



Security Council

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Letter dated 1 May 2019 from the Secretary-General addressed to the President of the Security Council

Pursuant to Security Council resolution [1031 \(1995\)](#), I have the honour to transmit the fifty-fifth report on the implementation of the Peace Agreement on Bosnia and Herzegovina, covering the period from 16 October 2018 to 15 April 2019, which I received from the High Representative for Bosnia and Herzegovina (see annex).

I should be grateful if you could bring the report to the attention of the members of the Security Council.

(Signed) António **Guterres**



Annex

Letter dated 17 April 2019 from the High Representative for Bosnia and Herzegovina addressed to the Secretary-General

Pursuant to Security Council resolution [1031 \(1995\)](#) of 15 December 1995, in which the Council requested the Secretary-General to submit to the Council reports from the High Representative on the implementation of the Agreement, in accordance with annex 10 to the General Framework Agreement for Peace in Bosnia and Herzegovina and the conclusions of the London Peace Implementation Conference of 8 and 9 December 1995, I herewith present to you the fifty-fifth report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina. I would ask that this report be distributed to the members of the Security Council for their consideration.

This is my twenty-first regular report to the Secretary-General since assuming the post of High Representative and European Union Special Representative on 26 March 2009. The present report covers the period from 16 October 2018 to 15 April 2019.

Should you or any Council member require any information beyond what is provided in the attached report or have any questions regarding its contents, I should be pleased to provide you with it.

(Signed) Valentin **Inzko**

Fifty-fifth report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina

Summary

The present report covers the period from 16 October 2018 to 15 April 2019. At the outset, I note with sadness the passing in December of one of my predecessors as High Representative, Lord Paddy Ashdown. Lord Ashdown oversaw great changes in Bosnia and Herzegovina, which contributed to the stabilization of the country, setting it firmly on the path towards European integration. However, more work remains to ensure the full implementation of the General Framework Agreement for Peace.

As the general elections of 2018 in Bosnia and Herzegovina occurred just prior to the submission of my previous report, the past six months have been largely consumed with the post-election formation of authorities in the country. The State-level Bosnia and Herzegovina Council of Ministers, the Federation entity government and 4 of the 10 cantonal governments have yet to be appointed. The Republika Srpska National Assembly appointed a new Republika Srpska entity government swiftly, before the end of December, as did the Sarajevo Cantonal Assembly, where the new government is led by a group of civic-oriented parties.

The delay in forming the State Council of Ministers and the Federation government stems from disagreements between the largest ethnic-based parties on necessary electoral reforms and the aspirations of Bosnia and Herzegovina with regard to the North Atlantic Treaty Organization, as well as inter-party politics in the Federation. On the positive side, concrete discussions among parties about a State-level government appear to be well advanced, and the international community is expecting a new Council of Ministers to be formed as quickly as possible, focused on a forward-looking agenda of reforms.

The leaders of Bosnia and Herzegovina have remained committed to the country's aspirations for integration with the European Union. In February, the Bosnia and Herzegovina Council of Ministers (under a technical mandate) finalized official responses to 655 follow-up questions to the European Commission questionnaire. The Chair of the Bosnia and Herzegovina Presidency, Milorad Dodik (Alliance of Independent Social Democrats (SNSD)), personally delivered the follow-up responses in Brussels in March. The European Commission has announced the possible issuance of an opinion by the end of May.

The election of Željko Komšić, leader of the civic/non-ethnic-based political party Democratic Front, as the Croat member of the Bosnia and Herzegovina Presidency, prompted significant backlash from the main Croat political party, the Croatian Democratic Union (HDZ Bosnia and Herzegovina), whose officials persistently refer to Mr. Komšić as an "illegitimate" representative of the Croat people. In December, the Croatian Parliament adopted a declaration criticizing Mr. Komšić's election and calling for constitutional changes. In January, the Croat National Assembly of Bosnia and Herzegovina – an umbrella organization of Croat-prefix parties – adopted a similar declaration, which also, regrettably, rejected certain Croat-related rulings of the International Tribunal for the Former Yugoslavia.

In March, the Appeals Chamber of the International Residual Mechanism for Criminal Tribunals increased the sentence against Radovan Karadžić, for genocide, crimes against humanity, and violations of the laws or customs of war, to life imprisonment. It is regrettable that many in Bosnia and Herzegovina continue to

promote revisionist narratives about the conflict and to deny the genocide in Srebrenica, which was confirmed by two international tribunals. In this context, the Republika Srpska appointed commissions to reopen the interpretation of events in Srebrenica and Sarajevo from 1992 to 1995. These commissions will bring very little historical value or contribute to justice and reconciliation as the events in Bosnia and Herzegovina are accurately documented, including as a part of legal processes against perpetrators of war crimes by domestic and international courts.

On a positive note, the Srebrenica Municipal Assembly adopted by an overwhelming majority of Bosniak and Serb representatives a decision to build a peace monument in Srebrenica, signalling their commitment to peace and a better future in Srebrenica. The international community should continue to encourage much-needed reconciliation among all groups in Bosnia and Herzegovina.

In January, the largest Bosniak party, the Party of Democratic Action (SDA), announced its intention to initiate a procedure before the Constitutional Court of Bosnia and Herzegovina to dispute the name of the Republika Srpska. The President of SDA, Bakir Izetbegović, stated that his party launched the initiative because Bosniaks and Croats are discriminated against in the Republika Srpska and in response to what he said were efforts by the main Republika Srpska-based party, SNSD, against Bosnia and Herzegovina, its territorial integrity and its Euro-Atlantic path. Although SDA has not followed through on the announced initiative, I nonetheless underline that the Bosnia and Herzegovina Constitution recognizes that Bosnia and Herzegovina consists of two entities, the Federation and the Republika Srpska. The Steering Board of the Peace Implementation Council has repeatedly expressed its commitment to the fundamental structure of Bosnia and Herzegovina as a single, sovereign State comprising these two entities.

Predictably, the announced initiative stalled political negotiations and also led SNSD and other Serb parties to threaten secession if the initiative were to proceed.^a Unrelated to these developments, certain officials from the Republika Srpska continued to make frequent statements denying the statehood of Bosnia and Herzegovina, while advocating for the secession of the Republika Srpska and a union with Serbia, saying for instance that the Republika Srpska is “already separated”.^b

In this context, under the authority vested in me under annex 10 to the General Framework Agreement, I reiterate that the entities have no right to secede from Bosnia and Herzegovina and that the Agreement guarantees the sovereignty and territorial integrity of Bosnia and Herzegovina and the internal constitutional position of the entities, the Republika Srpska and the Federation.

