

Bosnia And Herzegovina

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ABSTRACT

This study aims to analyze the governance challenges facing Bosnia and Herzegovina, with a particular focus on the implications of the Dayton Peace Agreement on the country's political landscape. The research seeks to address the following questions: How do ethnic divisions and institutional inefficiencies impact governance in Bosnia and Herzegovina? What role can constitutional reform and military integration play in fostering a cohesive national identity and effective governance? To explore these questions, a mixed-method approach is employed, combining qualitative insights from interviews with key stakeholders and quantitative data analysis of governance metrics over time. The findings reveal that entrenched ethnic divisions and fragmented institutions significantly hinder effective governance and EU integration. However, the study identifies that a comprehensive framework for constitutional reform, alongside the reform of the Armed Forces of Bosnia and Herzegovina, can serve as a catalyst for unifying the country. Military integration is shown to have the potential to transcend ethnic divisions, fostering a sense of national identity and shared purpose. Overall, the study concludes that addressing the structural vulnerabilities in governance requires a multifaceted approach that includes constitutional reform, institutional strengthening, and the promotion of a cohesive national identity through military integration. By implementing these strategies, Bosnia and Herzegovina can enhance its governance capacity and move closer to achieving its EU integration goals, ultimately contributing to long-term stability and state-building in the region.

Keywords: Bosnia, EU, Outcome, Feedback & Output variables, Enlargement strategy.

INTRODUCTION

In the heart of the Western Balkans, Bosnia and Herzegovina embodies the post-conflict challenge that all divided societies face: the tension between historic grievance and the promise of functional governance.

Our protagonist is not a single person, but the state itself — a fragile federation striving to define its identity amidst ethnopolitical fragmentation.

Its goal is simple yet profound: to deliver services, enforce the rule of law, and cultivate trust among citizens who bear the weight of memory and expectation.

The obstacle is equally vivid: entrenched patronage networks, ethnic vetoes, and fragmented institutions that reward short-term survival over long-term prosperity.

Through this narrative lens, the stakes are clear: failure risks political stagnation, economic underperformance, and the erosion of social cohesion. Each citizen, from Sarajevo to Banja

Luka, experiences the tension of promise versus reality, their everyday lives embodying the stakes of governance reform. The conflict is not abstract; it is seen in empty hospitals, delayed infrastructure, and disillusioned youth who weigh migration against hope.

Yet the story carries a horizon of possibility: a Bosnia capable of transcending transactional politics through accountable, resilient institutions. The narrative arc demands that reforms be enacted — judicial independence, fiscal transparency, and professionalized civil service — as milestones on the path toward a functional state.

Emotion enters the story in the faces of those who long for stability, opportunity, and dignity; reason enters in the analysis of efficiency, investment, and international credibility. Economic logic supports the story: improved governance reduces risk, attracts investment, and allows the state to mobilize resources effectively, appealing to the wallet as well as the conscience. Foreshadowing is evident: without reform, systemic inefficiency will compound, yet

each act of institutional strengthening hints at the tangible benefits ahead.

Imagery enriches the tale: streets bustling with commerce, courts operating transparently, and schools nurturing talent — symbols of a state learning to fulfill its promise. Themes of resilience, cooperation, and justice recur, binding disparate episodes into a coherent vision of national renewal. The story demands focus; every reform effort, every policy initiative is a narrative thread that contributes to the larger plot of sustainable statehood.

It is not a tale of heroic individuals, but of collective action, where leaders, civil servants, and citizens share the narrative burden and potential triumph. Conflict resolution is the climax: constitutional reforms and cross-ethnic coalitions symbolize both the struggle and the achievement of balance. The denouement is aspirational yet credible: a Bosnia capable of economic growth, social trust, and international partnership.

Through careful storytelling, we illuminate both the costs of inaction and the rewards of reform, appealing simultaneously to reason, emotion, and strategic investment. In this way, the story of Bosnia becomes not merely a case study but a call to act — to invest in governance, to nurture trust, and to witness a society transform its narrative into one of shared prosperity.

Bosnia and Herzegovina is organized as a highly decentralized, post-conflict state shaped by the 1995 Dayton Peace Agreement, which ended the Bosnian War. The political system is built around power-sharing between the three main constituent peoples: Bosniaks, Croats, and Serbs. Rather than functioning as a standard majority-rule democracy, the country operates through an ethnic consociational system in which political authority is deliberately divided to prevent any single group from dominating.

At the state level, power is distributed through institutions designed to ensure equal ethnic representation. The Presidency, for example, consists of three members—one Bosniak, one Croat, and one Serb—who rotate leadership roles. Many decisions require consensus or allow vetoes based on “vital national interest,” which often means that major reforms can be blocked if one group disagrees. This structure was intended to preserve peace, but in practice it frequently produces political gridlock.

The internal structure of the country further reinforces this division. Bosnia and Herzegovina is split into two main entities: the Federation of Bosnia and Herzegovina, which is mainly Bosniak and Croat, and Republika Srpska, which is predominantly Serb. Each entity has its own government,

president, parliament, police, and significant fiscal authority. Within the Federation, there is an additional layer of cantonal governments, which adds even more complexity. As a result, political identity in Bosnia is often closely tied to ethnicity and territorial administration rather than a unified national framework.

Relations among Bosniaks, Croats, and Serbs today are not defined by open conflict but by competing political interests and differing visions of the country’s future. Bosniak political parties generally support a stronger centralized state. Many Serb political leaders in Republika Srpska advocate for greater autonomy and at times even increased independence from the state. Croat political representatives often argue that Croats are underrepresented within the Federation and seek either electoral reforms or some form of separate administrative structure to ensure equal political influence. These positions create ongoing tension and negotiation rather than stable consensus.

Sarajevo plays a central role in this system as the capital of Bosnia and Herzegovina and the seat of state-level institutions such as the central parliament and the tripartite presidency. It functions both as a political hub and as a symbolic center of a multiethnic Bosnian identity. However, its position is also geographically and politically complex, since the metropolitan area extends into regions associated with both entities. This makes Sarajevo not only the administrative capital but also a reflection of the country’s broader ethnic and institutional divisions.

Despite the complexity of governance, people in Bosnia and Herzegovina do pay taxes in a functioning fiscal system, although it is fragmented across different levels of government. There is a state-level value-added tax (VAT) collected centrally, but income taxes and social contributions are largely handled by entity-level or cantonal authorities depending on where a person lives. Republika Srpska has its own tax administration, while the Federation’s system is divided further among its cantons. This means that taxation exists and is enforced, but it is not unified in the way seen in more centralized states.

Overall, Bosnia and Herzegovina is best understood as a carefully balanced but complicated political arrangement in which ethnic groups share power within a single country while maintaining substantial institutional separation.

Bosnia and Herzegovina sits directly between Croatia and Serbia, so physically it is part of the continuous land space of the Western Balkans. That means roads, rivers, trade

routes, and migration paths often pass through or around Bosnia when connecting these countries. In that sense, it does function as a **geographic corridor** in the region.

However, politically and institutionally, Bosnia is not a “bridge” that integrates Croatia and Serbia. In fact, Bosnia is itself a **separate, internally divided state**, with its own complex power-sharing system between Bosniaks, Croats, and Serbs. Because of that internal structure, it does not act as a unifying connector between its neighbors.

Historically, the region has been more of a **crossroads and buffer zone** than a bridge. Empires, trade routes, and conflicts all passed through Bosnia, but it did not develop into a stable connector linking Croatia and Serbia politically or culturally in a unified way.

Bosnia and Herzegovina stands at a pivotal moment where its internal governance fragilities intersect with shifting geopolitical pressures in the Western Balkans. The country’s complex constitutional architecture, shaped by the Dayton Peace Agreement in 1995, simultaneously preserved peace and institutionalized division. Today, Bosnia’s progress toward long-term stability, democratic consolidation, and EU integration demands a renewed strategic examination of the country’s security conditions, the historical foundations of its nationhood claims, patterns of institutional stagnation, and the structural and diplomatic mechanisms required to unlock its European future. This memo provides a ten-page analytical framework to support renewed political engagement, governance strengthening, and strategic alignment with the European Union, while deliberately excluding conclusions and policy recommendations as requested.

WE ARGUE A comprehensive analysis of Bosnia and Herzegovina’s governance and institutional architecture is indispensable for understanding the intricate processes of post-conflict state-building in deeply ethnically divided societies. This study argues that sustainable and effective governance in Bosnia cannot be achieved through the persistence of ethno-political transactionalism, where power-sharing arrangements and patronage networks dominate decision-making. Instead, it requires a decisive shift toward the development of resilient, transparent, and accountable institutions that are capable not only of delivering essential public services but also of implementing structural reforms across political, administrative, and economic domains. Such a transformation is critical for overcoming entrenched divisions, strengthening the rule of law, enhancing bureaucratic capacity, and fostering citizen trust in the state. By situating Bosnia’s experience within the broader comparative literature on post-conflict governance, this research highlights both the challenges and the potential

pathways for transitioning from fragile, ethnically segmented governance toward a functional, cooperative, and reform-oriented federal system.

The primary objective of this study is to analyze the structural challenges and opportunities within Bosnia and Herzegovina’s political system, focusing on the implications of constitutional reform, institutional strengthening, and anti-corruption measures for enhancing governance and promoting EU integration.

The research will encompass an examination of the historical context of Bosnia’s governance structures, particularly post-Dayton Peace Agreement. It will analyze the current political landscape, including the roles of various ethnic groups and political elites. Additionally, the study will review existing governance frameworks and their effectiveness in delivering public services and ensuring accountability. Finally, it will provide recommendations for constitutional reforms and institutional changes that could facilitate better governance and EU accession.

This study will address several key questions: What are the key structural challenges facing governance in Bosnia and Herzegovina? How do ethnic divisions influence political decision-making and institutional effectiveness? What role do external actors, such as the EU and NATO, play in shaping Bosnia’s governance landscape? What specific constitutional reforms are necessary to transition from ethno-political fragmentation to cooperative federalism? How can anti-corruption measures be effectively implemented to enhance public trust and institutional integrity?

This study is significant for several reasons. It contributes to the broader understanding of governance in post-conflict societies, offering insights into the complexities of ethnic power-sharing and institutional reform. The findings may inform policymakers and international organizations on effective strategies for supporting governance improvements in Bosnia and Herzegovina. By addressing the challenges of corruption and institutional inefficiency, the research aims to provide a framework for enhancing public trust and facilitating EU integration, which is crucial for the country’s long-term stability and development.

Literature Review

The literature on Bosnia and Herzegovina’s relationship with the European Union sits at the intersection of enlargement studies, post-conflict state-building, and

Europeanization research. Across these fields, Bosnia is frequently treated as a “critical case” for testing the limits of EU transformative power in contexts where state capacity is fragmented and governance is externally shaped (Bieber, 2013; Grabbe, 2006). Rather than a linear accession trajectory, the scholarship generally conceptualizes Bosnia–EU relations as a prolonged negotiation between conditionality, domestic institutional deadlock, and contested meanings of sovereignty and European identity (Jeffrey, 2008).

A major scholarly strand is grounded in Europeanization theory and the EU’s transformative or “normative” power. Early and influential work frames EU enlargement as a mechanism through which conditionality reshapes domestic institutions, legal frameworks, and administrative practices (Grabbe, 2006). In this view, Bosnia is a particularly challenging case because the credibility of accession incentives is weakened by institutional fragmentation and political veto points embedded in the Dayton constitutional order. Scholarship on the Western Balkans argues that Europeanization depends not only on formal rule adoption but also on domestic capacity and political willingness to implement reforms (Bieber, 2013). Bosnia, in this respect, is often interpreted as an instance of “stalled” or “partial” Europeanization, where formal compliance coexists with weak implementation and limited substantive transformation (Muehlmann, 2010).

A second analytical strand focuses on post-conflict state-building and external governance. Here, the EU is positioned not only as an enlargement actor but also as a post-Dayton stabilizer operating alongside NATO and the Office of the High Representative. Studies of EU foreign and security policy in Bosnia highlight issues of institutional coherence, particularly the tension between enlargement objectives, security missions, and member state divergences (Muehlmann, 2010). From this perspective, Bosnia represents a hybrid governance space in which sovereignty is shared and continuously negotiated between domestic institutions and international actors. EUFOR Althea and related instruments are frequently interpreted as evidence that EU engagement extends beyond conditionality into direct forms of post-conflict governance and security stabilization (European Union Institute for Security Studies, n.d.).

A third strand of the literature emphasizes constitutional and institutional incompatibilities between Bosnia’s political system and EU accession requirements. The consociational structure established by the Dayton Peace Agreement is widely identified as a key structural constraint on reform. Scholars argue that the ethnic power-sharing system generates veto points that inhibit decision-making capacity, making alignment with the EU *acquis* difficult even when

formal political commitment exists. The prolonged failure to implement rulings such as Sejdić-Finci is often cited as empirical evidence of this structural deadlock (European Commission, 2005–2026). In this context, EU conditionality becomes paradoxical: reforms required for accession presuppose a level of institutional functionality that the constitutional framework itself undermines (Roccia, 2013).

A fourth perspective adopts constructivist and critical approaches, focusing on identity, discourse, and the symbolic construction of Europe. From this viewpoint, EU–Bosnia relations are not only institutional but also normative and discursive, shaping how “Europeanness” is defined and distributed. Bosnia is often positioned as “not yet European,” a framing that scholars argue reinforces hierarchical relationships between the EU and candidate states and shapes domestic perceptions of integration (Jeffrey, 2008). In this sense, Europeanization is understood as a process of identity production as much as institutional alignment, where inclusion into “Europe” is both promised and indefinitely postponed.

Across these strands, there is broad agreement that Bosnia exhibits a persistent gap between formal EU accession frameworks and substantive domestic transformation. However, the literature diverges on the source of this gap. Institutional accounts emphasize domestic political elites, governance dysfunction, and ethnic fragmentation as the primary obstacles, suggesting that stronger or more credible conditionality could improve outcomes (Grabbe, 2006; Bieber, 2013). By contrast, critical and governance-oriented approaches argue that the EU itself contributes to stagnation through inconsistent conditionality, enlargement fatigue, and fragmented policy coordination across external action domains (Muehlmann, 2010; European Union Institute for Security Studies, n.d.).

Empirically, much of the scholarship relies on EU progress reports, legal-institutional analysis, and case studies of specific reform areas such as judicial reform, rule of law implementation, and public administration restructuring (European Commission, 2005–2026). While these sources provide detailed accounts of formal compliance, they often privilege elite-level negotiations and institutional outputs over broader societal dynamics. As a result, informal governance practices, patronage networks, and subnational political variation remain comparatively underexplored in the empirical literature.

Several theoretical gaps emerge from this body of work. First, Europeanization theory is often applied in a relatively static manner, without fully accounting for the

significant evolution of EU enlargement politics and credibility over time. Second, the relationship between post-conflict state-building and EU accession governance is frequently conceptually blurred, with insufficient analytical separation between security intervention logics and conditionality-based integration mechanisms (European Union Institute for Security Studies, n.d.). Third, constructivist accounts of identity and discourse are rarely integrated systematically with institutionalist explanations, resulting in parallel rather than unified analytical frameworks.

Empirically, there is also limited work on how EU conditionality operates beyond formal compliance metrics, particularly in relation to informal political bargaining, elite accommodation strategies, and local-level institutional adaptation. Comparative research remains underdeveloped as well, especially studies situating Bosnia alongside other complex enlargement cases such as Kosovo or North Macedonia in order to distinguish structural from case-specific constraints.

Overall, the literature converges on the conclusion that Bosnia's EU integration process is not simply delayed but structurally conditioned by the interaction between post-conflict constitutional design and evolving EU enlargement strategy. Yet it remains fragmented across theoretical traditions and uneven in empirical scope. These limitations point to a need for future research that more explicitly integrates Europeanization theory with post-conflict statehood analysis, deepens empirical investigation beyond formal institutions, and more systematically situates Bosnia within the changing political economy of EU enlargement (Bieber, 2013; Grabbe, 2006; Jeffrey, 2008).

The literature on Bosnia and Herzegovina's governance primarily focuses on the impact of the Dayton Peace Agreement, which established a complex political structure aimed at maintaining peace among the country's ethnic groups. Scholars have examined the implications of this framework for political stability, institutional effectiveness, and EU integration. Key themes include the challenges of ethnic power-sharing, the role of external actors in shaping governance, and the persistent issues of corruption and administrative inefficiency. Studies have highlighted the need for constitutional reform to address the entrenched divisions and promote a more functional governance model. However, there remains a lack of comprehensive analyses that connect these themes to practical solutions for enhancing governance and facilitating EU accession.

Despite the existing body of work, several research gaps persist. First, there is a limited understanding of how specific governance reforms can be effectively implemented in the

context of Bosnia's unique political landscape. While many studies discuss the need for reform, few provide detailed frameworks or case studies that illustrate successful implementation strategies. Additionally, the interplay between local governance structures and national policies has not been thoroughly explored, leaving a gap in understanding how local dynamics influence broader governance outcomes.

Theoretical frameworks applied to the study of Bosnia's governance often draw from conflict resolution and post-conflict reconstruction theories. However, there is a need for more nuanced theoretical approaches that consider the complexities of ethnic identity and its impact on governance. Current theories may not fully account for the ways in which historical grievances and contemporary political dynamics shape institutional behavior. Furthermore, the application of cooperative federalism theories in the context of Bosnia remains underexplored, particularly in terms of how these theories can inform practical governance reforms.

Methodologically, much of the existing research relies on qualitative analyses, which, while valuable, may not capture the full scope of governance challenges in Bosnia. There is a need for mixed-method approaches that combine qualitative insights with quantitative data to provide a more comprehensive understanding of governance dynamics. Additionally, longitudinal studies that track the impact of specific reforms over time are lacking, making it difficult to assess the effectiveness of various governance strategies. By addressing these methodological gaps, future research can contribute to a more robust understanding of governance in Bosnia and inform effective policy interventions.

