreed upon by all sides. On the second day, the teams went deeper into the issues related to the establishment and work of the Federal House of Peoples (FBiH HoP). This has become the biggest dispute between Bosniak and Croat officials in recent months - whereas Croats insisted on retaining the Croat caucus in the FBiH HoP, and even asked for an increase in the number of its MPs (which would help them achieve that goal), SDA leader

Izetbegovic repeatedly called for the reduction of the Chamber's competencies, explaining that this would be required to limit or remove the HDZ's capacity to block all key decisions in the Federation entity thanks to its majority in the Croat caucus in that body.

By the end of the second day of negotiations (Saturday evening), US negotiators proposed a solution, which kept the same number of MPs in the FBiH HoP (3x 17 MPs from each of the ethnic groups), but regulated and limited cases in which this body could invoke the use of the Vital National Interest (VNI) clause. VNI is a mechanism established in the Dayton Peace Agreements which allows each of the three ethnic groups at the state or entity level to invoke the VNI whenever they deem that their strategic interests are threatened. Once invoked, that issue is eventually ruled upon first by the entity, and then, if necessary, by the state Constitutional Court.

At that point, to a great surprise of many, HDZ leader Dragan Covic said that this proposal 'represents a good basis for further discussion'. However, there are conflicting views even among international officials over what exactly Covic's statement meant. Some US and EU officials took this statement as a sign that Covic has accepted their proposal, while others warned that Covic is a master of drawing out processes and stressed that his statement most likely meant exactly what he said – a good basis for further discussions.

However, it was eventually Izetbegovic who torpedoed these negotiations by rejecting this proposal and insisting on a further reduction of competencies of the FBiH HoP. In essence, Izetbegovic said that the FBiH HoP should not be passing any legislation (as they currently have almost the same role as the other chamber, the House of Representatives, and have to approve each piece of legislation in the same format as the lower House, in order to make it legally binding). Izetbegovic insisted that the FBiH HoP should only be dealing with VNI cases in the FBiH Parliament.

Local sources said that the main reason why Izetbegovic has hardened his negotiating position, almost in the middle of the talks, was related to the influence of his wife. Namely, on Saturday afternoon Izetbegovic stepped out of the negotiations to address a group of SDA women from Sarajevo canton, led by his wife Sebija. Local media showed several video clips from that event, which revealed how Sebija and other SDA women were pressing Izetbegovic ['not to give up'](#) in the negotiations. US sources also confirmed

that after Izetbegovic returned to the talks from this event, he was clearly antagonized and hyped up.

Two other Bosniak representatives at the negotiations, Elmedin Konakovic from the People and Justice Party (NIP) and Fahrudin Radoncic from the Alliance for a Better Future (SBB) rejected Izetbegovic's idea, saying that it was ludicrous for Bosniaks to demand that the HoP in the Federation entity to be downgraded to the role of the Council of Peoples in Republika Srpska, while at the same time requesting that the RS Council of Peoples be upgraded to the role of the House of Peoples in the Federation.

Western negotiators tried to accommodate Izetbegovic's request and offered a new proposal, which offered another compromise according to which the legislative power of the FBiH HoP would be reduced only to the issues specifically listed in the FBiH Constitution. Yet such a proposal was flatly rejected by Covic, upon which negotiations ended.

After the breakup of these talks, all US and most EU officials said that this was indeed the very last attempt of the US and EU diplomats in mediating in electoral reform at this moment. They all also stressed that regardless of the failure of the talks, the elections should be held as planned in October.

However, local and some international sources said the situation was far from resolved and far from simple.

In fact, local and Western sources confirmed that after the latest failure of electoral reform negotiations, Croatian Premier Andrej Plenkovic started lobbying very hard for the EU and US to try one more time to reach an agreement among BiH politicians. Sources said that Plenkovic's engagement derives mostly from his realization that in case of the final failure of talks, the HDZ in BiH – with or without the SNSD's assistance – would try to undermine or even block the October elections. This scenario would put Plenkovic in a tight spot between the EU on one side and Croat and Bosnian Croat hard-liners on the other.

By early April, there were still no clear signs that the talks would resume, since both EU and US officials said they would engage in one more round only in case local politicians would indicate that they would be willing to accept the last offered proposal for reform. However, sources said that there were indications by early April that Covic was ready to concede and accept that document. The problem is that local and international

negotiators were running out of time because the BiH Central Election Commission (CEC) was expected to announce elections by the end of April.

Meanwhile, the HDZ was clearly continuing to obstruct the holding of general elections by blocking decisions that were supposed to provide the funding for the elections. After BiH Finance Minister Vjekoslav Bevanda (from the HDZ) used technicalities and odd explanations to reject several CEC requests for funds, this issue has now been referred to the Council of Ministers, but there the HDZ – as well as the SNSD – are expected to continue blocking this process. Western sources said that this situation may force BiH High Representative Schmidt to use his powers to provide funding for the October elections, but local sources say that the HDZ and SNSD could still hold a few cards up their sleeves in this battle for the October ballot.

## About

The Bosnia and Herzegovina Analytical Report series is produced by BIRN Consultancy, part of BIRN Ltd. BIRN Consultancy is an independent analysis, advisory and corporate investigation consultancy with a regional focus on the Balkans. Our mission is to help our clients better understand both the opportunities and challenges facing them in the south-east Europe. Often, our clients already have a degree of familiarity with the region. They turn to us for more detailed analysis of developments and trends or to investigate a particular problem, because our unique mix of knowledge and expertise gives us a competitive edge over others.

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