^a “If this reaches the Constitutional Court, we have said ... We all gathered, both the government and the opposition, and said that we would undertake measures for determining our status. There should be no doubt over what that would mean, we will undertake measures, carry out a referendum and secede from Bosnia and Herzegovina.” (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, RTS, *Uptinik*, 26 February 2019)

^b “[Foreigners] know that Serbs would secede from Bosnia and Herzegovina at the first opportunity to do it without violence and war, and Milorad Dodik is not the only one who thinks so, but the majority of people.” (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, Radiosarajevo.ba/Srna, 10 January 2019)

“Bosnia and Herzegovina is not the place of our freedom, our freedom is only the Republika Srpska connected with Serbia, and that is what we see.” (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, Radiosarajevo.ba/Srna, 10 January 2019)

“We are already separated, it just has not been declared yet (...) The most stable option would be if Serbs were to unite in a single prosperous state of Serbia.” (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, *Večernje Novosti*, 15 April 2019)

I. Introduction

1. This is my twenty-first regular report to the Secretary-General since assuming the post of High Representative for Bosnia and Herzegovina in 2009. It provides a narrative description of progress made towards goals outlined in previous reports, registers factual developments, logs relevant citations, and provides my impartial assessment of implementation of the General Framework Agreement for Peace in key areas within my mandate. I have focused on addressing those areas in line with my responsibility to uphold the civilian aspects of the Agreement. I have thus continued to encourage the Bosnia and Herzegovina authorities to make progress on the five objectives and two conditions necessary for the closure of the Office of the High Representative, which presupposes full compliance with the Agreement. It is imperative to insist that the authorities remain focused on full compliance, otherwise we risk encouraging further rollback of the reforms enacted to implement the Agreement.

2. I continue to focus on fulfilling my mandate in accordance with annex 10 to the General Framework Agreement for Peace and relevant Security Council resolutions. My office also fully supports the European integration aspirations of Bosnia and Herzegovina as reflected in the adopted decisions of Bosnia and Herzegovina institutions.

II. Political update

A. General political environment

3. The main victors of the general elections of October 2018, the Party of Democratic Action (SDA), the Croatian Democratic Union of Bosnia and Herzegovina (HDZ Bosnia and Herzegovina) and the Alliance of Independent Social Democrats (SNSD), began serious discussions aimed at an agreement on a State-level coalition in March 2019, some four months after the announcement of the election results. An extended period of debate about whether any of the civic parties would join SDA at the State and Federation levels has been a major stumbling block, but the Democratic Front (DF) is now seemingly ready to do so. In addition, disagreement about Bosnia and Herzegovina submitting the annual national programme to the North Atlantic Treaty Organization (NATO) has delayed an agreement. In March, the leaders of the three parties announced agreement on a set of 10 principles the State-level coalition would follow in governing, but have not held serious talks aimed at overcoming the impasse on the annual national programme or on the distribution of ministerial portfolios.

4. At the Federation level, a continued alliance between SDA and HDZ Bosnia and Herzegovina is considered a foregone conclusion, although this has been delayed as a third partner is sought by SDA to solidify parliamentary support for the coalition. In the Federation, the formation of authorities may also depend on HDZ Bosnia and Herzegovina's insistence on the adoption of amendments to the Bosnia and Herzegovina Election Law, including amendments to resolve what it sees as the issue of "legitimate representation" of constituent peoples, prior to the appointment of a new Federation government.

5. Initially after the elections, some Federation-based civic-oriented political parties tried to form a coalition without SDA within the Federation, eventually succeeding in doing so in the Sarajevo Canton. In the Una-Sana Canton, the Party for Democratic Activity leads the governing coalition, also excluding SDA. In the remaining four cantonal governments which have been formed, SDA or HDZ Bosnia

and Herzegovina dominate the coalitions. Four additional cantons are still without newly appointed governments.

6. In the Republika Srpska, SNSD, as the party with the largest electoral support, maintained a governing coalition with the Democratic People's Alliance and the Socialist Party of Republika Srpska. Following the elections, the coalition of Republika Srpska opposition parties, the Alliance for Victory, has fallen apart, as the People's Democratic Movement joined the ruling coalition and the Serb Democratic Party faced a significant number of defections of members who support the ruling coalition.

7. Demonstrations which began early in 2018 in Banja Luka over what activists alleged was a cover-up by the authorities in the suspicious death in March 2018 of a young student, came to an abrupt end in December, when Republika Srpska police forcibly removed protesters from the city's main square. Republika Srpska authorities labelled the protesters as "terrorists" attempting a coup d'état. This development comes as the Republika Srpska authorities are considering new legislative changes, over which there are concerns about meeting important international human rights standards such as freedom of assembly.

8. At the time of the writing of this report, the international community is also following the intended changes to the Law on Police and Internal Affairs which, among others, creates Republika Srpska reserve police forces. The moves of the Republika Srpska authorities towards establishing a reserve police prompted strongly worded statements from a number of Federation-based parties to the effect that the Federation would consider countering with a similar initiative. Along with the announcement that the Republika Srpska will criminalize disrespect for the decisions of the Republika Srpska political authorities and re-criminalize defamation, the efforts seem directed at controlling the activities of citizens, sometimes to the detriment of their democratic rights and fundamental freedoms.

9. In its final report on the 2018 general elections in Bosnia and Herzegovina, the Office for Democratic Institutions and Human Rights of the Organization for Security and Cooperation in Europe made several critical recommendations to improve the integrity of the election process in Bosnia and Herzegovina. Many of those recommendations had already been made after previous election cycles, but remained unimplemented. It is imperative that the authorities address these issues well before the next elections, which are expected to be held at the local level in October 2020.

10. The lack of commitment to the rule of law throughout the country, highlighted in my earlier reports, including one special report devoted to the issue, remains a serious problem. Authorities at all levels continue to disregard or reject binding decisions of the judiciary. In the reporting period, the Federation-based parties have made no effort to resolve issues stemming from the decision of the Constitutional Court of Bosnia and Herzegovina in the *Ljubić* case or from the Court's decision on the electoral system of the City of Mostar, as a result of which local elections have not been held in Mostar since 2008. The Republika Srpska continues to refuse to adhere to judgments of the Constitutional Court and the Court of Bosnia and Herzegovina concerning the registration of defence property and decisions of the Constitutional Court regarding the Republika Srpska Day holiday on 9 January. While no one disputes the Republika Srpska having its day, it must be organized in accordance with the legal framework and with respect for the rule of law. At a March session of the Republika Srpska National Assembly, the Republika Srpska Minister of Justice announced discussions within the Republika Srpska government on establishing an entity-level high judicial and prosecutorial council, which would represent a serious rollback of judicial reforms.

11. The outstanding obligation of several cantons in the Federation, including the Herzegovina-Neretva (Mostar) Canton, to amend their constitutions to harmonize them with the entity constitution and to ensure the full equality of Serbs as a constituent people is another specific area where I continue to urge local authorities to respect the rule of law. In May 2018, the Federation Constitutional Court issued a new decision requiring three cantons to amend their constitutions accordingly, which none have done.