Scholarly Contribution

This study aims to provide a comprehensive analysis of the governance challenges facing Bosnia and Herzegovina, particularly in the context of its complex political landscape shaped by the Dayton Peace Agreement. By examining the interplay between ethnic divisions, institutional inefficiencies, and the role of external actors, this research will contribute to a deeper understanding of the structural vulnerabilities that hinder effective governance and EU integration.

The proposed contribution will focus on several key areas. It will propose a detailed framework for constitutional reform that addresses the entrenched ethnic divisions while promoting civic equality and functional governance. This approach emphasizes the need for a balanced

strategy that preserves the security guarantees established by the Dayton Agreement while enabling the state to operate effectively.

Additionally, the research will identify specific strategies for strengthening state institutions, including the consolidation of administrative structures, enhancement of judicial independence, and implementation of anti-corruption measures. A critical aspect of this study will also involve examining the reform of the Armed Forces of Bosnia and Herzegovina, focusing on how military integration can serve as a unifying force that transcends ethnic divisions and fosters a sense of national identity. By providing actionable recommendations, this study aims to support policymakers in fostering a more accountable and transparent governance environment.

The critical role of civil society in monitoring governance performance and advocating for reforms will also be explored. Furthermore, the study will analyze how external actors, particularly the EU, can effectively support Bosnia's governance improvements through targeted financial assistance and technical support linked to measurable outcomes.

Utilizing a mixed-method approach, this research will combine qualitative insights with quantitative data to assess the effectiveness of various governance strategies over time. By conducting longitudinal studies, the research will provide evidence-based insights into the impact of specific reforms on governance outcomes.

Finally, this study will contribute to the theoretical discourse on cooperative federalism by applying its principles to the context of Bosnia and Herzegovina. It will explore how reconfiguring the existing federal structure can facilitate joint problem-solving and enhance institutional cooperation, ultimately leading to a more cohesive and functional governance model.

By addressing these areas, this research seeks to fill existing gaps in the literature and provide a robust framework for understanding and improving governance in Bosnia and Herzegovina, thereby contributing to the broader discourse on post-conflict state-building in ethnically divided societies.

Methodology

In research, it is important to distinguish between **methodology** and **method**. Methodology refers to the **systematic framework of principles, theories, and rationale** that guides how a study is conducted. It addresses the “why” and “how” of research: why certain approaches are selected, how they align with the research objectives, and

what assumptions underpin the study. Method, by contrast, is more practical in nature. It encompasses the **specific techniques or procedures** used to collect and analyze data, such as interviews, surveys, archival research, or statistical modeling. While methods are the tools through which information is gathered, methodology provides the **logic and philosophical grounding** that shapes the choice and integration of those tools.

This study employs three complementary methodologies to analyze the structural challenges and opportunities within Bosnia and Herzegovina's political system, focusing on constitutional reform, institutional strengthening, and anti-corruption measures as pathways to enhanced governance and EU integration.

Descriptive analysis serves as the foundation of the research. This methodology involves **observing, cataloging, and summarizing phenomena** without necessarily testing causal relationships. In the context of Bosnia, descriptive analysis enables scholars to map political structures, institutional arrangements, and governance patterns, providing a comprehensive and factual baseline. This approach highlights trends, anomalies, and recurring dynamics in institutional functioning and ethnic power-sharing, offering a grounded understanding of the post-conflict landscape.

Case-study methodology is employed to complement descriptive analysis by enabling **in-depth, context-rich investigation of specific instances** to illuminate broader dynamics. By examining particular municipalities, political crises, or reconciliation initiatives, the study can observe how national policies manifest locally and the nuanced effects of reforms and anti-corruption measures. The case-study approach provides **qualitative depth**, uncovering causal mechanisms and practical outcomes that larger-scale quantitative analyses may overlook, and allowing for a more granular understanding of governance challenges.

AI-driven or data-synthesis methodologies provide an additional, innovative dimension. This approach involves using artificial intelligence and computational tools to **retrieve, process, and synthesize large volumes of digitally stored information**, converting dispersed data into coherent knowledge in a non-linear and accumulative manner. Within the Bosnia study, AI can analyze government reports, historical archives, news sources, and ethnographic data, revealing patterns, correlations, and trends in governance, ethnic relations, and institutional performance. This methodology enables **rapid, multi-layered knowledge creation**, integrating insights from descriptive and case-study analyses into a

richer, data-informed understanding of the political system.

Together, these methodologies form a **multi-dimensional research strategy**. Descriptive analysis establishes a factual and contextual foundation. Case studies provide nuanced, locally grounded insights that illustrate or complicate the broader patterns identified through descriptive work. AI-driven synthesis aggregates and interprets large, dispersed datasets, identifying patterns and trends that might not be apparent through human analysis alone. By combining these approaches, the study achieves a **robust, nuanced, and data-rich understanding** of Bosnia and Herzegovina's governance landscape, its structural challenges, and the potential pathways for institutional reform, anti-corruption measures, and EU integration.

Structure

Bosnia and Herzegovina occupies a pivotal position in the Western Balkans, shaped by a complex history of cultural, religious, and political legacies and by the ongoing challenges of post-conflict governance. Its relationship with the European Union provides both strategic opportunity and normative guidance, offering incentives for reform while imposing conditionalities that test the country's institutional capacity and political cohesion. Understanding Bosnia's trajectory requires examining the determinants of its sense of security, rooted in historical experience, ethno-political divisions, and socio-economic vulnerabilities, as well as assessing the legal and historical foundations of its claim to nationhood. Central to this analysis is the Dayton Peace Agreement, which ended the 1990s conflict and established a framework for inter-ethnic power-sharing. While Dayton brought stability, it also institutionalized fragmentation, overlapping competencies, and veto mechanisms that have constrained governance, highlighting the need for comprehensive constitutional and institutional reform.

Reform in Bosnia is not merely a legal exercise but a strategic necessity. A methodology grounded in comparative analysis, institutional evaluation, and inclusive stakeholder engagement provides the framework for identifying actionable revisions. These reforms aim to strengthen state institutions, improve transparency and accountability, consolidate administrative and policy capacity, and align Bosnia's governance with European Union norms. Complementary measures to unblock stalled EU negotiations, enhance anti-corruption practices, and introduce governance metrics are essential for ensuring that reforms are sustainable, politically feasible, and oriented toward long-term stability. At the same time, the strategic and operational dimensions of Bosnia's statehood — particularly the reform of the armed forces — remain integral to consolidating both

institutional capacity and national security. Professionalization, doctrinal and training harmonization, phased operational integration, civil-military relations, and regional cooperation are all necessary to develop a unified, capable military that contributes to both domestic stability and regional security.

We begin by Section One, which examines the foundations of Bosnia's governance and its relationship with the European Union. This section traces the historical sources of nationhood, analyzes the determinants of security, and evaluates the Dayton Peace Agreement, including its structure, advantages, and limitations. It further considers the rationale for constitutional reform, presents a methodology for change, and outlines proposed revisions designed to strengthen state institutions and enhance EU alignment. Section One also explores pathways to unblock the negotiation deadlock with the EU and improve the functioning of Bosnia's political and administrative institutions, integrating governance metrics, anti-corruption measures, and administrative consolidation as part of a broader reform agenda.

Section Two shifts the focus to the reform of Bosnia's armed forces, emphasizing legal and institutional harmonization, professionalization of training and doctrine, phased operational integration, and the development of civil-military relations. This section also considers engagement with domestic military leadership, regional cooperation, and external guarantees, situating military reform within the broader strategic imperatives of state consolidation and European integration. Risk assessment, mitigation strategies linked to constitutional reform, and EU accession conditionalities are explored, alongside a long-term outlook and exit strategy for sustainable military development.

Section Three builds on the preceding analyses by examining the operational and strategic implications of governance and security reforms for Bosnia's long-term stability. It synthesizes insights from constitutional, administrative, and military reform efforts, evaluates comparative models of post-conflict federalism, and highlights strategic pathways for improving institutional resilience, political cohesion, and EU partnership. By integrating governance, security, and strategic planning, Section Three provides a comprehensive framework for understanding the levers available to strengthen Bosnia's institutions and advance its trajectory toward stability, resilience, and European integration.

Together, these sections provide a coherent, multi-dimensional analysis of Bosnia and Herzegovina, charting

a path from historical and constitutional foundations through practical governance reform, EU engagement, and strategic military modernization. They establish the foundation for a comprehensive approach to advancing institutional capacity, political stability, and long-term strategic alignment with Europe and the broader region.

2. Analytical lens

In EU studies, describing the European Union as a shifting governance regime means treating it not as a fixed organization but as an evolving system of authority, rule-making, and compliance that changes over time through enlargement, crises, and institutional adaptation. In this view, governance is dispersed across multiple levels and actors rather than concentrated in a single sovereign centre.

A central theoretical lens is multi-level governance. This approach understands the EU as a system in which authority is distributed across EU institutions, member states, sub-state actors, and in the case of enlargement, candidate countries. Bosnia and Herzegovina becomes part of this layered governance space, where EU norms and rules interact directly with domestic institutional arrangements shaped by the post-Dayton constitutional order.

Europeanization theory adds another dimension by focusing on how EU rules and practices reshape domestic systems through legal harmonisation, administrative reform, policy transfer, and longer-term norm diffusion. In enlargement contexts like Bosnia, this process is typically asymmetrical, with strong pressure flowing from the EU towards the candidate state and limited reciprocal influence in the early stages.

New institutionalism helps explain variation in outcomes. Rational choice institutionalism highlights how actors respond to incentives such as accession rewards or sanctions. Historical institutionalism emphasises path dependency, which is highly relevant in Bosnia because the Dayton framework locks in fragmented decision-making structures. Sociological institutionalism focuses on socialisation processes through which EU norms may become internalised over time.

External governance approaches, sometimes framed critically as “EU empire-like” governance, interpret the EU as projecting regulatory power beyond its borders without extending full membership rights. This is particularly visible in enlargement policy where rule adoption is required before accession but political inclusion is delayed or uncertain.

Conditionality theory is central to enlargement logic. It rests on the idea that compliance is exchanged for rewards,

primarily membership. Its effectiveness depends on the credibility of EU commitments and the perceived benefits of accession. In Bosnia’s case, weakening enlargement credibility reduces the incentive structure that drives reform.

Post-functionalist perspectives add that enlargement is increasingly shaped by domestic politicisation within existing member states. Enlargement fatigue and identity-based concerns inside the EU can slow or complicate accession pathways, reducing the effectiveness of external leverage.

When these theories are applied to Bosnia and Herzegovina, several analytical levers become particularly important. One is the credibility of conditionality, meaning whether EU promises of membership are seen as realistic and timely. If credibility is low, domestic actors have fewer incentives to undertake costly reforms. Another is compliance capacity, which refers to the ability of Bosnia’s institutions to implement the EU *acquis*. This is constrained by fragmented governance, limited administrative coordination, and weak state-level authority.

A further lever is the structure of veto players. Bosnia’s constitutional system contains multiple points of blockage, including entity-level veto powers and ethnically structured institutions. This increases the number of actors capable of preventing or delaying EU-required reforms.

Socialisation and norm internalisation is another key dimension, focusing on whether EU standards are adopted superficially or become embedded in administrative and legal practice. Closely related is the intensity of external governance, which in Bosnia is high due to the strong role of the EU delegation, stabilisation and association mechanisms, and financial assistance instruments that guide reform priorities.

Statehood and constitutional compatibility also matter significantly. The EU’s accession model assumes a relatively coherent and effective state apparatus, whereas Bosnia operates through a consociational system established by the Dayton Peace Agreement. This creates structural tension between EU requirements for streamlined decision-making and Bosnia’s fragmented constitutional design.

Finally, geopolitical competition increasingly shapes the context, as alternative external actors can provide economic or political options that reduce EU leverage.

Taken together, the EU functions as a regulatory and normative governance regime that seeks to transform candidate states through conditionality, diffusion, and institutional alignment. In Bosnia and Herzegovina, however, this transformative capacity is constrained by constitutional fragmentation, veto-player density, limited administrative capacity, and fluctuating EU credibility, producing a slow and uneven accession trajectory.

EU accession reports, the Enlargement “benchmarks,” and the Rule of Law chapter assessments collectively paint a fairly consistent picture of Bosnia and Herzegovina as a **formally reforming but structurally constrained state**, where legal alignment with the EU advances unevenly while substantive rule-of-law consolidation remains weak.

A useful analytical framework for addressing these limitations can be built around a **multi-layered “conditional state transformation” model**, which integrates Europeanization theory, post-conflict statehood analysis, and political economy approaches to EU enlargement. The key idea is to move away from treating Bosnia and Herzegovina as either a “failed Europeanizer” or a “blocked state,” and instead conceptualize EU–Bosnia relations as a **recursive interaction between external conditionality, domestic institutional architecture, and informal political economies** (Grabbe, 2006; Bieber, 2013).

At the first analytical layer, **EU conditionality as a shifting governance regime**, the framework treats Europeanization not as a stable set of rules but as an evolving governance technology. Conditionality is operationalized through progress reports, accession benchmarks, and rule-of-law chapters, but its credibility fluctuates over time depending on enlargement fatigue, internal EU cohesion, and geopolitical priorities. This draws on Grabbe’s (2006) argument about transformative power while extending it by explicitly treating conditionality as politically endogenous to the EU itself rather than externally fixed. In this layer, the key analytical question

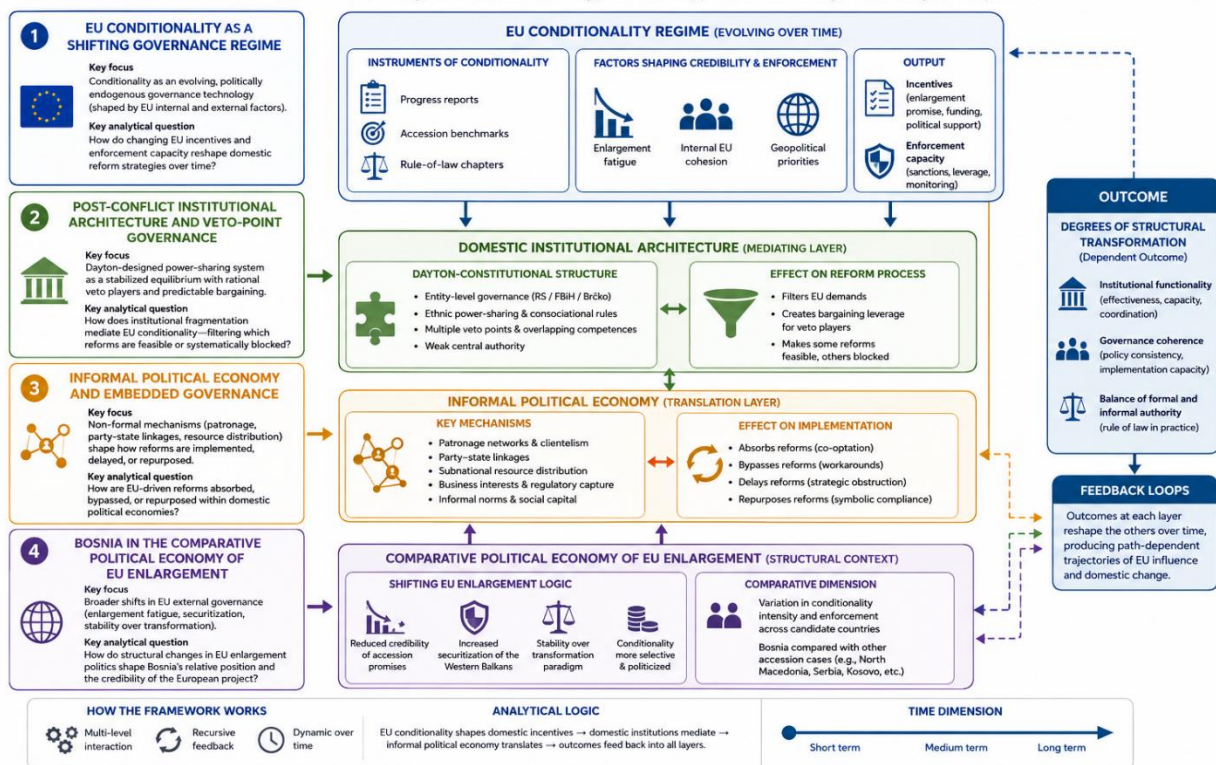
becomes not simply whether Bosnia complies, but how the **changing structure of EU incentives and enforcement capacity reshapes domestic reform strategies over time**.

The second layer, **post-conflict institutional architecture and veto-point governance**, focuses on Bosnia’s internal constitutional structure as a durable constraint on transformation. Building on Bieber (2013), this layer conceptualizes Bosnia’s Dayton-designed system not merely as an obstacle to reform but as a **stabilized power-sharing equilibrium that redistributes incentives for compliance and resistance**. Rather than assuming institutional dysfunction, the framework treats veto points, entity-level governance, and ethnic representation mechanisms as rationalized structures that produce predictable patterns of political bargaining. The key analytical move here is to shift from describing institutional fragmentation to analyzing how fragmentation actively mediates EU conditionality, filtering which reforms are politically feasible and which are systematically blocked.

The third layer, **informal political economy and embedded governance**, addresses a major empirical gap in existing scholarship by focusing on the non-formal mechanisms through which both EU conditionality and domestic institutions are translated into practice. This includes patronage networks, party-state linkages, and subnational resource distribution systems that shape how formal EU requirements are implemented, delayed, or reinterpreted. In this layer, Europeanization is not measured by legislative alignment alone but by the extent to which EU-driven reforms are **absorbed, bypassed, or repurposed within domestic political economies**. This responds to the critique that much of the existing literature over-relies on formal compliance indicators such as progress reports (European Commission, 2005–2026).

A MULTI-LAYER ANALYTICAL FRAMEWORK FOR EU-BOSNIA RELATIONS

A multi-level feedback system of conditionality, institutions, political economy and enlargement politics



The fourth layer situates Bosnia within the **comparative political economy of EU enlargement**, linking it to broader shifts in the EU's external governance model. This dimension extends Jeffrey's (2008) constructivist insights by arguing that "Europeanness" is not only discursively constructed but also materially structured through changing geopolitical and economic incentives for enlargement. Bosnia is therefore not an isolated case but part of a wider transformation in EU enlargement logic, characterized by reduced credibility of accession promises, increased securitization of the Western Balkans, and growing emphasis on stability over transformation. This layer allows Bosnia to be analyzed comparatively alongside other accession cases, highlighting variation in conditionality intensity and domestic reform outcomes.

Bringing these layers together, the framework conceptualizes EU-Bosnia relations as a **multi-level feedback system** in which EU conditionality shapes domestic institutional incentives, while domestic veto structures and informal political economies recursively reshape the effectiveness of EU influence. The central dependent outcome is not simply "accession progress" but **degrees of structural transformation**, understood as changes in institutional functionality, governance coherence, and the balance between formal and informal authority.

This integrated framework addresses three key limitations in the existing literature. Theoretically, it bridges the gap

between Europeanization theory and post-conflict state-building by treating institutions not as static constraints but as politically produced equilibrium structures. Empirically, it pushes analysis beyond formal compliance indicators by incorporating informal governance and political economy mechanisms as central explanatory variables. Conceptually, it situates Bosnia within the broader transformation of EU enlargement policy, allowing for comparative and historically sensitive analysis rather than case-specific interpretation alone.

Overall, the framework reframes Bosnia-EU relations as an ongoing process of **contested institutional co-production**, in which neither the EU nor domestic actors fully control the trajectory of integration, but both continuously reshape the conditions under which integration becomes more or less possible (Bieber, 2013; Grabbe, 2006; Jeffrey, 2008).

The foreign policy of Bosnia and Herzegovina is based on maintaining peace, cooperation, and integration into European and Euro-Atlantic structures, while balancing its internal ethnic composition and political system.

Its main principles and orientations include:

First, commitment to sovereignty, territorial integrity, and peaceful relations with neighboring countries, especially within the Western Balkans. Second, a strong strategic

goal of joining the European Union, which shapes much of its diplomatic, legal, and economic alignment. Third, cooperation with NATO through partnership programs, although full membership is politically debated internally. Fourth, support for regional stability through participation in initiatives like CEFTA and other Balkan cooperation frameworks.

Fifth, a policy of balanced external relations, maintaining ties with both Western countries and other global partners such as Turkey and Russia. Overall, Bosnia and Herzegovina's foreign policy is oriented toward European integration, regional cooperation, and internal stability, but is often constrained by its complex domestic political structure.

3. Bosnia and the EU

The accession of Bosnia and Herzegovina to the European Union represents one of the most important political and strategic objectives in the country's post-war development. EU integration is widely viewed not only as a pathway toward economic modernization and institutional reform, but also as a framework for strengthening democratic governance, the rule of law, regional stability, and long-term security in the Western Balkans.

A major breakthrough in Bosnia and Herzegovina's European path occurred on 21 March 2024, when the European Council decided to open accession negotiations with the country following a recommendation by the European Commission. The decision marked a historic political step and reflected the European Union's renewed geopolitical focus on enlargement after Russia's invasion of Ukraine. EU institutions emphasized that enlargement had once again become a strategic priority for the Union, particularly in relation to stability and democratic resilience in Southeast Europe.

The opening of negotiations was welcomed by the European Parliament and by numerous European leaders as recognition of Bosnia and Herzegovina's progress on several reform priorities. In particular, the adoption of legislation related to anti-money laundering, conflict of interest regulations,

judicial reforms, and migration management contributed to the positive recommendation issued by the European Commission. At the same time, EU institutions stressed that the accession process would remain strictly merit-based and dependent on the implementation of further reforms in accordance with the Copenhagen criteria.

The European Parliament's Committee on Foreign Affairs reaffirmed strong support for Bosnia and Herzegovina's EU membership perspective throughout 2025. In its assessments of the 2023 and 2024 Commission reports, the Committee emphasized that the country's future lies within the European Union and called on political leaders to accelerate institutional and constitutional reforms. Members of the European Parliament also warned that persistent political polarization, institutional blockages, corruption, and secessionist rhetoric continued to undermine progress toward European integration.

According to the European Commission's 2025 Enlargement Package and the Bosnia and Herzegovina Report 2025, the country remains in the early phase of the accession process. While accession negotiations have been politically launched, the technical and procedural dimensions of negotiations are still developing. The European Commission noted that Bosnia and Herzegovina must finalize key judicial reform laws, strengthen the rule of law, improve public administration efficiency, and appoint a chief negotiator before negotiations can effectively advance.

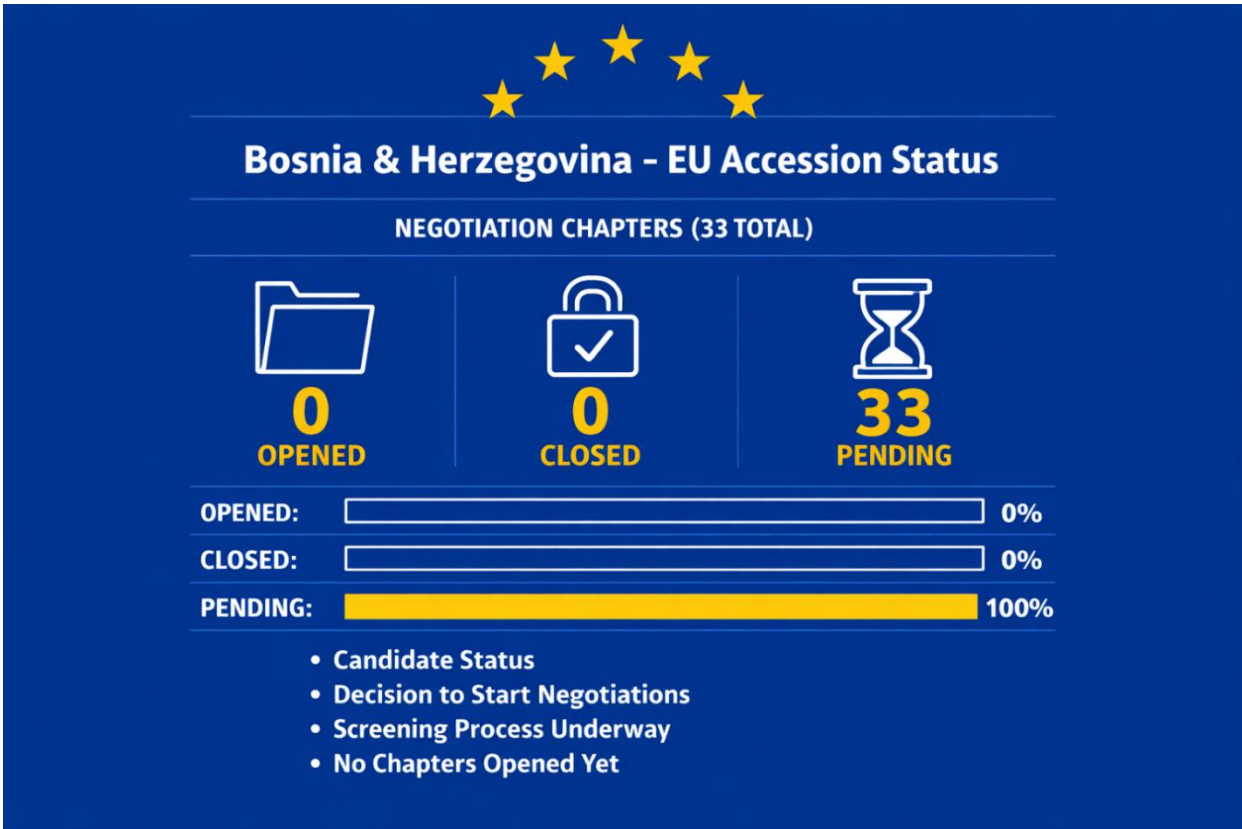
The 2025 report also highlighted several structural challenges affecting Bosnia and Herzegovina's EU trajectory. Political instability within Republika Srpska, tensions between political actors, and repeated institutional deadlocks slowed reform implementation throughout 2025. The Commission nevertheless acknowledged certain positive developments, including the submission of the country's Reform Agenda to the European Commission and enhanced cooperation with the EU on border management and migration policy.¹

¹

<https://enlargement.ec.europa.eu/document/download/5d8fc5>

47-f8f8-456f-84e3-b38998acfafe_en?filename=bosnia-and-herzegovina-report-2025.pdf

Figure



Despite political progress, Bosnia and Herzegovina has not yet formally opened any negotiation chapters as of 2026. This distinction is important because the accession process consists of 33 thematic chapters covering areas such as judiciary, competition policy, environment, agriculture, energy, and fundamental rights. Countries such as Montenegro and Serbia are significantly further advanced in this technical phase, having already opened numerous chapters and pro-visionally closed some of them. Bosnia and Herzegovina, by contrast, remains at the beginning of the screening and preparatory phase of negotiations. Therefore, representations suggesting that multiple chapters have already been opened by Bosnia and Herzegovina are inaccurate and can create a misleading impression regarding the country’s actual accession progress.

The European Commission continues to emphasize that Bosnia and Herzegovina’s advancement toward EU membership depends primarily on domestic political consensus and sustained reform implementation. Particular importance has been placed on judicial independence, anti-corruption measures, public administration reform, protection of fundamental rights, electoral reform, and the functionality of democratic institutions. The EU has repeatedly stressed that accession is not automatic, but rather conditional upon measurable progress in aligning national legislation and institutions with the EU *acquis communautaire*.

At the same time, public support for EU membership in Bosnia and Herzegovina remains relatively strong, especially among younger generations who associate European integration with economic opportunity, freedom of movement, institutional stability, and improved governance standards. European institutions have also increased financial and technical assistance to the Western Balkans through the Growth Plan for the Western Balkans and the Economic and Investment Plan, both designed to accelerate economic convergence with the European Union.

Bosnia and Herzegovina’s EU path therefore remains both promising and challenging. The political decision to open accession negotiations represents a historic milestone and confirms the country’s strategic European perspective. However, the pace of future progress will depend on the willingness of domestic political actors to overcome institutional fragmentation, implement substantive reforms, and strengthen democratic governance in line with European standards.

The Rule of Law chapters, especially Chapters 23 (judiciary and fundamental rights) and 24 (justice, freedom, and security), are particularly revealing. They tend to emphasise persistent deficiencies in judicial independence, the politicisation of public institutions, and

weaknesses in the fight against corruption and organised crime. Although Bosnia has adopted formal legal reforms and established a range of judicial and prosecutorial bodies, the EU repeatedly notes concerns about political influence over judicial appointments, selective enforcement of laws, and limited track records in high-level corruption cases.

A recurring theme in these assessments is the problem of institutional fragmentation. The EU reports highlight that Bosnia's complex governance structure, with competencies divided between the state, entities, cantons, and the Brčko District, leads to duplication, inconsistent enforcement, and weak coordination. This fragmentation is seen as a major

obstacle to creating a unified legal and administrative space capable of implementing EU standards effectively.

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Figure Sarajevo Academy of Fine Arts



Another consistent finding is the dominance of political interference in public administration and regulatory bodies. The accession reports often point to politicised recruitment practices, lack of meritocracy in civil service systems, and party control over public enterprises. These dynamics are interpreted as undermining both governance efficiency and public trust in institutions, while also slowing down reforms required under the EU acquis.

In terms of benchmarks, Bosnia is frequently assessed as making limited progress in key areas such as judicial reform, public administration reform, anti-corruption frameworks, and media freedom. Even when legislative steps are taken, the EU emphasises that implementation is weak or inconsistent, and that enforcement mechanisms are not sufficiently insulated from political influence.

Importantly, the Rule of Law chapters also stress the issue of "state capture risks," meaning that political elites are able to exert sustained influence over institutions that are formally independent. This is particularly relevant in procurement

systems, state-owned enterprises, and parts of the judiciary. The reports therefore frame Bosnia not simply as a weak state, but as a state where institutional weaknesses are systematically exploited by political actors.

At the same time, the EU documents do acknowledge areas of partial progress, such as incremental alignment with parts of the acquis, participation in regional cooperation frameworks, and the existence of functioning electoral and parliamentary processes. However, these are generally presented as insufficient to offset the deeper structural problems.

Overall, the accession reports, benchmarks, and Rule of Law assessments converge on a core diagnosis: Bosnia and Herzegovina is institutionally engaged with the EU integration process but remains constrained by a combination of constitutional fragmentation, limited administrative capacity, and persistent politicisation of the rule of law. The result is a pattern of formal compliance

without full functional convergence, which helps explain the slow and uneven trajectory of accession.

4. Bosnia's Institutional Architecture

The post-conflict institutional architecture of Bosnia and Herzegovina is best understood as a consociational and internationally engineered state-building arrangement created by the Dayton Peace Agreement in 1995. Analytically, it sits at the intersection of peacebuilding, power-sharing theory, and external governance, and it is central to explaining why Bosnia's EU accession process is structurally difficult and politically stalled.

At its core, the Bosnian state is a highly decentralised and ethnically structured system designed to end armed conflict rather than to produce administrative efficiency or integration capacity. Authority is dispersed across two main entities, the Federation of Bosnia and Herzegovina and Republika Srpska, alongside the Brčko District, which has a special autonomous status. The state-level institutions exist but are deliberately weak, with significant competencies retained at entity, cantonal, and municipal levels, especially within the Federation.

From an analytical perspective, one key focus is consociationalism. Bosnia represents a classic case of ethnic power-sharing where political representation is organised along constituent peoples (Bosniaks, Croats, and Serbs). This structure ensures inclusion and prevents domination but also embeds ethnic veto points into the constitutional system. The Presidency is tripartite, legislative processes often require entity voting rules, and vital national interest veto mechanisms allow ethnic groups to block legislation, producing high institutional friction.

A second analytical lens is veto-player theory. Bosnia has an unusually high number of institutional veto players, both formal and informal. Entity parliaments, cantonal governments, ethnic caucuses, and state-level institutions all possess blocking capacity. This creates a system where policy change is possible only through broad and often ethnically cross-cutting consensus, which is rare in practice. As a result, decision-making is slow, fragmented, and frequently externally driven.

A third lens is post-conflict state-building and international tutelage. Bosnia is a paradigmatic case of externally administered peace implementation, particularly through the Office of the High Representative, which retains significant Bonn Powers to impose legislation and dismiss officials. This creates a hybrid sovereignty structure in which domestic authority is formally present but externally constrained. The

EU has increasingly taken over this steering role through conditionality, embedding Bosnia within a broader framework of external governance rather than full sovereign equality.

A fourth analytical dimension is institutional path dependency. The Dayton constitution froze wartime territorial and political compromises into a permanent institutional architecture. This created a strong lock-in effect, making structural reform extremely difficult because any change requires agreement among the same ethno-political elites that benefit from the existing system. As a result, the institutional framework reproduces itself over time, even when it is functionally inefficient.

A fifth focus is the tension between functionality and legitimacy. The Bosnian system is highly legitimate in a minimal peace-maintenance sense because it prevents large-scale conflict recurrence, but it is weak in terms of effective governance, policy coordination, and EU acquis implementation. This duality creates what can be described as a stability–efficiency trade-off, where political stability is maintained at the cost of institutional performance.

A sixth analytical lens is European Union conditionality and external state transformation. Bosnia's institutional architecture is increasingly shaped by EU accession requirements, which assume the existence of a single, coherent, and capable state apparatus. This produces structural misfit, because EU conditionality pushes for centralisation and administrative coherence, while Dayton embeds decentralisation and fragmentation. The result is partial compliance, symbolic reform, and frequent institutional deadlock.

Finally, the system can be understood through the lens of consociational entrenchment under external governance. Instead of evolving toward a more integrated state, Bosnia's institutions often become stabilised in their fragmented form because both internal elites and external actors prioritise conflict avoidance over institutional consolidation. This produces a governance equilibrium characterised by low transformation capacity, high external involvement, and persistent political stalemate.

Overall, Bosnia and Herzegovina's post-conflict institutional architecture is not simply a constitutional arrangement but a governance regime shaped by peace settlement logic, ethnic power-sharing, and external supervision. Its analytical significance lies in how it simultaneously enables stability and constrains state functionality, making it a structurally challenging case for

EU accession and institutional convergence.

The Dayton institutional structure has had a dual and deeply contradictory impact on Bosnia and Herzegovina: it successfully ended the war and stabilised the country, but it also embedded a highly fragmented, ethnically structured system of governance that limits effective statehood, policy coordination, and EU integration capacity.

At its core, Dayton created a consociational power-sharing system designed to prevent renewed conflict among Bosniaks, Croats, and Serbs. This was achieved by distributing authority across multiple layers: two entities (the Federation of Bosnia and Herzegovina and Republika Srpska), a weak central state, and additional cantonal governments within the Federation. The result is one of the most decentralised and institutionally complex states in Europe.

A first major impact is on state capacity. The central state has limited authority over taxation, policing, healthcare, education, and economic regulation compared to most European states. Many of these competencies are held at entity or cantonal level. This fragmentation reduces the ability of the state to implement coherent nationwide policies and weakens administrative efficiency. From a political economy perspective, it creates multiple “mini-states” with overlapping and sometimes competing regulatory systems.

A second impact is the institutionalisation of ethnic veto power. Dayton embeds ethnicity directly into decision-making through mechanisms such as entity voting and vital national interest vetoes. While this ensures that no group can be permanently marginalised, it also produces high levels of decision-making deadlock. Policy change often requires cross-ethnic elite agreement, which is difficult to achieve and incentivises political obstruction as a strategic tool.

A third impact is the proliferation of veto players. Because authority is dispersed across multiple territorial and ethnic levels, Bosnia has an exceptionally high number of institutional veto points. This makes reforms slow, incremental, and often dependent on external pressure, particularly from the EU or the Office of the High Representative. In veto-player theory terms, the win-set for reform is extremely small.

A fourth consequence is the reinforcement of ethno-political party systems. Political competition is structured primarily along ethnic lines rather than programmatic or ideological cleavages. Parties tend to operate as representatives of constituent peoples, which strengthens identity-based mobilisation and reduces incentives for cross-ethnic coalition building. This also feeds into patronage politics, where access

to state resources is distributed through party networks aligned with ethnic constituencies.