12. In addition to the issue of unimplemented court decisions, Bosnia and Herzegovina is also facing a problem with deep-rooted public disappointment in the criminal justice system's seeming incapacity to tackle corruption and deal with organized crime. This has been reflected in two cases, one in Banja Luka and the other in Sarajevo, of young men killed under suspicious circumstances, in which activists allege a cover-up by the authorities. During his visit to Bosnia and Herzegovina in March, the European Commissioner for European Neighbourhood Policy and Enlargement Negotiations, Johannes Hahn, met with the parents of the two young men, David Dragičević and Dženan Memić. These cases are symptomatic of the profound disappointment of many citizens in the state of the rule of law throughout Bosnia and Herzegovina.

Formation of the Federation House of Peoples after the general elections

13. As previously reported, the absence of provisions in the Bosnia and Herzegovina Election Law regulating the election of delegates to the Federation House of Peoples threatened to complicate the post-election process of government formation. Since the relevant parliaments failed to address this issue, the Bosnia and Herzegovina Central Election Commission stepped in in December, adopting as a temporary solution an instruction on how cantonal assemblies should proceed to elect their delegates to the House of Peoples. The instruction also included a procedure for ensuring that all allocated seats in the Serb caucus of the House of Peoples would be filled, addressing a long-standing problem. Looking ahead there is a need to resolve these issues permanently through the adoption of appropriate legislative changes.

14. While the Central Election Commission in its instruction recognized the direct applicability of the Federation Constitution vis-à-vis the need for representation of all constituent peoples in each canton when possible,¹ several political actors believed it ignored another provision of the Federation Constitution related to the census, prompting legal challenges. Following the rejection by the Constitutional Court of Bosnia and Herzegovina, on 31 January, of a request by SDA representatives in the Federation House of Representatives, on 17 February the Central Election Commission certified the results of the indirect election of delegates to the Federation House of Peoples for 55 out of 58 seats, leaving three remaining seats to fill in the Serb caucus. On 5 March, pursuant to its decision of 27 February on the criteria and procedure for the allocation of missing mandates in the Federation House of Peoples, the Central Election Commission allocated the three missing mandates in the Serb caucus.

B. Decisions of the High Representative during the reporting period

15. Despite frequent challenges to the rule of law and the General Framework Agreement for Peace during the reporting period, I continue to refrain from using my

¹ The Constitutional Court of Bosnia and Herzegovina has not yet decided on a legal challenge to this provision filed by the then Chair of the Bosnia and Herzegovina House of Representatives, Borjana Krišto (HDZ Bosnia and Herzegovina), in January 2018.

executive powers, in accordance with the policy of the Peace Implementation Council Steering Board emphasizing “local ownership” over international decision-making.

C. Five objectives and two conditions for the closure of the Office of the High Representative

Progress on objectives

16. During the reporting period, the Bosnia and Herzegovina authorities made limited progress towards meeting the requirements of the 5+2 agenda established by the Steering Board of the Peace Implementation Council as necessary for the closure of the Office of the High Representative.

State and defence property

17. My office continues to advocate for the adoption of comprehensive State-level legislation fully based on the principles of the 2012 decision of the Constitutional Court of Bosnia and Herzegovina as the only acceptable and sustainable resolution of the issues of State and defence property. The Office of the High Representative also continues efforts to monitor the adoption and implementation of relevant property-related laws and decisions aimed at protecting the interests of the State of Bosnia and Herzegovina prior to the enactment of appropriate legislation. This also refers to implementation of the Law on the Temporary Prohibition of Disposal of Bosnia and Herzegovina State Property, better known as the State Property Disposal Ban, violations of which represent serious challenges to the rule of law and may produce legal, practical and financial complications for all parties involved.

18. Although the requirement to register prospective military property located in both entities is a condition for Bosnia and Herzegovina participation in the NATO membership action plan, it is primarily a rule of law issue separate from the NATO context. The requirement stems from final and binding decisions of the Court of Bosnia and Herzegovina and the Constitutional Court of Bosnia and Herzegovina, the Succession Agreement, the Bosnia and Herzegovina Law on Defence, and relevant decisions of the Bosnia and Herzegovina Presidency.

19. The continuing refusal of competent Republika Srpska authorities and senior Republika Srpska officials to implement those legally binding decisions presents a serious challenge to the rule of law. For example, for nearly three years, the Republika Srpska Administration for Geodetic and Property-Related Legal Affairs has failed to enforce a final decision of the Court of Bosnia and Herzegovina in the case of the prospective defence location in Han Pijesak and register that property under the ownership of the State of Bosnia and Herzegovina.

Fiscal sustainability

20. In accordance with my mandate, including my coordination responsibilities, the Office of the High Representative continued to follow, analyse and report on developments and legislative actions related to fiscal sustainability in Bosnia and Herzegovina. Fiscal sustainability, understood as the government’s ability to maintain credible revenue levels and service its obligations in the long run, is crucial to functional governance at all levels. The activities of the Office in this area included monitoring and reporting to the Peace Implementation Council Steering Board on the activities of the Governing Board of the Bosnia and Herzegovina Indirect Taxation Authority, in which the Office of the High Representative is the only representative of the international community, and the Bosnia and Herzegovina Fiscal Council.

21. The portion of the State budget allocated to the institutions of Bosnia and Herzegovina (as opposed to debt servicing) has been frozen at the same level since 2012. While this has so far allowed for the basic functioning of the State institutions, I am concerned about the State authorities' ability to meet the challenges of the country, including responding to emergencies, fulfilling international obligations and meeting the requirements under European integration, without the ability to budget for their needs.

22. While the Bosnia and Herzegovina Fiscal Council held no sessions in the reporting period, the Governing Board of the Indirect Taxation Authority held five, one of which (on 5 December) was interrupted for lack of a quorum. Subsequent sessions showed no substantive change in entity approaches to the settlement of outstanding mutual debts arising from indirect tax revenue allocations over the past seven years. The entities continued their disputes over revenue allocation coefficients, which have not been adjusted since the second quarter of 2017. The failure to adjust coefficients and settle debts in line with the Governing Board regulations results in inter-entity debt, undermines confidence and provides a pretext for challenges to the indirect tax system and its institutional structure. The existing indirect tax system is the backbone of Bosnia and Herzegovina's fiscal stability and essential to the functioning of governance institutions at all levels in the country.

23. Challenges to the indirect tax system and its institutional structure also stem from a continued lack of trust within the Governing Board of the Indirect Taxation Authority and the perception of its abuse for political party interests. The most recent demonstration of it was the session of the Board held on 27 March, at which it debated criminal charges filed by the Federation Prime Minister (SDA) against the State and Federation Finance Ministers (HDZ Bosnia and Herzegovina) for alleged financial damage to the Federation caused by their support in July 2018 for the temporary share of road toll revenues intended for road and highway construction. The Board adopted an opinion rejecting the allegations.

Brcko District

24. During the reporting period, my new Principal Deputy and Supervisor for Brcko District, Michael Scanlan, invested efforts to incentivize the District leadership to make progress on reforms aimed at strengthening the stability, efficiency and accountability of institutions, reinforcing the rule of law, creating economic opportunities and improving the well-being of citizens.