A fifth impact is on economic governance and public administration. The fragmented structure creates duplication of institutions, high administrative costs, and inconsistent regulatory frameworks. It also expands opportunities for patronage and informal governance, as control over fragmented administrative units allows political elites to maintain localized networks of influence.

A sixth impact is on rule of law and institutional independence. The complexity of the system, combined with political fragmentation, makes it easier for political actors to influence or bypass judicial and regulatory institutions. Enforcement of laws is uneven across territories, and coordination between different legal systems is weak, which undermines legal certainty.

A seventh and particularly important impact is on EU accession capacity. The EU's integration model assumes a relatively coherent state capable of implementing the *acquis* uniformly. Dayton's structure creates a fundamental mismatch with this requirement. Even when Bosnia adopts EU-compatible legislation, implementation is often inconsistent across entities and cantons. This produces what is often described as “formal alignment without functional convergence.”

Finally, Dayton has a stabilisation paradox at its core. It has been extremely successful in preventing a return to large-scale conflict by freezing ethnic balances into the institutional system. However, the same features that ensure political stability also generate long-term governance inefficiencies, reform paralysis, and dependency on external actors for coordination and enforcement.

Overall, the Dayton structure produces a trade-off between peace and functionality: it delivers stability through fragmentation and veto rights, but at the cost of weak state capacity, limited policy coherence, and structurally constrained political and economic development.

5. Bosnia's informal and embedded governance

Bosnia and Herzegovina's informal and embedded governance structures are crucial for understanding how the system actually functions in practice, beyond its formal constitutional architecture. While Dayton created a highly complex formal institutional design, much of political authority, policy coordination, and resource distribution operates through informal networks, patronage systems,

and externally embedded governance mechanisms. The result is a hybrid system where formal consociational institutions coexist with dense informal practices that often determine real outcomes.

Informal governance in Bosnia can be understood as the set of unwritten rules, practices, and relationships that structure political and administrative decision-making outside formal institutional channels. A central feature is clientelism, where political support is exchanged for access to jobs, public resources, or social benefits. Political parties are often the key intermediaries in this system, acting not only as ideological actors but as distributional machines embedded in public administration. Party control over appointments in state-owned enterprises, public institutions, and civil service structures reinforces this logic, creating parallel systems of loyalty that frequently override formal merit-based procedures.

Another dimension of informal governance is elite bargaining networks. Because formal institutions are heavily fragmented and contain multiple veto points, many key decisions are reached through behind-the-scenes negotiations among ethno-political elites. These negotiations often occur outside parliamentary settings and are later formalised through legislative procedures. This means that real political power is frequently exercised in informal arenas, while formal institutions serve as ratification mechanisms rather than sites of genuine deliberation.

Judicial and regulatory capture is also a significant element. Although Bosnia has formally independent judicial and oversight institutions, political influence is often exercised through appointments, budgetary control, and informal pressure. This weakens rule of law enforcement and creates uneven application of legal standards, particularly in politically sensitive or corruption-related cases.

Embedded governance refers to the way external actors, particularly the European Union and other international organisations, are structurally integrated into Bosnia's domestic governance system. Bosnia is one of the most intensive cases of external governance in Europe, where sovereignty is partially shared with international institutions. The Office of the High Representative represents the most direct form of embedded authority, historically capable of imposing legislation and removing officials. Even as its direct intervention has declined, its presence continues to shape political expectations and elite behaviour.

The European Union is embedded through the Stabilisation and Association Process, accession conditionality, and financial assistance instruments such as the Instrument for

Pre-Accession Assistance. These mechanisms do not simply incentivise reform; they actively structure policy priorities, administrative reforms, and legislative agendas. EU delegations and monitoring missions are integrated into domestic policy cycles, meaning that parts of Bosnia's governance system operate in continuous reference to external benchmarks.

This produces what can be described as a dual governance structure. Formal institutions follow Dayton's consociational logic, while embedded external governance introduces a parallel layer of rule-setting and monitoring. Domestic actors often navigate between these layers strategically, complying with EU requirements when necessary while relying on informal domestic networks to maintain political control and resource distribution.

A key analytical implication is the interaction between informal and embedded governance. Rather than replacing informal practices, external governance often coexists with them, sometimes reinforcing them unintentionally. For example, EU-driven reform requirements can be implemented formally but subverted informally through patronage-based appointments or selective enforcement. This creates a gap between formal compliance and substantive change, often described as "isomorphic adaptation" or "Potemkin compliance."

Another important feature is the resilience of informal institutions under external pressure. Because formal institutions are fragmented and externally monitored, political actors often shift decision-making into less visible informal arenas. This means that increased external governance does not necessarily reduce domestic elite control; instead, it can displace it into alternative channels.

Overall, Bosnia and Herzegovina's governance system is best understood as a layered hybrid. Formal consociational institutions provide the constitutional framework, embedded international governance structures provide external steering and conditionality, and informal networks provide the operational logic through which political and economic power is actually exercised. The interaction of these layers produces a system that is simultaneously highly regulated on paper and highly negotiated in practice, with significant implications for state capacity, rule of law consolidation, and EU accession performance.

The political economy of reform in Bosnia and Herzegovina is shaped by a structural imbalance between external incentives for institutional change and domestic incentive systems that reward stability, fragmentation,

and control over resources. Reform processes are therefore not primarily technical exercises but distributive conflicts over power, patronage, and access to state resources within a post-conflict governance framework.

A central feature is the dominance of party-centric political economy. Political parties are deeply embedded in the allocation of public employment, procurement contracts, and state-owned enterprise governance. This creates strong incentives to resist reforms that would reduce discretionary control over these resources, even when such reforms are formally required under EU conditionality.

Another key dimension is the fragmentation of fiscal authority. Bosnia's multi-layered constitutional structure distributes revenue collection and spending across state, entity, cantonal, and municipal levels. This fragmentation limits fiscal transparency and coordination, while also creating multiple rent-seeking opportunities. Reform of public financial management is therefore politically sensitive because it threatens entrenched revenue streams at different levels of government.

The labour market is also politicised through public sector employment, which remains one of the most important instruments of political patronage. Public administration reform is repeatedly delayed because it would undermine the ability of political elites to reward supporters and maintain coalition stability across ethnically divided constituencies.

State-owned enterprises constitute another core pillar of the political economy. Many of these firms are overstaffed, inefficient, and politically controlled, but they function as employment buffers and sources of informal revenue distribution. Privatisation or restructuring efforts are often blocked or diluted because they directly affect party financing and patronage networks.

Corruption is not only a governance failure but an embedded equilibrium within the system. It operates through predictable channels of procurement, licensing, and public employment, making it structurally difficult to eliminate without altering the underlying political incentives that sustain it.

External financial assistance, particularly from the European Union and international financial institutions, plays a dual role. While it supports reform agendas, it also provides budgetary stabilisation that can reduce short-term pressure for domestic fiscal restructuring. This can unintentionally reinforce dependency on external funds rather than stimulate internal reform coalitions.

Ethno-political segmentation further reinforces distributive

conflict. Because political competition is structured along ethnic lines, reform costs and benefits are often interpreted through group-based lenses rather than national efficiency criteria. This reduces the scope for cross-ethnic reform coalitions and increases the likelihood of institutional deadlock.

A further dimension is the role of informal economic networks, including remittances, informal employment, and grey-market activity. These networks provide household-level resilience but also reduce demand for formal institutional reform, as a significant portion of economic activity remains outside regulatory reach.

Foreign direct investment remains limited and often concentrated in politically insulated sectors, which reduces external pressure for governance reform through market discipline. Where investment does occur, it is frequently mediated through political connections, reinforcing existing patronage structures.

EU accession conditionality is the primary external driver of reform, but its effectiveness depends on credibility and enforcement consistency. When accession timelines appear distant or uncertain, domestic elites have reduced incentives to undertake costly structural changes.

Institutional reform is therefore often characterised by symbolic compliance rather than substantive transformation. Laws may be adopted to meet formal requirements, but implementation is weak or selectively applied, preserving underlying power structures.

The judiciary and anti-corruption institutions are central to reform efforts but remain vulnerable to political influence through appointments and budgetary dependence. This limits their ability to alter the incentive structure that sustains the existing political economy.

Finally, reform dynamics are shaped by a stability bias embedded in both domestic and international actors. Domestic elites benefit from predictable control over resources, while external actors prioritise short-term stability and conflict avoidance over deep institutional restructuring.

Overall, the political economy of reform in Bosnia is best understood as a self-reinforcing equilibrium in which fragmented institutions, patronage-based party systems, and externally supported stability mechanisms collectively reduce the likelihood of transformative change, even in the presence of strong formal reform agendas.

The informal economy affects implementation of the *acquis communautaire* not just by “evading rules,” but by creating **alternative governance mechanisms that systematically reshape how EU rules are interpreted, applied, and often diluted in practice**. In Western Balkan contexts like Bosnia and Herzegovina, this produces a persistent gap between legal transposition (laws on paper) and effective implementation (laws in practice).

A first key mechanism is **patronage-based allocation of public resources**. A large part of economic life is tied to access to public employment, public procurement, and state-owned enterprises. Because the *acquis* requires merit-based recruitment, competitive procurement, and transparent state aid rules, informal patronage networks directly undermine compliance. Even when formal procedures are introduced, they are often informally overridden through pre-selection of candidates, tailored tender specifications, or politically influenced evaluation committees.

A second mechanism is **regulatory capture through informal networks**. Regulatory agencies, inspectorates, and licensing bodies may formally exist in line with EU standards, but their decision-making can be shaped by party-linked or business-linked networks. This affects implementation of *acquis* chapters related to competition policy, environmental regulation, and internal market rules. The result is selective enforcement, where rules are applied unevenly depending on political or economic connections.

A third mechanism is **selective enforcement and legal arbitrariness**. The *acquis* assumes predictable, uniformly applied regulation. In informal economies, enforcement becomes discretionary, with tax authorities, labour inspectors, or customs officials applying rules inconsistently. This weakens legal certainty and reduces incentives for firms to formalise, reinforcing informality.

A fourth mechanism is **shadow labour markets and undeclared work**. Large segments of employment operate outside formal contracts, social insurance systems, and labour protections. This directly conflicts with EU *acquis* requirements on labour law, occupational safety, and social policy coordination. It also reduces fiscal capacity, limiting the state’s ability to fund compliance-related administrative reforms.

A fifth mechanism is **informal taxation and rent extraction systems**. Instead of formal taxation, some economic actors rely on negotiated payments, informal fees, or politically mediated contributions. This undermines *acquis* requirements related to public financial management, tax harmonisation, and anti-corruption standards, because

revenue flows are partially opaque and not fully integrated into formal budget systems.

A sixth mechanism is **political financing through informal economic channels**. Parties often rely on access to public contracts, state-owned enterprises, and informal business arrangements for funding. This creates strong incentives to resist procurement reforms, anti-corruption measures, and transparency requirements embedded in the *acquis*, particularly in Chapters 5 (public procurement), 23 (judiciary and fundamental rights), and 24 (justice, freedom, and security).

A seventh mechanism is **isomorphic compliance or “paper implementation.”** Governments adopt EU-required laws and institutional forms to satisfy formal accession benchmarks, but implementation is weakened through informal practices. This creates a divergence between *de jure* alignment and *de facto* governance, allowing states to progress in accession reporting while maintaining existing informal structures.

An eighth mechanism is **state–business hybridisation**, where formal and informal economies are deeply intertwined. Businesses may operate legally in some areas while relying on informal practices in others (tax avoidance, underreporting, politically mediated contracts). This hybrid structure makes full alignment with the *acquis* difficult because compliance becomes partial and strategically selective.

Finally, there is a broader systemic mechanism: informal institutions as a parallel governance system. Rather than replacing the state, informality coexists with formal EU-aligned institutions and often determines how those institutions function in practice. This means *acquis* implementation becomes a negotiated process shaped by elite interests, rather than a purely legal-administrative transformation.

Overall, the key impact of the informal economy on *acquis* implementation is that it weakens rule uniformity, distorts enforcement, and converts formal EU compliance into a layered system of partial adoption and informal adaptation, which is one of the main reasons convergence in the Western Balkans is often slow and uneven.

6.Comparative Political Economy

Bosnia and Herzegovina occupies a distinctive and analytically revealing position in the comparative political economy of the European Union because it represents an extreme case of externally governed, post-conflict transformation at the periphery of the EU’s enlargement

regime. It is not simply a “laggard” candidate state but a structurally different type of political economy shaped by consociational constitutional design, fragmented sovereignty, and intensive external governance. This makes it useful as a limiting case for testing how far the EU’s standard integration model can stretch beyond consolidated state-capitalist or social market systems inside the Union.

From a comparative perspective, Bosnia diverges sharply from the typical EU member state political economies, which are broadly organised around coordinated or liberal market economy models with varying degrees of welfare state integration and institutionalised collective bargaining. Bosnia, by contrast, operates as a fragmented patronage economy in which political authority is dispersed across multiple territorial and ethnic levels, and where economic coordination is heavily mediated through party control over public resources rather than market regulation or social partnership.

A key analytical distinction is the nature of state capacity. In most EU political economies, even in newer member states, the state functions as a relatively coherent actor capable of enforcing taxation, regulation, and contract law. In Bosnia, state capacity is segmented and uneven, with significant competencies located at entity, cantonal, and municipal levels. This produces a weak centre of economic governance and multiple overlapping regulatory regimes, which complicates integration into the EU’s single market framework.

Bosnia also differs in terms of its growth model. Whereas many EU economies rely on export-led manufacturing, high-value services, or innovation-driven sectors, Bosnia’s economy is characterised by consumption dependence, remittance inflows, and a limited industrial base. Public sector employment and state-linked enterprises remain central to economic stability, reinforcing a political economy in which redistribution and access to public employment are more important than productivity-driven growth.

In comparative EU terms, Bosnia resembles aspects of other Western Balkan political economies, particularly in its reliance on informal institutions, weak rule of law enforcement, and high levels of perceived corruption. However, it is more extreme due to the institutionalisation of ethnic power-sharing, which embeds distributive conflict directly into the constitutional structure. This makes policy coordination more complex than in neighbouring candidate countries with more unitary or centralised systems.

Another important dimension is the role of external governance, which is significantly stronger in Bosnia than in any EU member state or even most candidate countries. The EU, alongside other international actors, plays a quasi-

constitutional role in shaping policy priorities, monitoring reforms, and conditioning financial assistance on compliance. This creates a hybrid political economy in which domestic policy space is partially structured by external actors rather than purely national preferences.

From a comparative institutional perspective, Bosnia can be interpreted as an outlier in the Europeanisation literature. While most EU candidates gradually converge toward EU regulatory standards through incremental institutional adaptation, Bosnia exhibits partial and uneven convergence, often limited to formal legal transposition without full implementation. This produces a gap between *de jure* alignment with EU norms and *de facto* governance practices.

In terms of welfare and redistribution, Bosnia differs significantly from both Northern and Southern EU models. Social protection systems are fragmented along entity and cantonal lines, resulting in uneven access and significant regional disparities. This undermines the development of a unified social citizenship model typical of EU member states and reinforces territorialised patterns of welfare provision.

Labour market dynamics also place Bosnia at the periphery of EU comparative political economy. High unemployment, especially among youth, combined with emigration and brain drain, reduces domestic human capital accumulation. Labour market institutions are weakly coordinated, and collective bargaining structures are limited in scope and effectiveness compared to EU standards.

A further comparative dimension is financial integration. Bosnia’s banking sector is largely foreign-owned and integrated into European financial networks, which introduces external stability but limits domestic financial sovereignty. At the same time, access to capital is constrained by weak legal enforcement and high perceived risk, reinforcing dependence on external liquidity and remittance flows.

From a political economy of reform perspective, Bosnia illustrates the limits of conditionality-based integration when domestic veto structures are strong and state capacity is weak. In most EU accession cases, conditionality operates through credible membership incentives that gradually reshape domestic coalitions. In Bosnia, however, fragmented governance and low credibility of accession timelines weaken this mechanism, producing slow or symbolic compliance rather than deep structural reform.

Finally, Bosnia's position in the comparative political economy of the EU highlights a broader theoretical tension between convergence and divergence. While EU enlargement is often theorised as producing convergence toward a common regulatory and institutional model, Bosnia demonstrates that under conditions of extreme institutional fragmentation and external governance, the outcome may instead be persistent hybridisation. This hybrid combines partial EU rule adoption, entrenched informal political economies, and externally stabilised but domestically weak state structures.

Overall, Bosnia and Herzegovina functions as a critical case for understanding the outer limits of EU-driven political-economic transformation. It reveals that EU integration is not a uniform convergence process but a differentiated and conditional one, where outcomes depend heavily on pre-existing state structures, domestic political incentives, and the depth of external governance involvement.

Table

Country	State capacity & governance	Dominant growth model	Labour market structure	Informal economy & corruption	External dependence	EU integration status
Albania	Moderately centralised but weak rule of law enforcement; improving administrative capacity	Consumption-led with tourism and construction; remittances important	High informality, youth unemployment, migration pressure	High but gradually declining under EU pressure	High EU financial & migration dependence	Negotiations opened; gradual alignment
Bosnia & Herzegovina	Highly fragmented consociational state; low central capacity; multiple veto points	Consumption + public sector + remittances; weak industrial base	Politicised public employment; segmented labour markets	Very high; patronage-based political economy	Extremely high donor dependence; diaspora inflows	Stalled/slow; weak credibility
Kosovo	Weak but centralising state; international supervision legacy	Remittance-driven consumption economy	Young population, very high unemployment, informal labour dominant	Very high; party-linked patronage networks	Very high diaspora dependence; aid inflows	Potential candidate; early-stage
Montenegro	Small state, relatively centralised but captured institutions	Tourism-dependent rent economy	Seasonal labour market; small formal sector	Moderate-high, especially in public procurement	High dependence on tourism and external investment	Negotiations ongoing but slow
North Macedonia	Moderately functional state with ethnic	Mixed: manufacturing FDI enclave + services	Dual labour market; export manufacturing vs informal	Moderate; improving with EU conditionality	High FDI dependence (EU-linked supply chains)	Negotiations started

	powersharing constraints		domestic sector			
Serbia	Stronger central state capacity but politically captured institutions	FDI-led industrial assembly + energy + services	Export manufacturing enclaves vs weak domestic labour institutions	High but more institutionalised ; selective enforcement	High EU trade integration + Chinese/Russia n diversification	Negotiating, geopoliticall y complex

The region ranges from fragmented weak states such as Bosnia and Kosovo to semi-consolidated but politically captured states such as Serbia and North Macedonia. From a historical institutionalist perspective, Bosnia represents the clearest case of institutional lock-in produced by a peace settlement architecture, while Serbia and North Macedonia follow more conventional post-socialist state-building trajectories, albeit with varying degrees of elite capture and politicisation of institutions.

Three dominant growth model patterns emerge across the Western Balkans. The first consists of remittance-consumption economies, notably Kosovo, Bosnia, and Albania, where external labour migration and diaspora inflows sustain domestic demand and household consumption. The second is tourism-rent economies, particularly Montenegro and parts of Albania, where growth is heavily seasonal and exposed to external shocks and volatility in international travel flows. The third is FDI-dependent industrial assembly models, especially Serbia and North Macedonia, where integration into European production networks enables export-led manufacturing, but largely in low-to-medium complexity segments. Across all cases, endogenous innovation capacity remains limited, consistent with dependency theory and peripheral capitalism arguments.

All Western Balkan states exhibit labour market dualisation, understood as a structural division between formal employment linked to export sectors or public administration and large informal or precarious labour segments. Bosnia and Kosovo represent the most extreme forms of this dualisation, where informality and public-sector dominance are particularly pronounced, while North Macedonia and Serbia show more structured integration into export-oriented employment, though dualisation persists.

Informal governance is a systemic feature rather than an institutional deviation. It operates through party patronage in public employment, politically embedded procurement networks, and informal regulatory enforcement practices that shape actual outcomes beyond formal legal structures. From a Northian institutionalist perspective, these informal

institutions are complementary rather than substitutive, meaning they stabilise the system by providing predictable channels of exchange within otherwise weak formal institutional environments. Bosnia represents the most deeply embedded informal system, whereas North Macedonia shows comparatively greater movement toward formalisation under sustained EU conditionality pressures.

All states in the region are structurally dependent, though the form of dependence varies. Kosovo, Bosnia, and Albania are primarily characterised by remittance dependence, where diaspora inflows are central to economic stability. Serbia and North Macedonia are more closely integrated into EU-centred production networks, reflecting FDI and supply chain dependence. Montenegro and Albania exhibit significant tourism dependence, making them vulnerable to external demand fluctuations. Kosovo and Bosnia also display high levels of donor and aid dependence. From an external governance perspective, the EU functions simultaneously as a market anchor through trade and investment, a norm exporter through regulatory alignment, and a fiscal stabiliser through IPA funding and coordination with international financial institutions. However, the credibility of this framework varies significantly, particularly in Bosnia where enlargement expectations are weaker and more uncertain.

EU integration dynamics across the region are uneven and can be understood through conditionality theory. High structural responsiveness is observed in North Macedonia and Albania, where reform incentives are stronger and institutional adaptation more consistent. Serbia and Montenegro display medium responsiveness, constrained by domestic political factors and selective implementation capacity. Bosnia and Kosovo show low effectiveness due to structural constraints related to fragmented sovereignty, institutional complexity, and weak implementation capacity. This pattern supports a credibility-capacity interaction model in which conditionality is effective only when both EU membership credibility and domestic

administrative capacity are sufficiently strong.

Across the Western Balkans, political economy outcomes are best explained through the interaction of three core variables. The first is variation in state capacity, which determines whether EU rules can be effectively implemented. The second is elite incentive structures, which shape whether reforms threaten or reinforce existing patronage-based systems. The third is external anchoring intensity, which determines the degree to which EU regulatory frameworks and global capital flows structure domestic economic trajectories. Within this configuration, Bosnia and Kosovo occupy the extreme end of low capacity and high external dependence, Serbia and North Macedonia represent hybrid convergence cases embedded in European production networks, and Montenegro and Albania occupy intermediate positions shaped by rent-based and consumption-driven growth models.

Overall, in comparative EU political economy terms, the Western Balkans do not exhibit uniform convergence toward a single institutional model. Instead, they constitute a differentiated periphery of variegated capitalism in which EU integration produces selective regulatory alignment but persistent divergence in governance quality, institutional depth, and long-term state capacity development.

Shifting enlargement logic in the EU and improving conditionality enforcement requires adjusting both the incentive structure and the credibility of enforcement. At present, the enlargement model in the Western Balkans is based on a linear logic in which reforms are expected to lead to compliance with the *acquis*, which then leads to gradual rewards and ultimately membership. In practice, this sequence is weakened by uncertain membership credibility, uneven enforcement of benchmarks, and a tendency toward formal compliance rather than substantive implementation. This produces what is often described as a stalled or diluted transformational conditionality regime.

A more effective approach would involve moving away from a binary accession model toward a staged or graduated integration process. Instead of treating membership as an all-or-nothing outcome in the distant future, the EU would grant incremental access to specific benefits such as parts of the single market, investment instruments, and policy regimes, based on verified implementation performance. This would increase credibility because rewards become more immediate and reversible, rather than distant and uncertain.

Another necessary shift is toward stronger emphasis on enforcement outcomes rather than legal transposition. At present, success is often measured by whether laws are formally adopted, but this allows states to comply on paper

while avoiding substantive reform. A more effective model would prioritise indicators such as judicial performance, procurement transparency, corruption outcomes, and regulatory enforcement quality. This would reduce the gap between formal adoption and actual governance change.

A further change involves strengthening negative conditionality credibility. Backsliding on reforms or failure to implement agreed benchmarks would need to carry tangible consequences such as suspension of funds, freezing of negotiations, or rollback of integration steps. Without credible penalties, incentives for sustained reform weaken over time. This requires a more consistent and less politically flexible application of rules across enlargement cases.

Enlargement logic could also be improved through deeper institutional embedding of monitoring and implementation mechanisms. This means shifting from periodic reporting cycles to more continuous forms of oversight, including real-time administrative monitoring in key sectors such as justice, procurement, and public administration. It also implies a stronger operational role for EU institutions in tracking implementation, not just evaluating legislation.

Finally, conditionality could be made more effective by linking it more directly to investment and economic integration. Access to EU financial instruments, guarantees, and private investment frameworks would be more tightly tied to demonstrated governance improvements, creating a stronger material connection between reform and economic benefit.

The effectiveness of conditionality varies significantly across the Western Balkans because it depends on state capacity, credibility of accession, and domestic elite incentives. In North Macedonia, conditionality has been relatively effective due to comparatively higher administrative capacity and a stronger belief in eventual EU membership, despite political delays. In Albania, recent judicial reforms and clearer sequencing have improved responsiveness, although implementation remains uneven. In Serbia, conditionality is partially effective but weakened by geopolitical diversification, which reduces EU leverage. In Montenegro, formal alignment is relatively advanced but slowed by limited administrative depth and elite capture, particularly in sectors linked to tourism and procurement. In Kosovo, conditionality is constrained by partial international recognition and institutional fragility, even though external governance presence is strong.

Bosnia and Herzegovina stands out as the most

structurally constrained case. Unlike other candidates, it combines very low functional state coherence with extremely high veto-player density, meaning that even technically agreed reforms are difficult to implement uniformly. Its dependence on external governance is very high, but this often substitutes for domestic coordination rather than building it. At the same time, the credibility of EU membership is relatively weak, which reduces the incentive for sustained reform.

Compared to its regional peers, Bosnia has the lowest level of effective state capacity, the highest level of institutional fragmentation, and the weakest alignment between formal reform adoption and actual implementation. While countries like North Macedonia and Albania show at least partial convergence under conditionality pressure, and Serbia and Montenegro demonstrate hybrid convergence patterns, Bosnia remains closer to a structurally stalled system in which formal EU compliance coexists with persistent governance fragmentation.

Overall, Bosnia illustrates the limits of standard EU enlargement tools. The core issue is not only weak conditionality design, but a deeper mismatch between the EU's assumption of coherent state authority and Bosnia's fragmented, consociational governance structure. As a result, conditionality produces partial and uneven convergence rather than full institutional transformation.

7. Outcome, Feedback and Output

In summary, Bosnia and Herzegovina's enlargement process produces a self-reinforcing stagnation loop rather than linear convergence toward EU membership.

The outcome is slow formal progress with very limited substantive transformation. Bosnia can adopt EU-aligned legislation and participate in accession frameworks, but implementation is fragmented, uneven, and often politically reversible. As a result, it remains in a prolonged "early-stage" or "structurally constrained" accession position.

The feedback loop works in a cyclical way. Weak state capacity and high veto-player density make it difficult to implement reforms consistently across territory. This leads to partial or symbolic compliance with EU benchmarks rather than deep institutional change. The EU responds by slowing progress in accession steps and maintaining cautious conditionality. That reduced credibility weakens domestic incentives for reform, because political elites and voters increasingly perceive EU membership as distant or uncertain. As incentives weaken, reform effort declines or becomes more selective, which further reduces implementation quality. This in turn

reinforces the EU's assessment that Bosnia is not ready for deeper integration, closing the loop.

Over time, this produces a dual equilibrium. On one side there is formal convergence, where laws and institutions are adjusted to meet EU requirements on paper. On the other side there is persistent informal governance and fragmented implementation, where actual political and administrative practices remain largely unchanged.

The core feedback mechanism is therefore conditionality erosion through credibility loss combined with institutional fragmentation, which together sustain a stable but low-convergence equilibrium rather than a transformative accession trajectory.

In terms of output, Bosnia's enlargement process produces three main results rather than full accession-driven transformation.

First, it produces formal legal alignment output. Bosnia generates laws, strategies, and institutional frameworks that are increasingly compatible with the EU acquis. This shows up as legislative adoption, institutional restructuring on paper, and participation in EU-required coordination mechanisms.

Second, it produces limited implementation output. Some reforms are partially operationalised, especially in technical areas linked to trade, customs, or basic regulatory alignment. However, enforcement is uneven across entities and cantons, and policy outcomes vary significantly across territory. This means the output is fragmented rather than system-wide.

Third, it produces institutional reproduction output rather than transformation. Instead of consolidating a single coherent state capacity, the process often reinforces existing structures: ethnic veto points remain intact, administrative fragmentation persists, and informal governance networks continue to shape real decision-making.

So the overall output can be summarised as high formal compliance, low functional convergence, and persistent hybrid governance, where EU-related reforms coexist with unchanged underlying political economy structures.

In short, the enlargement process produces rules and institutions on paper, partial policy effects in practice, and long-term structural continuity in how power is actually exercised.

Would EU Commissioner Kos' call for better anchoring the enlargement process in the candidate countries' modernisation drive make a difference ?

In principle, a call from an EU Commissioner (for example Commissioner for Enlargement or Neighbourhood policy) to “anchor enlargement in Bosnia’s modernisation strategy” could matter—but only in a limited and conditional way. It would not by itself change Bosnia’s trajectory unless it is backed by credible institutional and financial redesign of conditionality.

Here is how it could make a difference, and how it would actually have to work:

First, it could matter by reframing the accession narrative from legal compliance to state functionality. Bosnia’s current accession logic is heavily *acquis*-centric: adopt laws, align formally, report progress. A modernisation framing would shift emphasis toward outputs such as administrative effectiveness, service delivery, rule-of-law performance, and economic governance. This matters because it changes what is counted as “progress” in EU reporting and benchmarks.

Second, it could improve coherence by bundling reforms into a single strategic sequencing framework. Bosnia currently faces fragmented conditionality across dozens of chapters and sub-requirements. A modernisation strategy could group reforms into fewer, system-level tracks such as judiciary integrity, public administration functionality, and economic governance. This reduces the ability of domestic actors to comply selectively while avoiding structural change.

Third, it could strengthen credibility if it is tied to earlier and more visible rewards. Bosnia’s core problem is not only weak capacity but low belief in accession. A modernisation-anchored approach would need to front-load benefits such as access to parts of the EU single market, infrastructure funding, or investment guarantees once specific governance thresholds are met. Without this, the framing change would be mostly rhetorical.

Fourth, it could increase enforcement consistency by linking progress more directly to measurable performance indicators rather than formal legislative adoption. For example, judicial case resolution rates, procurement transparency outcomes, and corruption prosecution records would matter more than simply passing new laws. This would directly target Bosnia’s “paper compliance” problem.

However, the effect would be limited if structural constraints remain unchanged. Bosnia’s core problem is not only policy framing but institutional fragmentation and veto-player density under the Dayton constitution. Even a modernisation

strategy cannot easily overcome the fact that implementation authority is split across multiple levels of government that can block or dilute reforms.

There is also a risk of strategic adaptation without deep change. Domestic elites may re-label existing reforms as “modernisation” while continuing informal governance practices underneath. This is a well-known pattern in Bosnia’s EU integration process: formal alignment increases without corresponding functional convergence.

So the bottom line is this: a Commissioner-level push makes a difference in agenda-setting, benchmarking, and incentive design, especially if it changes how progress is measured and rewarded. But it would only materially alter Bosnia’s trajectory if it is backed by credible enlargement commitment, stronger enforcement tools, and earlier integration benefits. Without those, it would likely shift the language of conditionality more than the underlying political economy of reform.

Allow yourself to play broader.

8.The Determinants of Bosnia's Sense of Security

Bosnia and Herzegovina occupies a critical position at the crossroads of Central and Southeastern Europe, historically shaped by empires, migrations, and the interweaving of multiple religious and cultural identities. Its modern trajectory has been profoundly affected by the collapse of Yugoslavia in the early 1990s, which exposed and amplified latent ethnic tensions between Bosniaks, Croats, and Serbs. Centuries of Ottoman and Austro-Hungarian administration had produced layered identities and local governance structures that were both resilient and fractious. Socialist Yugoslavia attempted to mitigate these divisions through centralization and constitutional engineering, yet underlying tensions remained. The dissolution of the Yugoslav federation unleashed nationalist mobilization and violence, producing a war in Bosnia from 1992 to 1995 that became emblematic of post-Cold War ethnic conflict. The war was characterized by mass displacement, siege tactics, ethnic cleansing, and the Srebrenica genocide. It fundamentally altered the demographic, social, and political landscape, leaving a legacy that continues to shape Bosnia’s state-building challenges (Malcolm, 1996; Burg & Shoup, 1999).

The **Dayton Peace Agreement**, signed in November 1995, brought an end to hostilities but simultaneously froze wartime political and territorial realities into a formal constitutional structure. Bosnia became a highly decentralized state composed of the **Federation of**

Bosnia and Herzegovina, the **Republika Srpska**, and the **Brčko District**, the latter remaining under international supervision. The constitutional design entrenched ethnic power-sharing among the three constituent peoples—Bosniaks, Croats, and Serbs—while imposing vetoes and quotas intended to protect minority interests. While this architecture prevented renewed large-scale violence, it also institutionalized political fragmentation, administrative duplication, and elite capture, limiting the country's capacity for coherent policy-making, EU integration, and long-term state viability (Bose, 2002; Belloni, 2009).

Bosnia and Herzegovina (BiH) has faced a complex and protracted path toward European Union (EU) integration due to its post-war political structures and legacy of ethnic division (Seyaz, 2026). The Dayton Peace Agreement of 1995 created a highly decentralized state with two entities and multiple layers of government, which has complicated governance and policy implementation (Seyaz, 2026). This fragmentation has made EU-driven reforms particularly difficult, as consensus among ethnic and political groups is often lacking (Nielsen & Šiljak, 2022). The EU accession process for BiH has been closely tied to progress in institutional reform, rule of law, and governance, yet progress has been uneven (Džankić, Keil, & Kmezić, 2019).

Economic criteria for accession, such as market reforms and macroeconomic stability, have generally been met in part, but political and administrative obstacles remain significant (Elbasani, 2013). Political polarization and lack of cross-party cooperation undermine the implementation of reforms required by the EU (Seyaz, 2026). Corruption and weak judicial institutions further impede governance and reduce the credibility of BiH's EU aspirations (Fagan & Sircar, 2015). The EU has attempted to use conditionality to incentivize reform, but results have often been limited due to entrenched domestic resistance (Džankić et al., 2019).

Bosnia's complex political structure, with overlapping competencies between state, entity, and cantonal governments, has slowed legislative and administrative harmonization with EU standards (Nielsen & Šiljak, 2022). The Office of the High Representative (OHR) has played a central role in overseeing post-Dayton reforms, but its authority is increasingly contested (Seyaz, 2026). EU integration has also been complicated by external actors, including neighboring countries that have occasionally imposed political or diplomatic pressure (Hasić & Karabegović, 2019). Despite these challenges, Bosnia remains strategically important for the EU, both as a potential member and as part of regional stability efforts (Elbasani, 2013).

Efforts to strengthen rule of law have included judicial reform,

anti-corruption initiatives, and improvements in administrative capacity, though progress remains slow (Fagan & Sircar, 2015). BiH's foreign policy orientation toward the EU is generally positive, but domestic political divisions limit consistent implementation (Hasić & Karabegović, 2019). Open Balkan initiatives and regional integration efforts offer opportunities for trade, labor mobility, and cooperation, but they may risk becoming parallel tracks that substitute for full EU integration (Džankić et al., 2019). Public opinion in Bosnia largely supports EU membership, yet frustration over slow progress fuels skepticism about the EU's effectiveness (Nielsen & Šiljak, 2022).

Ethnic divisions within the political system have led to repeated institutional gridlock, affecting reform adoption and EU-related legislation (Seyaz, 2026). The EU's conditionality approach, including the Stabilization and Association Agreement (SAA), has provided both incentives and pressure for reform, yet enforcement is limited by domestic resistance (Elbasani, 2013). Sectoral reforms, such as in environmental governance and energy policy, illustrate the uneven implementation of EU standards in practice (Fagan & Sircar, 2015). Capacity building in public administration remains a core focus of EU assistance programs, aiming to professionalize governance (Džankić et al., 2019).