25. In March, the Brcko District Finance Directorate commenced the fiscalization process in line with the 2016 Law on Fiscal Systems, prepared with expert assistance from the Office of the High Representative. The introduction of fiscal cash registers will further integrate the District into the Bosnia and Herzegovina legal system and empower its institutions to fight the grey economy and generate revenue. Until now, Brcko District was the only place in Bosnia and Herzegovina outside the fiscalization system, with negative implications for the country's efforts to prevent tax evasion.

26. Also in March, the Brcko District Assembly adopted the long outstanding loan agreement for the modernization of Brcko Port, unlocking financing by the European Bank for Reconstruction and Development and the European Union for this infrastructure investment. The modernization of the only river port in Bosnia and Herzegovina is expected to open the door to other infrastructure projects of public interest in Brcko and to contribute to the expansion of the business sector.

27. Late in March, prior to the expiry of the temporary financing period, the Brcko District Assembly adopted the 2019 budget, thus allowing for continued functioning of District institutions and the fulfilment of their obligations to budget beneficiaries. Earlier, on 18 March, the Assembly adopted a set of laws regulating salaries and

remunerations of employees in District institutions, to enter into force on 1 July 2019. This is the first time salaries have been harmonized in the District in 10 years.

28. During the reporting period, the Brcko District Finance Directorate, with expert support from the Office of the High Representative, also finalized a new draft law on budget aimed at improving fiscal discipline, transparency and responsibility in spending. The draft was submitted for review by relevant institutions early in April, prior to consideration by executive and legislative authorities, and its adoption is expected by September 2019.

Entrenching the rule of law

Bosnia and Herzegovina Law on Foreigners and Bosnia and Herzegovina Law on Asylum

29. My office continues to provide support and assistance to the Bosnia and Herzegovina authorities in implementing the 2015 Bosnia and Herzegovina Law on Foreigners and the 2016 Bosnia and Herzegovina Law on Asylum.

Anti-corruption efforts

30. Federation legislation establishing a special prosecutor and court department for fighting corruption and organized crime, adopted in 2014, remains unimplemented.

31. Following the recommendations of relevant international bodies, in the previous period the Bosnia and Herzegovina High Judicial and Prosecutorial Council adopted rules requiring the declaration of assets for judges and prosecutors. However, on 5 March, at the request of the Association of Judges of the Court of Bosnia and Herzegovina, the Bosnia and Herzegovina Agency for Protection of Personal Data prohibited the High Judicial and Prosecutorial Council from processing the personal data of judges and prosecutors. The Council announced that it would appeal that decision.

War crimes cases

32. On 30 November 2018, the Appellate Panel of the Court of Bosnia and Herzegovina acquitted the former commander of the Army of the Republic of Bosnia and Herzegovina forces in Srebrenica, Naser Orić, who was finally and bindingly acquitted by the International Tribunal for the Former Yugoslavia in 2008, and a fellow member of the Army, Sabahudin Muhić, of charges of war crimes against prisoners of war.

33. On 20 March 2019, the Appeals Chamber of the International Residual Mechanism for Criminal Tribunals confirmed the conviction by the Tribunal in 2016 of Radovan Karadžić, founding member of the Serbian Democratic Party who served as the first President of Republika Srpska and Supreme Commander of the Republika Srpska armed forces, for genocide, persecution, extermination, murder, deportation, and other inhumane acts (forcible transfer) as crimes against humanity, as well as for murder, terror, unlawful attacks on civilians, and hostage-taking as violations of the laws or customs of war in relation to his participation in the overarching joint criminal enterprise, the Sarajevo joint criminal enterprise, the Srebrenica joint criminal enterprise, and the hostages joint criminal enterprise. The Mechanism increased to life imprisonment the sentence imposed by the Trial Chamber of the Tribunal in 2016 of 40 years of imprisonment.

34. On 28 March 2019, the Appeals Chamber of the Court of Bosnia and Herzegovina confirmed the acquittal of the former battalion commander of the Croatian Defence Council, Mile Puljić, of charges of committing crimes against humanity in Mostar in 1993 and 1994. The Court of Bosnia and Herzegovina acquitted

Puljić in May 2018 but the Bosnia and Herzegovina Prosecutor's Office appealed the verdict and the Appeals Chamber ordered a retrial. With the confirmation of Puljić's acquittal, there can be no further appeal.

D. Challenges to the General Framework Agreement for Peace

Challenges to the sovereignty and territorial integrity of Bosnia and Herzegovina

35. As previously noted, during the reporting period, statements continued to be made challenging the sovereignty and territorial integrity of Bosnia and Herzegovina, the Bosnia and Herzegovina Presidency member Milorad Dodik being again the most frequent exponent of such proclamations.² In March, an association called the "Croatian Community of Herzeg-Bosna," in reference to the wartime breakaway proto-state, held a congress in Mostar, in which the wartime Herzeg-Bosna was praised.

36. In January, the Peace Implementation Council Steering Board responded to an announced intention that the name of one entity might be challenged in front of the Constitutional Court of Bosnia and Herzegovina, as well as statements threatening the secession of one of the entities, and the declaration adopted by the Croat People's Assembly on 26 January 2019, in which verdicts of the International Tribunal for the Former Yugoslavia were rejected. In response to these developments, the Peace Implementation Council called on parties to refrain from further divisive action and rhetoric and reiterated its "commitment to the territorial integrity and fundamental structure of Bosnia and Herzegovina as a single, sovereign state comprising two entities and that there will be no redrawing of the map of Bosnia and Herzegovina".

Republika Srpska position on military neutrality

37. As previously reported, in October 2017, the Republika Srpska National Assembly adopted its resolution on the protection of the constitutional order and the proclamation of military neutrality, by which the entity sought to proclaim "military neutrality", despite the exclusive competency of the State of Bosnia and Herzegovina for foreign policy under the constitution and despite the fact that the Bosnia and Herzegovina Presidency and other institutions had already adopted decisions on this issue. Since foreign policy and defence are State competencies, the resolution had no legal effect. However, the resolution has now been invoked as a reason for the Republika Srpska to reject the registration of prospective defence property in the Republika Srpska under the ownership of Bosnia and Herzegovina and the submission

² "When Kosovo declared itself independent, two days later we said: the moment Kosovo joins the [United Nations] and is accepted, we feel it is our right to secede our Republic. This is what our resolution states (...) Another thing, I will say this publicly for the first time, I think that in this regard, if there is such a constellation, Croats will also not miss the opportunity to secede from Bosnia and Herzegovina." (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, RTS, *Uptinik*, 26 February 2019)

"But at the same time, I cannot rule out any developments in the future, even a declaration of independence by the Republika Srpska, whatever the context may be. I think this is entirely rational." (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, *BHRT Jedan*, 4 April 2019)

"All if this will end with a referendum. The basic right on which we have conceptualized each of our activities is the right of a people for self-determination..." (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, *Espresso intervju nedelje*, 8 April 2019)

"Bosnia and Herzegovina is a failed state. That is clear to everyone except for international players." (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, RTRS, 9 April 2019)

of the Bosnia and Herzegovina annual national programme to NATO. In practical terms it is now being invoked to block crucial processes, which represents a direct challenge to several fundamental aspects of the General Framework Agreement for Peace, including the Bosnia and Herzegovina constitutional order and its sovereignty.