Political parties often prioritize ethnic interests over EU-aligned reforms, which slows the integration process (Seyaz, 2026). Institutional weakness, coupled with limited accountability mechanisms, hinders progress on rule-of-law benchmarks required by the EU (Nielsen & Šiljak, 2022). Civil society plays a critical role in monitoring reforms, promoting transparency, and advocating for EU integration, though resources are limited (Hasić & Karabegović, 2019). EU engagement has emphasized the importance of functional state institutions, democratic consolidation, and minority rights protection (Elbasani, 2013).

External geopolitical considerations, including EU strategic interests in the Western Balkans, shape Bosnia's accession trajectory and the EU's policy approach (Džankić et al., 2019). Delays in integration undermine economic reforms and foreign investment, creating uncertainty in domestic and regional markets (Fagan & Sircar, 2015). Lessons from other Western Balkan countries show that political will, institutional capacity, and public support are critical determinants of successful EU accession (Seyaz, 2026). While EU membership remains a long-term goal, Bosnia's accession process illustrates the limits of conditionality when structural and

political obstacles persist (Nielsen & Šiljak, 2022).

The EU continues to provide pre-accession assistance, technical support, and policy guidance, which are essential for incremental progress (Elbasani, 2013). Alignment with EU policies requires significant reforms in sectors ranging from judiciary to public administration to education (Fagan & Sircar, 2015). Ethnic and political fragmentation remains the main barrier to legislative harmonization and effective governance (Seyaz, 2026). Despite these challenges, continued engagement with EU institutions and regional partners remains crucial for stability and eventual accession (Hasić & Karabegović, 2019). Bosnia's experience underscores that EU enlargement in the Western Balkans is a long-term, iterative process requiring domestic consensus, external support, and adaptive strategies (Džankić et al., 2019).

Overall, Bosnia and Herzegovina's EU integration trajectory demonstrates the interplay of internal fragmentation, political polarization, and EU conditionality in shaping accession prospects (Seyaz, 2026). The country's case provides broader lessons on the challenges of Europeanization in post-conflict, ethnically divided states, highlighting the need for sustained reform, regional cooperation, and institutional strengthening (Elbasani, 2013).

Bosnia and Herzegovina's sense of security emerges from an interwoven set of domestic, regional, historical, and geopolitical factors that continuously shape its strategic psychology. Domestically, the persistence of ethno-political fragmentation influences the perceptions of insecurity felt by Bosniaks, Croats, and Serbs. Each community interprets security through the legacy of the 1992–1995 war, the atrocities committed, the territorial implications of the conflict, and the post-war political arrangement that institutionalized ethno-territorial vetoes. Bosniaks tend to perceive security through the lens of preserving territorial integrity and preventing partition-like political dynamics. Croats emphasize fears of demographic marginalization and insufficient political representation within the Federation. Serbs anchor their sense of security in the autonomy of Republika Srpska and the avoidance of centralized decision-making that might dilute entity-level sovereignty.

Externally, Bosnia's sense of security is shaped by the posture of neighboring states. Croatia and Serbia play active roles as kin-states, with their political narratives, constitutional obligations, and strategic objectives influencing the orientations of the Croat and Serb communities. Turkish engagement, framed through cultural linkages and political support primarily oriented toward Bosniak partners, contributes to a multidirectional regional influence landscape. The projection of the European Union, NATO, and the United

States introduces an additional stabilizing layer, although their presence often appears inconsistent or reactive.

Further amplifying security concerns is Bosnia's economic vulnerability. High unemployment, limited investment, and governance stagnation undermine social cohesion and feed migration patterns that erode public trust. The country's weak institutional capacity, corruption, and constitutional gridlock create a persistent perception that governance cannot reliably deliver security. Meanwhile, information manipulation, transnational political influence, and internal secessionist rhetoric, especially from Republika Srpska leadership, fuel perceptions of fragility.

Together, these determinants create a dynamic in which Bosnia's sense of security is both internally contested and externally conditioned, producing a landscape where peace is maintained but confidence in long-term stability remains uncertain.

Trade Relationships

The European Union represents the largest trading bloc, contributing around **45%** of exports and imports. The Balkan region accounts for roughly **15%**, supported by geographic proximity and historical trade links. Other European markets outside the EU make up an additional **10%** of total trade flows. Global partners outside Europe contribute about **30%**, showing diversified international integration. This broad trade structure reduces dependence on any single regional market. Such diversification strengthens economic stability and increases attractiveness for foreign direct investment (FDI). Overall, strong trade links with Europe, the Balkans, and global markets support sustained economic growth.

The main investors in Bosnia and Herzegovina are mostly European countries. Croatia is the largest investor overall. Germany also invests heavily, especially in industry and manufacturing. Austria plays a big role in banking and telecommunications. Slovenia contributes strong investments in industry and services. Serbia invests in regional trade and businesses. Turkey is active in construction, banking, and infrastructure projects. Italy and the Netherlands also have notable investments in manufacturing and energy. Switzerland invests mainly through finance and business services. Most foreign direct investment in Bosnia comes from nearby European countries. Investment is focused on banking, energy, telecom, and manufacturing sectors.

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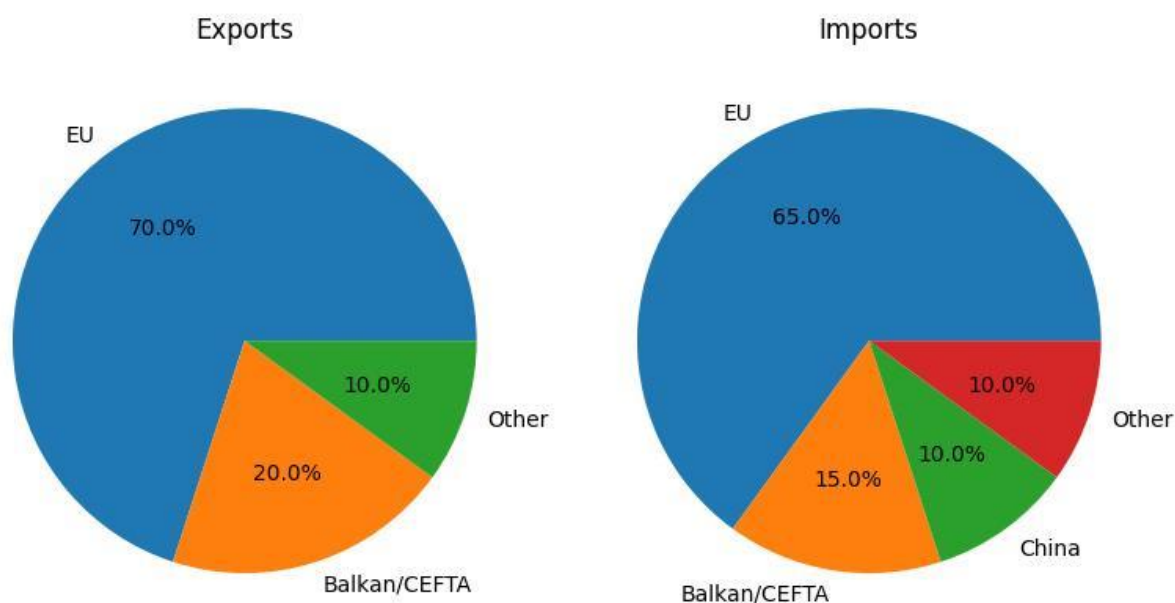
banking and finance. Energy and electricity production also receive a lot of investment. Manufacturing and metal industries are important sectors. Telecommunications is another major area of investment. Mining, especially coal and metals, attracts foreign companies. Construction and real estate projects are growing. Retail and trade sectors also receive steady investment. Tourism is slowly developing with new investments. Infrastructure projects like roads and bridges are also supported by foreign investors.

Across successive accession reports, Bosnia is typically described as being at an early to intermediate stage of preparation for EU membership, with progress assessed as limited, partial, or uneven depending on the year. The reports repeatedly highlight that Bosnia has the formal institutional framework required to engage with the EU accession process, but that the functioning of those institutions is undermined by

fragmentation, political contestation, and weak implementation capacity. In other words, the EU sees a gap between formal compliance and effective governance.

The benchmarks associated with accession, particularly under the Stabilisation and Association Process, stress two interconnected requirements. The first is political criteria, which include stable institutions guaranteeing democracy, the rule of law, human rights, and minority protection. The second is administrative and functional capacity, meaning the ability of the state to implement and enforce the acquis. In Bosnia's case, the EU consistently finds that while some legislative alignment occurs, the ability to implement and coordinate across different levels of government remains limited due to the complex constitutional structure established by Dayton

Figure



Connectivity on the Balkans

From a Bosnia and Herzegovina perspective, improving connectivity in the Balkans is mainly about reducing physical, economic, and political barriers between neighboring countries such as Croatia and Serbia, while also better linking the region to the European Union.

A central element is transport infrastructure. The most important project is Pan-European Corridor Vc, which runs from Budapest through Bosnia and Herzegovina down to the Adriatic coast in Croatia. If fully completed, it would allow faster north-south movement of goods and people, connect major Bosnian cities like Sarajevo and Mostar more efficiently,

and give the country better access to EU sea ports. Railways are another weak point; many lines are outdated, and upgrading rail connections toward both Croatia and Serbia would significantly improve trade and mobility.

Trade integration is another key area. From Bosnia's point of view, reducing border delays, simplifying customs procedures, and aligning regulations with European Union standards are essential. Because Croatia is already in the EU, Bosnia often faces administrative friction at the border, while Serbia operates under a different trade framework. Programs like regional cooperation initiatives in the Western Balkans aim to gradually reduce these gaps and make movement of goods smoother.

Energy infrastructure also plays an important role. Bosnia is already connected to regional electricity grids, but further integration—such as new gas interconnectors with Croatia and possibly Serbia—would increase energy security and reduce dependence on single supply routes. Shared investment in renewable energy, especially hydropower and wind in the Dinaric region, could also strengthen regional cooperation.

Digital connectivity is a newer but increasingly important dimension. Expanding fiber-optic networks across borders, improving mobile roaming agreements, and aligning digital public services can make cross-border interaction faster and cheaper. These changes are often less politically sensitive than physical infrastructure and can be implemented more quickly.

Political cooperation remains the most difficult factor. Even when funding and technical plans exist, projects can be delayed by tensions between governments or differing national priorities. From Bosnia's perspective, maintaining stable relations with both Croatia and Serbia, reducing nationalist disputes, and participating in regional frameworks such as the Berlin Process are necessary for long-term progress.

Overall, Bosnia's role in regional connectivity depends on its position between Central Europe, the Adriatic, and the Western Balkans. If internal stability improves and infrastructure projects continue, it can function more effectively as a transit space for the region, even if it is not a political "bridge" in itself.

9. History and Sources of Bosnia's Claim to Nationhood

Before the Slavs arrived, Bosnia was mainly inhabited by Illyrian tribes, an ancient Indo-European population of the western Balkans. The most important Illyrian group in the region was the Daesitiates, who lived in central Bosnia. These tribes also included smaller groups like the Autariatae in earlier periods. They lived in fortified hill settlements and small tribal communities rather than unified states. Their economy was based on farming, livestock herding, and metalworking, especially iron. The Illyrians were known for being warrior societies and sometimes resisted Roman expansion. From the 2nd–1st centuries BCE, Bosnia was gradually conquered by the Roman Republic and later the Roman Empire. Under Roman rule, local Illyrian populations became Romanized, adopting Latin language, infrastructure, and urban life. By late antiquity, Bosnia's population was a mix of Romanized Illyrians within the Byzantine sphere of influence. When the Slavs arrived in the 6th–7th centuries CE, they became the dominant cultural and linguistic population, replacing the earlier Illyro-Roman framework.



In relation to Bosnia, the "Dalmatia aspect" of Byzantine history is important because Dalmatia functioned as the main Adriatic coastal region through which Byzantine cultural, political, and economic influence reached the western Balkans. Dalmatia referred to the chain of coastal cities such as Zadar, Split, and Dubrovnik, which remained strongly connected to the Eastern Roman (Byzantine)

world after the fall of the Western Roman Empire. Bosnia lay immediately inland behind this coastal zone, separated by mountainous terrain, which meant it developed as a hinterland rather than a directly governed coastal province. The relationship between Dalmatia and Bosnia was therefore indirect but continuous. Coastal Dalmatian cities preserved Roman-Byzantine urban culture, Christianity, literacy, and trade networks, while Bosnia remained more rural and tribal during the early medieval period.

Through trade routes crossing the mountains, Bosnia was linked to the Mediterranean economy, exporting metals, livestock, and raw materials via Dalmatian ports. This created a long-term economic dependency and exchange between the inland Bosnian lands and the Adriatic coast.

Byzantine influence also reached Bosnia through Dalmatian ecclesiastical structures, especially the spread of Christianity and church organization. Although Byzantine political control over Bosnia itself was limited and often temporary, its cultural and religious influence filtered inland through coastal cities and their bishoprics. Over time, Bosnia became a frontier zone influenced by multiple external powers, including Byzantium, Latin Dalmatian cities, later Hungary, and regional Slavic polities.

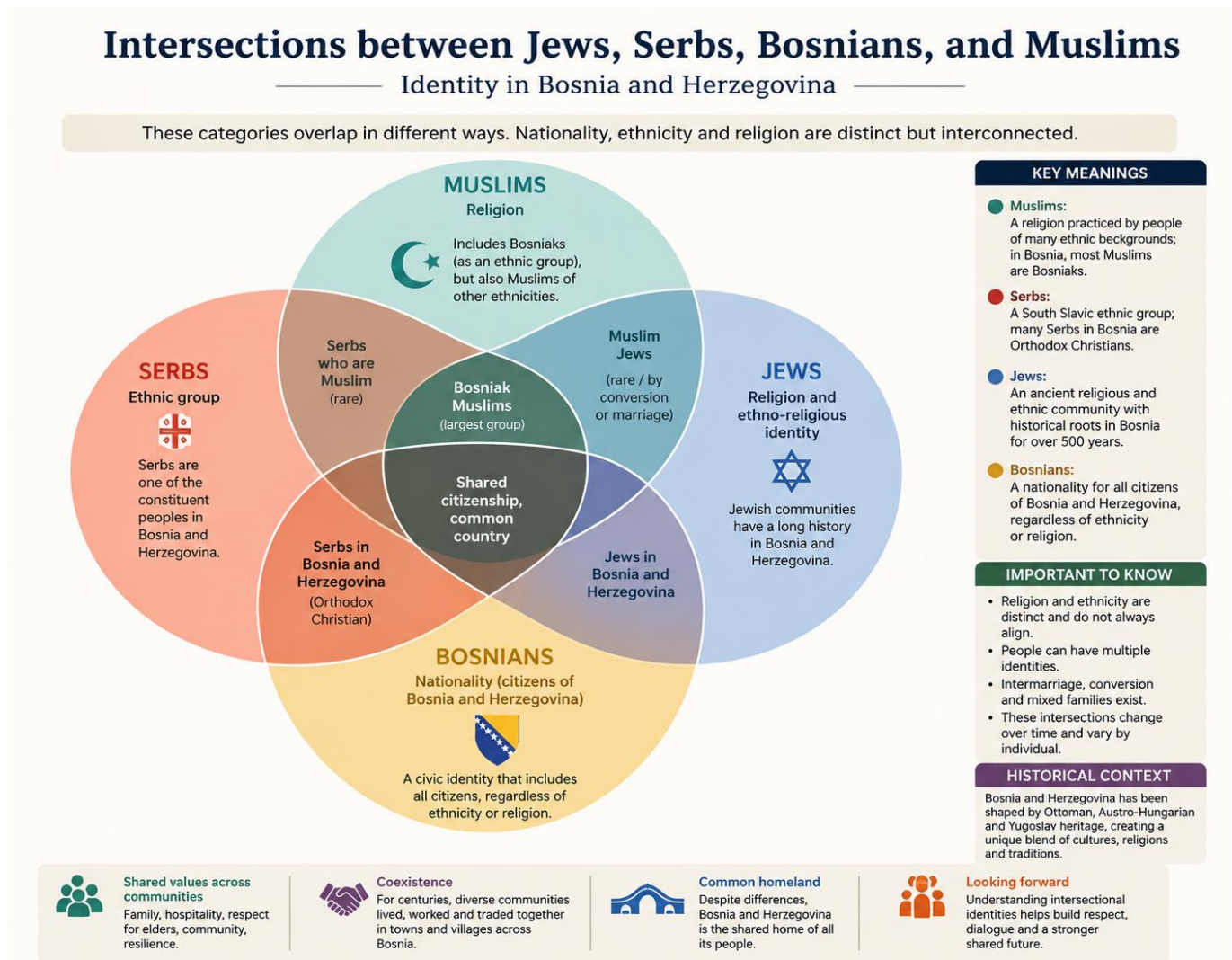
This coastal-inland relationship helped shape Bosnia's early identity as a distinct political and cultural space. It was neither fully integrated into the Byzantine coastal system nor fully isolated from it, but instead developed as a mountainous intermediary region influenced by both Mediterranean and Slavic worlds. This frontier position is a key reason Bosnia developed a unique medieval identity, balancing between different religious, political, and cultural spheres.

The foundations of Bosnia's claim to nationhood are deep

and multidimensional. Historically, Bosnia emerged as a distinct political entity during the medieval Banate and subsequently the Kingdom of Bosnia, developing state structures and diplomatic recognition well before incorporation into the Ottoman Empire. Throughout Ottoman

rule, Bosnia retained a degree of administrative distinctiveness with a broadly defined territorial identity. Austro-Hungarian administration further reinforced Bosnia's territorial integrity and bureaucratic evolution, shaping the foundations of a modern political community.

Figure



Bosnians refers to a national identity and includes all citizens of Bosnia and Herzegovina regardless of ethnicity or religion. Muslims refers to a religious identity and includes Bosniaks as the largest Muslim group, along with Muslims of other ethnic backgrounds. Serbs refers to an ethnic identity, and in Bosnia and Herzegovina most Serbs are Orthodox Christians. Jews refers to an ethno-religious identity and represents a small but long-established minority community in the country.

The main overlap is shared citizenship and geographic belonging within Bosnia and Herzegovina, where all groups live under the same national framework. Bosnians and Muslims overlap mainly through Bosniaks, who are predominantly Muslim, though there are also Muslims from

other ethnic backgrounds. Bosnians and Serbs overlap through Serbs who hold Bosnian citizenship while maintaining a distinct Serb ethnic identity. Bosnians and Jews overlap through Jewish citizens of Bosnia and Herzegovina, including historically established Sephardic and Ashkenazi communities. Smaller and less common overlaps exist between Serbs and Muslims, usually through historical conversion or mixed families, and between Serbs and Jews or Muslims and Jews, which tend to occur through individual mixed heritage rather than large population patterns.

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The main difference is the category of identity each represents. Bosnians are defined by nationality, Serbs by ethnicity, Muslims by religion, and Jews by both religion and ethno-religious heritage. Religious identity also differs, with Muslims primarily following Islam, Serbs in Bosnia and Herzegovina mainly following Orthodox Christianity, and Jews following Judaism. Language is largely shared across groups through closely related South Slavic languages, and differences are more about identity and vocabulary than communication. The structure of identity also varies, since some categories are civic, some ethnic, and some religious, which can overlap in different combinations.

Religion and ethnicity in Bosnia and Herzegovina do not always align. Individuals may identify with more than one category at the same time, and identity can be fluid depending on family background, personal choice, or context. The country is fundamentally multi-ethnic and multi-religious, with a long tradition of coexistence. Inter-marriage and mixed heritage exist, particularly in urban areas, and identity is often more complex than fixed labels suggest.

The region has a long multicultural history shaped by several major periods. After 1492, Sephardic Jews arrived following expulsion from Spain and established lasting communities. During the Ottoman period, Islamic influence expanded and significantly shaped Bosniak cultural development. The Austro-Hungarian period introduced modernization and administrative diversity. In the Yugoslav era of the 20th century, different groups lived within a shared state while

maintaining distinct identities. The conflicts of the 1990s increased the emphasis on ethnic division and categorization. Today, Bosnia and Herzegovina remains a single country in which multiple identities continue to coexist, especially in urban centers.

During the Yugoslav period, Bosnia and Herzegovina became one of six constituent republics of the Socialist Federal Republic of Yugoslavia, with constitutional standing equivalent to that of Serbia, Croatia, and the other republics. This republican status included defined borders, autonomous governance institutions, and a recognized multiethnic identity that produced a uniquely civic expression of Yugoslav federalism. Bosnia's nationhood claim therefore rests not only on historical continuity but also on its legal status within Yugoslavia as a sovereign republic entitled to self-determination under the 1974 Constitution.

The wartime period from 1992 to 1995 reinforced Bosnia's identity through international recognition following its declaration of independence and subsequent admission to the United Nations. Its defense of sovereignty, territorial integrity, and multiethnic continuity in the face of aggression strengthened international acknowledgement of Bosnia as a distinct political and national entity. The Dayton Peace Agreement reaffirmed Bosnia's statehood, preserving its international legal personality and guaranteeing its existence as a single sovereign state composed of two entities.

The sources of Bosnia's nationhood are therefore anchored in medieval statehood, centuries of regional administrative continuity, modern republican legal status, wartime self-determination, and internationally recognized sovereignty. These historical foundations underpin Bosnia's legitimacy as a multiethnic state despite post-war fragmentation.

10.The Dayton Peace Agreements: Structure, Advantages, and Limitations

The Dayton Peace Agreement ended the most violent conflict in Europe since World War II and successfully froze hostilities between the warring parties. Its primary achievement was the cessation of violence and the establishment of a constitutional framework that balanced coexistence with autonomy. Dayton recognized Bosnia and Herzegovina as a single state composed of the Federation of Bosnia and Herzegovina and Republika Srpska, preserving territorial integrity while granting substantial powers to the entities. It introduced power-sharing, ensured representation for all three constituent

peoples, and anchored peace through the presence of international institutions, including the Office of the High Representative and NATO-led peace forces.

However, Dayton's structure produced long-term limitations that now hinder effective governance. Its complex layers of institutions, overlapping competencies, and extensive veto points created a system that prevents central decision-making from functioning efficiently. Ethno-territorial vetoes, rigid constitutional asymmetries, and weak state-level authorities limit policy coordination, reform implementation, fiscal coherence, and strategic planning. Political elites exploit Dayton's safeguards to reinforce ethnonational control, obstruct compromise, and prevent institutional modernization, particularly in areas related to EU integration.

The absence of a clear pathway for constitutional evolution further magnifies these limitations. While Dayton provided stability, it did not establish mechanisms for overcoming structural gridlock or adapting the system as Bosnia moved from post-conflict stabilization toward European integration. The High Representative's authority has served as a corrective mechanism but also created dependency, enabling domestic actors to avoid responsibility for reform.

Overall, Dayton's legacy is a hybrid framework where peace is preserved through institutional fragmentation, but long-term governance consolidation and state-building remain structurally constrained.

Bosnia and Herzegovina (BiH) operates under the 1995 Dayton Peace Agreement, which preserved peace but entrenched ethnic divisions and institutional deadlock. This has hindered effective governance, economic development, and EU accession. Constitutional reform is critical to overcome these challenges, enhance minority rights, strengthen institutions, and align the country with European standards.

This memo outlines the rationale for reform, proposes a methodology for its implementation, identifies key areas for constitutional revision, and provides actionable recommendations for domestic authorities and international partners.

11. Bosnian Constitution

The Constitution of Bosnia and Herzegovina is the highest legal authority in the country and was established as part of the 1995 Dayton Peace Agreement, which ended the Bosnian War. It functions not only as a constitutional framework but

also as a key component of an international peace settlement, meaning it was designed primarily to secure peace and political stability rather than to serve as a purely domestically drafted constitutional document.²

Under this Constitution, Bosnia and Herzegovina is defined as a single sovereign state, but its internal structure is highly decentralized and complex. The country is divided into two main political entities: the Federation of Bosnia and Herzegovina and Republika Srpska. In addition to these, there is the Brčko District, which is a self-governing administrative unit under the sovereignty of the state but not fully controlled by either entity.

The system of government is built around the need to balance the interests of the three constituent ethnic groups: Bosniaks, Croats, and Serbs. This principle of ethnic power-sharing is central to nearly all political institutions. At the highest level of the state, executive authority is held by a three-member Presidency. Each member of the Presidency represents one of the three main ethnic groups, and they collectively serve as the head of state. The chairmanship of the Presidency rotates among the three members.

The legislative branch is made up of the Parliamentary Assembly, which consists of two chambers. These chambers are responsible for passing laws at the state level, although their powers are limited compared to those of the entities. The executive branch at the state level is carried out by the Council of Ministers, which is responsible for implementing policies and coordinating state-level governance.

The Constitutional Court plays a crucial role in interpreting the Constitution and resolving disputes between different levels of government, including conflicts between the state and the entities. It also ensures that laws and political actions are consistent with constitutional principles, including human rights protections.

A defining feature of the Constitution is the distribution of power between the state and the entities. Most governing responsibilities are not held by the central government but are instead delegated to the Federation of Bosnia and Herzegovina and Republika Srpska. These entities have significant authority over internal matters such as policing, education, healthcare, and local governance. The state-level institutions primarily focus on areas such as foreign policy, international trade, customs, monetary

²

https://www.ustavnisud.ba/public/down/USTAV_BOSNE_I_HERCEGOVINE_engl.pdf

policy, and defense.

Human rights protection is a fundamental component of the Constitution. It explicitly incorporates the European Convention on Human Rights and its protocols directly into the constitutional framework, giving them priority over all other domestic laws. This means that individuals in Bosnia and Herzegovina can rely on European human rights standards in domestic courts. The Constitution guarantees a wide range of rights, including freedom of expression, freedom of religion, freedom of movement, the right to property, and equality before the law.

The political system established by the Constitution is often described as one of the most complex in the world due to its extensive mechanisms for ethnic representation and veto powers. Many decisions require consensus among different ethnic groups, which is intended to prevent domination by any single group but can also make decision-making slow and complicated.

Another important aspect is the role of the international community, particularly through institutions like the Office of the High Representative (OHR), which was created to oversee the implementation of the peace agreement. This reflects the fact that Bosnia and Herzegovina's constitutional order is partially supervised by international actors, something that is unusual compared to most sovereign states.

Overall, the Constitution of Bosnia and Herzegovina creates a fragile but carefully balanced political system designed to maintain peace among ethnically divided groups, ensure representation for all major communities, protect human rights at a high international standard, and distribute power across multiple layers of government in order to prevent centralization and conflict.

12. Rationale for Constitutional Reform

Bosnia and Herzegovina continues to operate under the constitutional framework established by the 1995 Dayton Peace Agreement. While the agreement successfully ended armed conflict, it simultaneously institutionalized ethnic divisions and created a system prone to legislative deadlock. The Dayton framework enshrines extensive ethnic vetoes and complex entity-based powers, which often result in policy paralysis and hinder the implementation of essential reforms. Reforming the constitution is therefore critical to streamline decision-making processes, improve governance efficiency, and foster an environment in which the state can function more effectively.

The process of European Union accession further underscores the need for constitutional revision. EU membership requires

compliance with fundamental principles such as the rule of law, democracy, and robust protection of minority rights. The existing constitutional constraints in Bosnia and Herzegovina obstruct the country's ability to fulfill these obligations, delaying integration and limiting the effectiveness of governance reforms.

Furthermore, constitutional reform is essential to protect minority rights and ensure inclusive political participation. The European Court of Human Rights' Sejdić-Finci ruling clearly identified systemic discrimination against citizens who do not belong to the three constituent peoples, demonstrating the urgent need for legal mechanisms that guarantee political representation for all citizens. Without reform, these groups remain marginalized, undermining democratic legitimacy and social cohesion.

Finally, reforming the constitution would enhance economic and administrative efficiency. Streamlined governance would reduce bureaucratic duplication, improve public service delivery, and create a more predictable environment for domestic and foreign investment. By addressing structural inefficiencies, constitutional change would support sustainable economic development and strengthen the overall institutional capacity of the state.

13. Methodology for Reform

The process of constitutional reform must be grounded in inclusivity, transparency, and careful sequencing. Establishing a Constitutional Reform Commission comprising representatives of Bosniaks, Croats, Serbs, minority groups, civil society actors, and constitutional law experts would provide a structured forum for deliberation. Broad public consultation and civic engagement are essential to ensure that reform measures are socially legitimate and politically sustainable.

International facilitation can play a supportive role in this process. Organizations such as the European Union, the Organization for Security and Cooperation in Europe (OSCE), and the Council of Europe can provide technical guidance, comparative benchmarks, and mediation support. However, external actors must respect domestic ownership to avoid perceptions of imposed solutions, which could provoke nationalist resistance and undermine reform efforts.

A phased approach is recommended to mitigate political risks. The reform process should begin with technical amendments addressing immediate barriers to

governance, such as electoral reform and alignment with EU standards. Structural issues, including the allocation of entity powers and the regulation of veto mechanisms, can be addressed in subsequent phases once consensus around initial reforms has been established. Legislative approval at both state and entity levels is essential, and referenda may be considered to enhance legitimacy and public buy-in.

14. Proposed Constitutional Revisions

Electoral and representative reforms are necessary to ensure that all citizens, including minorities, can participate fully in the political process. This includes permitting candidates to run for any public office and considering the introduction of mixed proportional-majoritarian electoral systems to reduce ethnic polarization while preserving representation.

The constitutional provisions governing veto powers and consensus mechanisms require careful review. Entity vetoes that block legislation should be re-evaluated, and alternative mechanisms, such as qualified majority voting or formal dispute-resolution procedures, should be introduced to maintain minority protections while reducing legislative paralysis.

The distribution of competences between state and entity levels should be clarified and, where appropriate, strengthened. State-level powers, particularly in foreign policy, fiscal policy, and EU integration, should be enhanced to ensure coherent governance, while the autonomy of entities is preserved to maintain political stability.

Judicial independence must be reinforced through reforms in the appointment and oversight of judges and prosecutors. The authority of the Constitutional Court should be clarified and strengthened to resolve disputes impartially, ensuring that constitutional guarantees are respected throughout the state.

Minority protections should be expanded by redefining the concept of “constituent peoples” and creating mechanisms to guarantee political representation for citizens categorized as “Others.” Advisory councils or consultative bodies could provide minority voices with meaningful input into governance without threatening overall state cohesion.

Local governance and decentralization structures should be streamlined to improve administrative efficiency and reduce redundancy across municipal and cantonal levels. This would enhance public service delivery and support more effective policy implementation.

Alignment with EU integration standards should be embedded constitutionally, facilitating the transposition of the EU acquis and enabling the state to meet accession conditionalities effectively. Institutionalized mechanisms for resolving disputes between entities and the central state should also be incorporated, reducing reliance on external arbitration and reinforcing domestic conflict-resolution capacity.

Transparency and accountability measures should be strengthened across all levels of government. Constitutional provisions should require open procedures in public finance, legislative processes, and electoral administration, reinforcing both citizen trust and international credibility.

Finally, human rights protections should be codified explicitly, incorporating international norms on non-discrimination, gender equality, and freedom of association. These provisions are essential to ensure that reforms are equitable, inclusive, and compatible with European legal standards.

Figure



Any attempt to reform the constitution carries risks. Nationalist backlash remains a primary concern, and reform efforts must carefully balance the need for efficiency with the maintenance of ethnic representation to prevent destabilization. Conflicts of interest between different branches of government require careful sequencing and mediation to maintain legitimacy. While international facilitation is important, overreliance on external actors may provoke perceptions of foreign imposition, undermining domestic support for reform.

Bosnian authorities should initiate a multi-party Constitutional Reform Commission and implement broad public consultation and minority outreach programs. Amendments should be sequenced to first address EU compliance requirements and minority rights protections, followed by structural reforms to streamline decision-making between state and entity institutions. Judicial independence and oversight mechanisms must be strengthened as a priority.

The EU, OSCE, and other international partners should provide technical guidance, mediation, and best-practice frameworks while monitoring reform progress and providing incentives for compliance. Regional actors, including Serbia, Croatia, and Turkey, should support inclusive and peaceful reform processes, avoiding actions that could destabilize Bosnia, while promoting cross-border initiatives that reinforce minority protection and economic integration.

All stakeholders should establish transparent monitoring mechanisms to track the implementation of constitutional reforms, ensuring accountability, compliance with human rights standards, and adherence to EU accession criteria.

15. Pathways to Strengthening Governance in Bosnia

Strengthening governance in Bosnia and Herzegovina requires a shift from ethnopolitical transactionalism toward functional state capacity, where institutions are designed and incentivised to deliver services, enforce law uniformly, and implement policy in a coordinated way rather than through fragmented political bargaining. At present, governance is constrained by a system in which authority is dispersed across state, entity, cantonal, and municipal levels, producing overlapping competencies, duplication of institutions, and frequent policy deadlock. A key priority is therefore the clarification and rationalisation of competences across these levels of government so that responsibilities are clearly assigned, enforceable, and not subject to continuous political contestation.

Public administration reform is central to this transformation. The system remains heavily politicised, with party influence

shaping recruitment, promotion, and institutional performance. Modernisation requires depoliticised civil service structures, merit-based hiring, and professionalised administrative career paths that reduce patronage incentives. Without this, even formally aligned EU reforms tend to be implemented inconsistently or selectively.

Rule-of-law strengthening is equally foundational. This involves securing genuine judicial independence, insulating prosecutorial services from political influence, and ensuring that court decisions are consistently enforced across the entire territory. Anti-corruption efforts need to move beyond formal strategies toward operational capacity, including transparent public procurement systems, effective audit institutions, and credible enforcement against high-level corruption cases. At present, weak enforcement rather than absence of legislation remains the primary constraint.

Fiscal governance is another critical area requiring consolidation. Bosnia's fragmented budgeting structure across multiple levels of government reduces transparency, weakens fiscal discipline, and complicates macroeconomic coordination. A more coherent fiscal framework would require improved intergovernmental coordination, clearer revenue-sharing arrangements, and stronger central oversight mechanisms capable of ensuring consistency in public expenditure planning and execution.

Local governance also requires restructuring to ensure that municipalities and subnational units have clearly defined mandates, adequate financial resources, and sufficient administrative capacity. However, this must be balanced against the risk of further fragmentation, meaning that decentralisation should be accompanied by stronger coordination mechanisms rather than additional institutional layering.

Institutional resilience depends on creating incentives for cross-ethnic policy coalitions and reducing the zero-sum logic embedded in ethnopolitical competition. Strengthening state-level agencies that operate on technical rather than ethnic criteria can help shift decision-making toward functional performance. At the same time, insulating regulatory and oversight bodies from political interference is essential for ensuring continuity and credibility of reforms.

The EU acquis functions as the main external blueprint for these reforms, providing detailed standards for administrative, legal, and economic alignment. However,

effective implementation depends not only on legal transposition but on political commitment and constitutional functionality. In Bosnia's case, sustainable progress ultimately requires some degree of constitutional and institutional adaptation that reduces fragmentation and enables coherent state action. Without this deeper structural adjustment, governance reforms risk remaining partial, uneven, and vulnerable to reversal despite continued EU integration pressure.

16.Ten Ways to Unblock the Negotiation Deadlock with the EU

Unblocking the deadlock between Bosnia and Herzegovina and the European Union requires a shift from a linear, procedure-heavy accession model toward a more sequenced, politically calibrated, and institutionally differentiated framework. The current impasse is not simply technical but structural: Bosnia's fragmented constitutional order, high veto-player density, and ethnopolitical competition interact with an EU enlargement framework that assumes coherent state authority and consistent implementation capacity. The result is a mismatch in which formal progress is repeatedly achieved but does not translate into durable institutional convergence.