Rhetoric on war crimes

38. Senior political figures in the Republika Srpska continue to deny and belittle the genocide committed in Srebrenica, which has been confirmed by two international tribunals,³ and to reject the verdicts and findings of international courts in war crimes cases.⁴ Having in mind the Republika Srpska government report on Srebrenica, of 2004, which had officially acknowledged the involvement of Republika Srpska military and police forces in the events in Srebrenica of July 1995, this reversal highlights the extent to which the reconciliation process has deteriorated over the past several years. Similarly, as mentioned above, the Croat People's Assembly of Bosnia and Herzegovina, in its January declaration, also rejected certain rulings of the International Tribunal for the Former Yugoslavia.⁵

39. It is disturbing that after more than two decades since the war in Bosnia and Herzegovina ended, senior political figures and certain segments of society have failed to come to grips with the past and continue to deny judgments of the Tribunal and the Mechanism. Such attitudes greatly hinder the prospects for lasting reconciliation in the country.

III. State-level institutions of Bosnia and Herzegovina

A. Bosnia and Herzegovina Presidency

40. The newly elected members of the Bosnia and Herzegovina Presidency – Milorad Dodik (SNSD), Željko Komšić (DF) and Šefik Džaferović (SDA) – took their oaths of office on 20 November. While the members have been outspoken about their differences on a number of issues, the new Presidency held one regular and 19 urgent sessions, and has managed to find unity on several important topics.

41. In December the Bosnia and Herzegovina Presidency adopted two robust statements on European Union integration and the protection of Bosnia and Herzegovina property in Croatia. Subsequently, the Presidency members unanimously supported an agreement on the reduction of mobile roaming tariffs among Western Balkans countries, a request for reports on potentially hostile actions

³ “Genocide has not been committed, you know that. A serious crime was committed, which has been sanctioned in such a way that a significant number of perpetrators – almost all of whom were not defended by the [Republika Srpska] – have received their sentences for that, but those who have committed crimes against Serbs have not. And that’s the problem.” (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, Alternative TV Banja Luka, 15 January 2019)

⁴ “Did Karadžić make any decision to attack civilians somewhere? No.” (Bosnia and Herzegovina Presidency Chair/SNSD President Milorad Dodik, Pink TV, 19 March 2019)

⁵ “We reject the qualifications of the [International Tribunal for the Former Yugoslavia] on the Joint Criminal Enterprise that are unfairly and unfoundedly attributed to the Republic of Croatia, the Croatian Republic of Herzeg-Bosnia and the Croat Defense Council. Such a malicious qualification is unfortunately being used as an attempt to accomplish wartime goal of one side in the war in Bosnia and Herzegovina of eliminating the Croat people as a political subject in Bosnia and Herzegovina. The [Tribunal] was not qualified in the case “Prlić et al.,” nor is it qualified at all, as they themselves adjudicated in 2007, to decide on the matters of state responsibility, because they have criminal jurisdiction that extends only to individuals.” (Declaration of the Croat People’s Assembly, 26 January 2019)

of foreign intelligence agencies involving Bosnia and Herzegovina citizens, and requested Croatia to relocate a nuclear waste site planned near the Bosnia and Herzegovina border.

42. In January, the Presidency members paid a collective visit to the European Union headquarters in Brussels, praising the Union's commitment to Bosnia and Herzegovina and expressing hope that Bosnia and Herzegovina might achieve candidate status in 2019. Mr. Dodik travelled to Brussels again in March to deliver Bosnia and Herzegovina's follow-up responses to the European Commission questionnaire, and called on the Commission to issue an opinion that would bring Bosnia and Herzegovina closer to candidate status. Presidency members also individually visited Serbia, the Russian Federation and North Macedonia.

43. While all members support the European Union path of Bosnia and Herzegovina, NATO membership remains a contentious issue. Presidency members Messrs. Džaferović and Komšić insist that all relevant previously adopted decisions approving the NATO aspirations of Bosnia and Herzegovina must be respected, while Mr. Dodik opposes Bosnia and Herzegovina membership in NATO, citing the declaration of the National Assembly of the Republika Srpska of October 2017 on "the military neutrality" of that entity, linking the Republika Srpska position to the declared neutrality of neighbouring Serbia.

44. From his inauguration speech onward, Mr. Dodik, who chairs the Presidency for the first eight months, has emphasized his focus on the interests of the Republika Srpska, while Mr. Džaferović and Mr. Komšić advocate for strengthening the capacities of the Bosnia and Herzegovina State.

B. Bosnia and Herzegovina Council of Ministers

45. In the absence of a new Bosnia and Herzegovina Council of Ministers, the Council of Ministers from the previous mandate continued to meet regularly under a technical mandate, holding 14 regular and two urgent sessions. The Council of Ministers continued to focus on European Union issues, the ratification of international treaties, telecommunications, various documents governing the work of the Council of Ministers, and migrant issues. The Council of Ministers adopted four items of legislation, one of which was the draft 2019 State budget. It did not agree on the adoption of the country's first annual national programme, a requirement for activation of the NATO membership action plan for Bosnia and Herzegovina, owing to repeated withdrawals of the topic from session agendas.

46. On 24 February, the Council of Ministers adopted 655 follow-up responses to the European Commission questionnaire, which the Commission will assess in preparing its opinion on the application of Bosnia and Herzegovina for European Union membership. The follow-up questions served as further explanation to some of the initial 3,242 answers to the questionnaire. The answers were provided through the coordination mechanism on European Union issues in Bosnia and Herzegovina.

47. The Council of Ministers adopted several strategies and action plans, including the 2018–2022 strategy on implementation of intellectual property rights, the 2018–2025 anti-mine activity strategy, the 2018–2022 gender action plan, the programme of economic reforms until 2021, and the 2019 Council of Ministers work plan.

48. Owing to the failure of the Bosnia and Herzegovina Parliament to adopt the draft State budget for 2019, the Council of Ministers continued to adopt quarterly decisions on provisional financing of the Bosnia and Herzegovina institutions.

C. Bosnia and Herzegovina Parliamentary Assembly

49. Following the general elections of October 2018, both Houses of the Bosnia and Herzegovina Parliamentary Assembly have been constituted and have elected parliamentary leadership at inaugural sessions, but neither House has held further sessions.

50. The Bosnia and Herzegovina House of Representatives held its inaugural session on 6 December, electing its Collegium: Borjana Krišto (HDZ Bosnia and Herzegovina) as Speaker, Denis Zvizdić (SDA) as First Deputy Speaker and Nebojša Radmanović (SNSD) as Second Deputy Speaker.

51. At its inaugural session on 28 February, the Bosnia and Herzegovina House of Peoples established the three caucuses of the constituent peoples and elected its Collegium: Bakir Izetbegović (SDA) as Speaker, Dragan Čović (HDZ Bosnia and Herzegovina) as First Deputy Speaker and Nikola Špirić (SNSD) as Second Deputy Speaker.

IV. Federation of Bosnia and Herzegovina

52. No new Federation government having been appointed following the general elections of October 2018, the previously appointed government has continued its work under a technical mandate, and has held 17 regular and 11 extraordinary sessions. In December, the government adopted the draft Federation budget for 2019, together with the draft Law on Execution of the Budget and the Law on Federation Budgets; the Federation House of Representatives and the Federation House of Peoples endorsed the legislation on 9 January and 20 February, respectively.

53. The Federation House of Representatives has held its inaugural session and three regular sessions, and the Federation House of Peoples its inaugural and one regular session.

Federation parliamentary leadership incomplete

54. At the inaugural session of the Federation House of Representatives in November, representatives appointed Elvir Karajbić (Social Democratic Party (SDP)) as Speaker, after which all SDA and HDZ Bosnia and Herzegovina representatives left the session, claiming that conditions for appointing the Speaker and Deputy Speakers were not fulfilled. The House of Representatives continued its inaugural session on 9 January, failing to elect the Deputy Speaker from the ranks of the Croat people, although three candidates were proposed.

55. At the inaugural session of the Federation House of Peoples, delegates appointed the Speaker from the ranks of the Croat people and Deputy Speaker from the Bosniak people, but rejected the Serb candidate for Deputy Speaker as proposed by the six SDP delegates in the Serb caucus.

No progress on local elections in Mostar

56. In the reporting period, the responsible political parties held no discussions to reach an agreement to enact amendments to the Bosnia and Herzegovina Election Law that would regulate local elections in the City of Mostar, where there have been none since 2008. I urge the parties to initiate talks to finally resolve this issue and enable the citizens of Mostar to enjoy the same democratic right to elect their local leaders as the citizens in the rest of the country enjoy.

Constitutional status of Serbs in the Federation cantons

57. The decision of the High Representative in 2002, enacting amendments to the Federation Constitution within the wider implementation of the decision of the Constitutional Court of Bosnia and Herzegovina on the equality of constituent peoples, determined that all three constituent peoples are equal in the Federation, that the official languages of the Federation are Bosnian, Croatian and Serbian, and that the official scripts shall be Latin and Cyrillic. Cantons remain obliged to harmonize their constitutions with the Federation Constitution. In 2018, the Federation Constitutional Court decided that several provisions of the constitutions of the Posavina, Herzegovina-Neretva and West Herzegovina Cantons do not conform with the Federation Constitution in this regard and ordered the assemblies of those cantons to amend their respective constitutions accordingly, which none have done.

58. I urge the cantonal authorities to implement the judgement of the Federation Constitutional Court without further delay to ensure the equal status of Serbs in the Federation.

V. Republika Srpska

59. Following the general elections of October 2018, the Republika Srpska government was among the first governments to be formed in Bosnia and Herzegovina. SNSD continues to lead the Republika Srpska ruling coalition, together with its partners from the previous mandate, the Democratic People's Alliance and the Socialist Party; Ujedinjena Srpska, the People's Democratic Movement and the newly formed party Democratic Alliance have also been added to the coalition. The new government, led by Prime Minister Radovan Višković (SNSD), has met regularly. According to available information, the National Assembly of the Republika Srpska held three regular and three special sessions, and adopted six new laws and three sets of amendments to existing laws.

60. The Republika Srpska National Assembly also restructured the Republika Srpska government, expanding the portfolios of two existing ministries and creating two new ones, including a Ministry for European Integration and International Cooperation, while abolishing the Republika Srpska Ministry for Displaced Persons and Refugees and establishing the Republika Srpska Secretariat for Displaced Persons and Migration.

61. The period has been marked by rhetoric and action on the part of the Republika Srpska authorities aimed at limiting the political activities of elected and appointed officials to the Bosnia and Herzegovina institutions, in a way that seeks to control their ability to carry out their constitutional prerogatives, as defined under the Dayton Peace Agreement. In October, the Republika Srpska National Assembly adopted a set of conclusions entitled the "Constitutional position of the Republika Srpska and protection of its interests in Bosnia and Herzegovina joint institutions", in which officials from Republika Srpska elected and appointed to Bosnia and Herzegovina institutions are commanded to seek opinion from the Republika Srpska National Assembly on issues of interest to the Republika Srpska.

62. In December, the Chair of the Bosnia and Herzegovina Presidency and President of SNSD, Milorad Dodik, said that changes and amendments to the Republika Srpska Criminal Code would include a prison sentence of three years or more for those refusing to respect the decisions of Republika Srpska bodies. The President of Republika Srpska, Željka Cvijanović (SNSD), reiterated that at a subsequent meeting with the ruling coalition, at which representatives drafted a document calling for changes and amendments to criminal legislation in the Republika Srpska regulating

those who disrespect decisions and positions of the Republika Srpska National Assembly regarding the constitutional position, status, competencies, and vital and strategic interests of the Republika Srpska. The document further calls all on Republika Srpska members of the Bosnia and Herzegovina Council of Ministers and other Bosnia and Herzegovina institutions not to participate in activities leading to Bosnia and Herzegovina accession to NATO.

63. The intention of the Republika Srpska government to introduce more restrictive regulations (for example, the imposition of political decisions by Republika Srpska institutions on elected politicians at the State level; re-criminalization of defamation; limitations on civil society organizations and the media; amendments to the Law on Public Peace and Order), if adopted in their current form would curtail the democratic rights of citizens to exercise their freedom of expression and freedom of assembly, among others. Under annexes 4 and 6 to the General Framework Agreement for Peace these are rights which the parties committed themselves to protect.

Republika Srpska government appoints Srebrenica and Sarajevo commissions

64. On 7 February, the Republika Srpska government appointed the heads and members of the commissions for the investigation of events in Srebrenica and Sarajevo from 1992 to 1995. The appointment of the commissions fulfils the request of the Republika Srpska National Assembly, in its conclusions of 14 August 2018, to the Republika Srpska government to repeal its report of 2004 on Srebrenica (in which the government had acknowledged the involvement of Republika Srpska military and police forces in the events of July 1995 in Srebrenica) and establish independent international commissions to investigate the entire war period in Srebrenica as well as Sarajevo. The Steering Board of the Peace Implementation Council, in its communiqué of 5 December 2018, deplored the conclusions of the Republika Srpska National Assembly about the report of the Srebrenica Commission of the Republika Srpska government, and reaffirmed that the events in Srebrenica from 10 to 19 July 1995 have been conclusively qualified as genocide by international tribunals and national courts alike.

Non-cooperation with the High Representative

65. The Republika Srpska government continues to deny my office access to official information and documents as required under article IX and annex 10 of the General Framework Agreement for Peace, which oblige all authorities in Bosnia and Herzegovina to fully cooperate with the High Representative. Repeated calls by the Steering Board of the Peace Implementation Council reminding the Republika Srpska authorities of their obligations in this regard have so far had no impact. The practice of the Republika Srpska government not to provide information and documents as requested by the Office of the High Representative contradicts frequent Republika Srpska claims that the entity respects the letter of the General Framework Agreement for Peace.

VI. Public security and law enforcement, including intelligence reform

66. The longstanding practice of improper political interference in operational policing has not diminished.

67. Authorities in Posavina Canton in the Federation still have not remedied damaging changes to police legislation, including restoring a deleted provision as required by the letter of 2007 from the President of the Security Council on police denied certification by the former International Police Task Force. I will continue to

follow this development and report on whether Bosnia and Herzegovina is in overall compliance with the Security Council directive. Another provision creates the possibility for former police officers who enter politics to later return to police service, which represents direct improper political influence.

68. On 29 March, the government of Sarajevo Canton dismissed the Canton's police commissioner on the basis of the proposed negative evaluation of the police commissioner by the Canton's Independent Board.

69. Herzegovina-Neretva Canton made no progress in appointing a new police commissioner. The mandate of the previous police commissioner expired in September 2018 and the Canton has not had a functioning Independent Board since March 2017.

70. In October 2018, Bosnian-Podrinje Canton appointed a new police commissioner. On 22 October, following a substantial delay, the Una-Sana Canton government appointed a police commissioner. On 14 November, the Brcko District Assembly appointed a Chief of the Brcko District Police. On 7 February, the Federation government appointed the Federation Deputy Director of Police. On 22 February, the Federation government accepted the resignation of the Federation Director of Police, while the Federation Independent Board has scheduled interviews for his replacement for 15 April.

71. On 27 March, the Tuzla Canton Assembly adopted a budget that includes a separate police budget but on the same day the Zenica-Doboj Cantonal Assembly adopted a budget that does not include a separate police budget, despite the legal requirement to do so.

72. My office is currently engaged in efforts to improve police legislation in Brcko District that would strengthen a merit-based selection process of police managers, which could eventually be replicated in other jurisdictions in Bosnia and Herzegovina.

VII. Economy

73. The Directorate for Economic Planning of the Bosnia and Herzegovina Council of Ministers estimated economic growth in 2018 at 3 per cent, the same as in 2017 and as in other Western Balkan countries. Compared to 2017, exports, imports and industrial production in 2018 increased by 7.6, 6 and 1.6 per cent, respectively. Inflation was 1.4 per cent. The administrative unemployment rate is now estimated at 34.8 per cent, while the real unemployment rate, calculated on the basis of the labour force survey conducted by the Bosnia and Herzegovina Statistics Agency, is 18.4 per cent. The total number of registered employees in November was 2.4 per cent higher than in the same month in 2017.

74. The average net salary and pension in Bosnia and Herzegovina were higher in December 2018 than in the same month of 2017, at 906 marka (KM) (5.1 per cent increase) and KM 386 (6.3 per cent increase). The minimum pension was KM 187.8 in the Republika Srpska and KM 348.1 in the Federation.

75. In March, Standard & Poor's ratings services affirmed Bosnia and Herzegovina's credit rating of "B" and changed its outlook from "stable" to "positive". The banking sector is assessed as generally stable and liquid. According to Bosnia and Herzegovina Central Bank data, commercial banks registered a record profit of KM 367.1 million in 2018, an 8.9 per cent increase over 2017. However, foreign direct investments in the first nine months of 2018 increased by only 0.1 per cent compared to the same period in 2017.

76. The findings of international non-profit organizations indicate that almost half of the country's population is vulnerable to poverty. Estimates suggest that some 600,000 people live on 3 to 5 marka per day, and that approximately 128,000 children receive social assistance and 100,000 children are vulnerable because of their family situation; of these, 40,000 live below the minimum living standards.

77. It is striking that despite the economic hardships faced by many families, many of those who have emigrated from Bosnia and Herzegovina over the past several years cite the overall political and social environment as the reason for their departure. The Union for Sustainable Return and Integration in Bosnia and Herzegovina estimates that more than 173,011 people – or 48,932 families – have emigrated from Bosnia and Herzegovina over the past five years.

Fiscal issues

78. Fiscal stability has been maintained, owing mainly to the continued growth of indirect tax revenue as the key revenue source for all levels of government. Indirect tax revenue in 2018 totaled KM 7.59 billion, the highest since the establishment of the Bosnia and Herzegovina Indirect Taxation Authority. Nonetheless, the indirect tax system is exposed to challenges and attempts to weaken its institutional structure, including most recently those referred to above (paras. 20–23).

79. Except in the Republika Srpska, the general elections of 2018 delayed the adoption of 2019 budgets. The State-level institutions have been on temporary financing since 1 January. While it has no temporal limitation and as such does not pose a risk to continued functioning of the institutions, temporary financing limits the scope of their operations.

80. In January, the Bosnia and Herzegovina Council of Ministers adopted the draft budget of Bosnia and Herzegovina institutions and international obligations for 2019 in the amount of KM 1.791 billion. Of this amount, the financing proposed for the State institutions is KM 966 million. While this is an increase of KM 16 million or 2 per cent over the amount that the State institutions have been locked at since 2012 (see above), the State's share of indirect tax revenue, which makes up about 80 per cent of its funding, remains locked. The draft budget is pending before the Bosnia and Herzegovina Presidency as the official budget proponent to the Bosnia and Herzegovina Parliamentary Assembly.

81. The newly constituted Federation House of Representatives and House of Peoples adopted the 2019 Federation budget on 9 January and 20 February, respectively, in the amount of KM 2.65 billion, an 11 per cent decrease from 2018, with a deficit of KM 630 million (a 3 per cent increase). Debt servicing decreased by 13 per cent and is planned at KM 969.9 million. Key challenges to budget stability in the Federation in 2019 stem from renewed demands from war veterans for new legislation to increase the transparency and efficiency of budget spending for war veterans and regulate their entitlements. The fiscal consequences of the proposals to date are impossible to assess. The legislation remains pending parliamentary approval.

82. The Federation Parliament also adopted amendments to the Law on Federation Budgets, which provided a legal basis for the proclamation on 7 March of the 2019 City of Mostar budget of approximately KM 57 million by the Mayor of Mostar with the approval of the Mostar Head of Finance. All cantons in the Federation have also adopted 2019 budgets.

83. The National Assembly of the Republika Srpska adopted the 2019 budget, the 2019 decisions on short-term and long-term borrowing plans and the 2019–2021 economic reform programme in December. The adopted budget totals

KM 3.256 billion, a 2.5 per cent decrease from 2018. Domestic revenues are planned at KM 2.6 billion and borrowing at KM 592 million. The main expenditures include pensions of KM 1.1 billion and civil servant salaries of KM 756 million.

84. In its 2019 borrowing plan, the Republika Srpska government envisaged KM 371 million from long-term borrowing through loans and bonds, and short-term borrowing through treasury bills of up to 8 per cent of regular public revenues in the previous fiscal year. Owing to the budget liquidity crisis, the Republika Srpska government borrowed KM 30 million in December and KM 60 million in January from the escrow account generated by the privatization of Telekom Srpska and the Republika Srpska oil industry, which should be refunded by the end of 2019. According to the 2019–2021 Republika Srpska government economic reform programme, the main economic challenges stem from losses, overstuffed public companies, increased borrowing and health sector sustainability. The Republika Srpska economy also struggles with chronically high unemployment, especially youth unemployment.

85. According to the information endorsed by the Bosnia and Herzegovina Council of Ministers on 28 March, Bosnia and Herzegovina public debt at the end of 2018 totalled KM 11.1 billion, of which 73.8 per cent constitutes foreign and 26.2 per cent internal debts. The Federation share in the overall public debt is 52.1 per cent and the Republika Srpska share 46.7 per cent. Compared to 2017, overall public debt at the end of 2018 on average increased by KM 111 million or 1 per cent, of which foreign debt increased by 4.5 per cent and internal debt decreased by 7.6 per cent. The public debt share in the Bosnia and Herzegovina GDP in 2018 was estimated at 32.9 per cent.

International obligations

86. Bosnia and Herzegovina has been in breach of obligations under the Energy Community Treaty since 2015, when the Energy Community first introduced sanctions against it for non-compliance in the natural gas sector. The non-compliance stems from longstanding entity disputes over regulating certain aspects of the gas sector at the State level and the consequent failure to adopt State-level legislation to that end. On 29 November, the Ministerial Council of the Energy Community again announced measures against Bosnia and Herzegovina if it fails to comply with its commitments in the next six months.

87. Unilateral financial cutbacks imposed by the Republika Srpska on the Bosnia and Herzegovina Public Railways Corporation in 2016 and 2017 deprived the Corporation of funds equivalent to one Republika Srpska annual budget contribution. However, in 2018 the Republika Srpska fully complied with its financial obligations. The Republika Srpska government's conclusion of 16 March 2017, requesting the Republika Srpska Ministry of Transport and Communications to initiate a review of the agreement between the Federation and the Republika Srpska on the establishment of a joint public railway corporation as part of the transportation corporation, remains in force and continues to pose a threat to the sole Corporation established (in 1998) under annex 9 to the General Framework Agreement for Peace.

VIII. Return of refugees and displaced persons

88. The realization of the right of refugees and displaced persons to return to their pre-war homes remains central to the fulfilment of annex 7 to the General Framework Agreement for Peace, as it requires authorities at all levels "to create in their territories the political, economic, and social conditions conducive to the voluntary return and harmonious reintegration of refugees and displaced persons, without preference for any particular group".

89. Recent incidents have undermined the confidence of returnees to areas where their ethnic group represents a numerical minority. On 10 March, the Ravna Gora Serb ultra-nationalist Chetnik movement (Serb nationalist supporters of the Second World War Chetnik leader Draža Mihajlović) held its annual gathering in the Visegrad area, most wearing black uniforms and insignia similar to uniforms worn by Serb paramilitaries in the 1990s. The Bosnia and Herzegovina Prosecutor's Office is looking into the possibility of criminal charges being brought against some participants for the offence of incitement to national, racial and religious hatred, discord or hostility.

90. Also in March, a Muslim cleric in the town of Novi Grad reported receiving threatening messages on his mosque's social media account. In Prijedor, a mosque was vandalized and in a separate incident a Serb resident attacked his Bosniak neighbour, reportedly for displaying the Bosnia and Herzegovina state flag. In Vlasenica, a returnee found several explosive devices on his property. Police in Prijedor arrested suspects in both incidents there.

91. Education remains a contentious issue in several returnee communities. The Republika Srpska authorities continue to refuse to acknowledge the right of Bosniak returnee schoolchildren to refer to their language as "Bosnian", despite a 2016 decision of the Constitutional Court of Bosnia and Herzegovina guaranteeing this right, opting instead for the selective application of a provision of the entity constitution referring to "the language of the Bosniak people" while referring to the language of the other two constituent peoples as "Serbian" and "Croatian".

92. Serb returnee parents in some parts of the Federation continue to seek the introduction of the Serbian language in their children's education, without success.

IX. Media developments

93. The environment for media professionals in Bosnia and Herzegovina remains challenging. According to the Bosnia and Herzegovina Journalists' Association and its Free Media Helpline, from September 2018 until 1 April there were 35 reported violations of journalists' rights, which included five death threats. In February, the trial commenced against individuals charged with attempting to murder BN television journalist Vladimir Kovačević, who was brutally attacked on 26 August 2018. The alleged attack by an SDA municipal official in March against a photojournalist for the online news magazine *Žurnal* resulted in a criminal complaint. Media professionals in Republika Srpska have voiced their concerns over the announced changes to the Republika Srpska Law on Public Order, expressing concern that the provisions of the new law could affect freedom of expression and assembly.

94. There continues to be no progress in the functioning of the Bosnia and Herzegovina Public Broadcasting System, and its independence is still compromised by problems in financing and management and a reluctance to implement the legal requirements for system integration. These problems are reflected in a delay in the digitalization of broadcast signals since 2015 and inconsistencies in the method of collecting radio-television tax.

X. European Union military force

95. The European Union military mission in Bosnia and Herzegovina (EUFOR), with its continued executive mandate, plays a vital role in supporting the efforts of Bosnia and Herzegovina to maintain a safe and secure environment. In this context, I

remain concerned over the disproportionate purchases of long-barrelled weapons by some law enforcement agencies.

96. With this in mind, I believe monitoring weapons and ammunition stocks of the Bosnia and Herzegovina Armed Forces and the police services is an appropriate measure to ensure better situational awareness and promote confidence-building across a highly fragmented law enforcement sector.

XI. Future of the Office of the High Representative

97. The Political Directors of the Peace Implementation Council Steering Board met in Sarajevo on 4 and 5 December 2018 to assess progress in implementing the General Framework Agreement for Peace, again underlining their unequivocal commitment to the territorial integrity and sovereignty of Bosnia and Herzegovina, and their full support to me as the High Representative in ensuring respect for the Agreement and carrying out my mandate under annex 10 and relevant Security Council resolutions. The Political Directors emphasized the need to complete the 5+2 agenda, which remains necessary for the closure of the Office of the High Representative. The Steering Board next meets in June 2019 in Sarajevo.

98. Streamlining operations is a responsibility we all share and the results of my office's efforts over time are evident. Since the beginning of my mandate in 2009, the budget of the Office of the High Representative has been reduced by 53 per cent and my staff by over 58 per cent. Resources must follow the mandate and, as there is still work ahead of us, further cuts would take us beyond streamlining. Without the appropriate level of resources, the capacity to fulfil my mandated responsibilities, implement the Dayton Peace Agreement and fulfil the conditions for closure is restricted.

XII. Reporting schedule

99. In keeping with the practice of submitting regular reports for onward transmission to the Security Council as required by Security Council resolution [1031 \(1995\)](#), I herewith present my twenty-first regular report as High Representative. I would be pleased to provide additional information at any time, should the Secretary-General or any member of the Security Council require it. The next regular report to the Secretary-General is scheduled for October 2019.