A first requirement is a clearer **sequencing logic for accession**, where reforms are broken down into time-bound, politically realistic phases with explicit prioritisation of foundational governance functions. Instead of treating the *acquis* as a uniform body of obligations to be progressively adopted, Bosnia's pathway would need to identify core stabilisation areas such as rule of law, public administration functionality, fiscal coordination, and basic regulatory coherence as preconditions for deeper sectoral integration. This would allow reform progress to be measured in terms of system functionality rather than legislative volume alone.

Closely related is the need for a **dual-track negotiation structure** that separates technical alignment from political constitutional questions. Under such a model, Bosnia could continue advancing in areas such as trade liberalisation, sectoral policy alignment, infrastructure integration, and regulatory harmonisation even when constitutional reforms are politically blocked. At the same time, a parallel but distinct political track would address issues such as institutional fragmentation, decision-making efficiency, and constitutional compatibility with EU governance requirements. This separation reduces the risk that constitutional deadlock stalls the entire accession process.

A further element is the introduction of a more explicit **functional statehood benchmark framework**. Rather than

focusing primarily on legal transposition, the EU would assess Bosnia based on measurable governance outputs such as judicial efficiency, procurement transparency, administrative coordination across entities, and enforcement consistency. This shifts the emphasis from "what laws exist" to "how institutions perform," which is particularly important in systems where formal compliance is relatively easy but enforcement is weak or uneven.

The accession process would also benefit from **front-loading incentives and making integration benefits more visible earlier in the process**. One of the central weaknesses of the current framework is the long and uncertain time horizon between reform adoption and tangible rewards such as membership or full market access. A revised approach could progressively open access to specific components of the EU single market, investment instruments, and infrastructure funding as soon as verifiable benchmarks are met. This would increase domestic political support for reform by making the benefits of alignment more immediate and concrete.

In parallel, Bosnia's integration trajectory could be reinforced through **incremental constitutional harmonisation**, rather than attempting a single comprehensive constitutional overhaul. This would involve aligning specific institutional arrangements gradually with *acquis* requirements, particularly in areas such as judicial governance, regulatory agencies, and fiscal coordination. Over time, these incremental adjustments could reduce institutional fragmentation without requiring an immediate and politically unfeasible constitutional reset.

Regional integration frameworks, particularly the **Common Regional Market**, can also function as an intermediary step that accelerates Bosnia's convergence with EU standards. By embedding Bosnia more deeply in regional trade, labour mobility, and regulatory harmonisation structures, these mechanisms create external pressure for alignment while bypassing some of the domestic political blockages associated with full EU accession negotiations.

Another important dimension is the recalibration of **political conditionality and incentive targeting**. Rather than applying uniform pressure across all actors, the EU could develop more differentiated strategies that combine targeted financial conditionality, selective investment incentives, and calibrated sanctions for obstruction. This would involve distinguishing between actors who engage in reform implementation and those who systematically

block institutional functionality, and adjusting financial and political engagement accordingly.

At the same time, strengthening the role of **civil society, municipalities, and private-sector actors** within the accession process can help bypass some of the constraints of ethnopolitical party systems. By increasing direct access to EU funding streams, technical assistance, and investment programmes for non-state and sub-state actors, the reform coalition base can be broadened beyond entrenched party structures.

Greater EU political engagement is also necessary in the form of **active mediation of elite disputes**, particularly in moments of constitutional or institutional crisis. This goes beyond technical monitoring and involves sustained diplomatic involvement aimed at reducing zero-sum bargaining incentives among domestic political elites. In Bosnia's context, where domestic trust between political actors is low, external mediation often plays a stabilising and coordinating role.

Finally, the accession process would benefit from **phased enlargement benchmarks that are explicitly linked to governance functionality rather than symbolic compliance milestones**. This would allow Bosnia to progress through clearly defined stages of integration based on demonstrated institutional performance, while maintaining pressure for deeper structural reforms over time.

Taken together, these measures would not eliminate Bosnia's structural constraints, but they would reduce the degree to which constitutional fragmentation produces systemic stagnation. The key shift is from a rigid, uniform accession model toward a more adaptive framework that combines technical integration, functional benchmarking, and politically realistic sequencing. This would allow Bosnia and the EU to move beyond procedural deadlock while gradually building the institutional conditions necessary for eventual full membership.

17.Ten Ideas to Improve the Workings of Bosnia's Institutions

Institutional improvement in Bosnia and Herzegovina depends fundamentally on reducing structural fragmentation, modernising administrative systems, and reshaping incentive structures so that performance, legality, and service delivery are rewarded more strongly than ethnopolitical loyalty. At present, the governance system is characterised by overlapping jurisdictions across the state, entity, cantonal, and municipal levels, which generates duplication, administrative inefficiency, and frequent competence disputes. A core reform

requirement is therefore the rationalisation of these competencies through clearer constitutional and legal delineation of responsibilities, alongside the gradual harmonisation of regulatory frameworks across territorial units. Without this, policy implementation remains inconsistent and dependent on political negotiation rather than administrative authority.

Strengthening the role of state-level institutions is central to this process. While the state exists formally, its coordinating capacity is limited by dispersed authority and political resistance from lower levels of government. Enhancing its effectiveness requires not only legal empowerment in areas related to the EU acquis but also practical administrative capacity, including staffing, budgeting authority, and enforcement mechanisms that allow it to coordinate nationwide policies in areas such as competition, public procurement, environmental regulation, and judicial standards.

Civil service professionalisation is another key pillar of institutional reform. Recruitment and promotion processes remain heavily influenced by party affiliation and ethnopolitical considerations, which weakens administrative neutrality and reduces institutional efficiency. A shift toward unified recruitment standards across levels of government, merit-based career progression, and structured training systems would help establish a more professional and depoliticised public administration. Over time, this would reduce the dominance of patronage-based staffing and improve policy continuity across electoral cycles.

The judiciary represents a particularly sensitive area of institutional improvement. While formal judicial structures exist, their independence is often constrained by informal political influence and fragmented governance arrangements. Strengthening judicial autonomy requires insulating appointment and disciplinary processes from political interference, standardising procedures across jurisdictions, and improving case management efficiency to reduce backlogs and enhance predictability. A more coherent judicial system is also essential for credible rule-of-law enforcement and EU integration.

Digital governance reform offers an additional avenue for institutional strengthening. The expansion of e-governance systems in areas such as procurement, licensing, taxation, and public service delivery can reduce opportunities for corruption, improve transparency, and enhance administrative efficiency. When properly implemented, digitalisation also reduces discretion in decision-making processes, thereby limiting the space for

informal or politically mediated interventions.

Institutional coordination between entities and subnational units remains another critical challenge. Strengthening cooperation mechanisms through joint institutions, intergovernmental councils, and technical working groups can improve policy coherence without requiring immediate constitutional restructuring. The development of shared digital systems and interoperable administrative platforms can further support coordination and reduce duplication across territorial levels.

Long-term institutional consolidation ultimately depends on the creation of stable cross-ethnic administrative coalitions that operate at the technical rather than political level. This requires insulating key administrative functions from electoral volatility and ensuring predictable, rules-based funding for institutional modernisation. Over time, such measures can gradually shift governance from a system based on political bargaining and ethnonational balance toward one based on functional performance, legal consistency, and

administrative professionalism.

18.Administrative Fragmentation

One of the most persistent obstacles to effective governance in Bosnia is its extraordinary administrative fragmentation. The state comprises four overlapping layers of government, each with its own legislative and executive organs: the state level, two entities, ten cantons within the Federation, and over 140 municipalities. This fragmentation produces nearly 200 ministers for a population of just over 3.3 million. Responsibilities for education, health, policing, and social services are divided across multiple layers, creating duplication, inefficiency, and vulnerability to political manipulation. Legislative initiatives at the state level frequently collapse under the weight of entity vetoes or cantonal disagreement, producing a form of institutional paralysis that undermines both the rule of law and public trust (Keil & Perry, 2015).

Table 1. Administrative Structure of Bosnia and Herzegovina

Level of Government	Units	Political Logic	Competences	Practical Impact
State of Bosnia and Herzegovina	1	Sovereign state	Foreign affairs, monetary policy, defense (since 2006 unification)	Limited policy capacity; legislative gridlock
Entities	2 (Federation, RS)	Ethnic control structures	Healthcare, education, policing, economic policy	Competing legal orders; entity vetoes block reforms
Cantons (Federation only)	10	Croat-Bosniak balancing	Education, health, internal affairs	Massive duplication; high bureaucracy; weak accountability
Municipalities & Brčko District	143 + 1	Local political fiefdoms	Land-use, utilities, social services	Clientelism; uneven service delivery

The multiplicity of governance structures increases costs, reduces fiscal space for development, and allows political elites to entrench patronage systems. Administrative duplication is not merely bureaucratic inefficiency; it also

reproduces the wartime logic of territorial and ethnic competition. Reforms that attempt to streamline government functions are often resisted because they threaten the entrenched power of entity and canton

authorities.

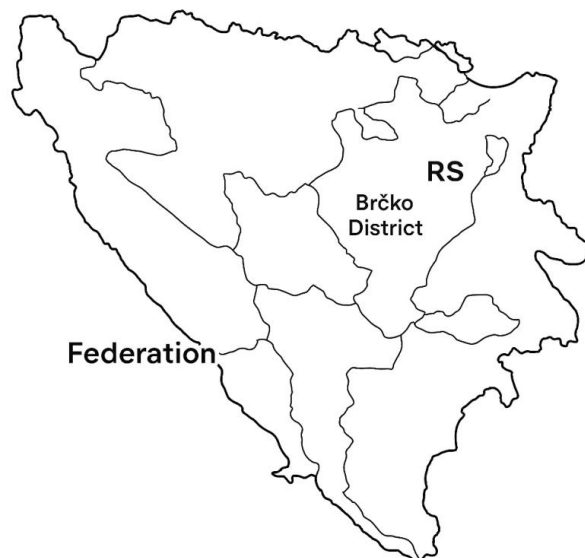
Ethno-Demographic Dynamics and the Krajina Serbs

The legacy of the Bosnian war is also demographic. The **Krajina Serbs**, displaced from Croatia during Operation Storm in 1995, settled primarily in northern and eastern Republika Srpska. Their unresolved claims regarding property restitution, political representation, and cultural rights continue to influence RS political behavior. Nationalist elites in Banja Luka and Belgrade exploit these grievances to maintain secessionist and ethnic mobilization narratives, thereby impeding state-level reform. A long-term resolution requires coordinated policies with Croatia, including property restitution programs, compensation mechanisms, and culturally sensitive integration measures. Addressing Krajina

Serb issues is critical for building trust, reducing political exploitation, and stabilizing Republika Srpska within a viable Bosnian state (Hoare, 2013).

Ethnic concentration patterns, along with demographic shifts, also produce a political environment where collective group identities outweigh individual citizenship rights. This is particularly evident in areas where Bosniak, Croat, and Serb populations remain highly segregated, and where political elites continue to appeal to historical grievances. The **Sejdić-Finci ruling** of the European Court of Human Rights exposed the systemic discrimination in Bosnia's constitutional framework against minorities outside the three constituent peoples, demonstrating the urgent need for reform (Subotić, 2011).

Figure 2: Schematic Map of Bosnia and Herzegovina



19. Dayton Constitutional Design and Its Structural Constraints

We discern an increasing understanding that Bosnia will have to move away from the tutelage the **Dayton Peace Agreement** was designed primarily to end hostilities, not to create a fully functional state. Annex IV of Dayton enshrines a consociational, ethnically organized political system, granting substantial authority to the Federation and Republika Srpska, and establishing Brčko District under international supervision. The agreement formalized political parity among the three constituent peoples and provided each with explicit representation and veto rights across central institutions. While this structure was effective in preventing renewed large-scale violence, it institutionalized **ethnic immobilism**. Decision-making at the state level often requires cross-ethnic

consensus or entity approval, creating multiple veto points that paralyze reforms, especially in areas such as defense, taxation, infrastructure, and the judiciary (Bieber, 2019).

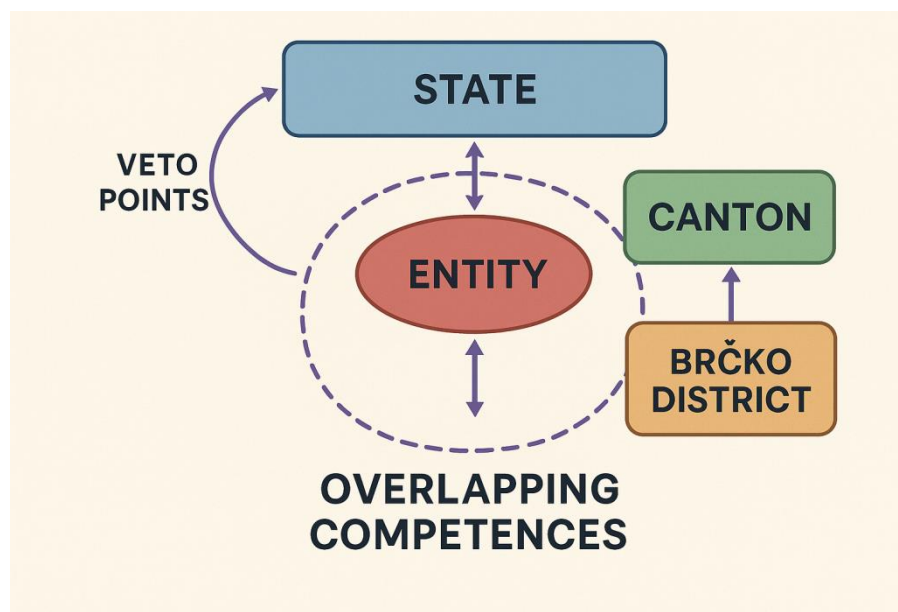
The system produces three principal effects. First, **legislative gridlock** is endemic. Bills frequently stall because entities or ethnic representatives can block legislation, even when policies have clear economic or social benefits. Second, **state-level capacity is weak**. Ministries at the central level lack sufficient staffing, budgetary resources, and authority, while entities and cantons retain dominant control over core services. Third, the political system entrenches **patronage networks**, as elite parties consolidate control over employment, policing, and social service distribution within their ethnic constituencies. The outcome is a state frozen by

compromise, unable to undertake coherent national strategies, and vulnerable to external influence.

Republika Srpska, in particular, has leveraged Dayton's protections to periodically signal secessionist ambitions, citing constitutional guarantees of autonomy. Meanwhile, the Federation's cantonized structure reproduces Croat-Bosniak

political competition, fragmenting policy and administrative authority. Brčko District functions as a neutral zone but requires constant international oversight to maintain operational stability. The architecture, therefore, simultaneously guarantees peace and perpetuates **institutional dysfunction**, creating the paradox of stability without functionality.

Figure 3: Dayton Institutional Architecture



20. Stakeholder-Based Constitutional Reform

Addressing Bosnia's systemic governance weaknesses requires a carefully calibrated **constitutional reform process** that balances stability guarantees with civic equality. Reform must be **inclusive**, engaging all relevant stakeholders, including state and entity governments, cantonal authorities, minority communities (including Roma and Jewish populations excluded under Sejdić-Finci), civil society organizations, business associations, religious communities, and diaspora representatives. Such inclusion ensures legitimacy, reduces elite capture, and builds broad-based support for transformative measures.

The reform process can be conceptualized in three stages. First, a **consultative phase** would gather proposals from all stakeholders, identify priorities, and establish guiding principles for constitutional change. This phase would include nationwide civic forums, expert workshops, and structured feedback mechanisms, ensuring that reform is rooted in citizen needs rather than elite agendas. Second, a **drafting phase** would involve an expert constitutional commission supported by the European Union and the Venice Commission. This commission would develop models that balance ethnic protections, individual rights, and functional governance, producing clear implementation plans. Third, a **ratification**

phase would combine parliamentary approval with consultative referenda, anchoring legitimacy and ensuring buy-in across communities.

The principles guiding reform must include the following: consolidation of essential state-level competences; reduction of overlapping administrative structures; formalization of individual citizenship rights; strengthening of rule-of-law institutions; and alignment with EU standards. This approach preserves Dayton's original security logic while enabling the state to function effectively in economic, judicial, and social spheres.

21. Strengthening State Institutions

State institutions in Bosnia currently operate under severe constraints. Ministries lack staffing, coordination mechanisms, and budgetary autonomy. In sectors such as defense, taxation, infrastructure, and energy policy, the state's authority is limited, and entity-level governments often resist ceding control. Strengthening institutions involves expanding the capacity of central ministries, professionalizing staff, implementing transparent budgetary procedures, and establishing clear reporting and accountability mechanisms. A unified civil service system, standardized across entities and cantons, can reduce nepotism and build a merit-based administrative

culture. EU-supported programs such as SIGMA and targeted technical assistance from international partners provide models for structured institutional strengthening.

An important element is **judicial harmonization**. Judicial competence is fragmented across state, entity, and cantonal courts, and enforcement mechanisms are inconsistent. Establishing a coordinated national judicial framework aligned with EU legal standards is essential for the rule of law, economic development, and anti-corruption efforts. Effective courts also enhance citizen trust, reduce opportunities for elite capture, and contribute to EU accession criteria.

22. Policy-Making Coherence

Fragmented governance undermines strategic planning. Ministries at the state level often lack the authority or resources to implement national programs across energy, transport, social policy, and environmental protection. A coordinated **national policy framework** can resolve this issue. Such a framework would integrate medium-term expenditure planning, cross-entity policy harmonization, and sector-specific coordination mechanisms. EU technical assistance can support the design of these frameworks, while conditionality on funding and access to European programs incentivizes compliance.

Public procurement and fiscal policy must also be aligned to prevent duplication and inefficiency. Unified standards for transparency, auditing, and financial reporting are prerequisites for sustainable economic governance. A single medium-term expenditure framework linked to European accession milestones can serve as both an incentive and accountability mechanism for reforms.

23. Administrative Modernization

Bosnia's fragmented civil service is both costly and ineffective. Ministries operate with overlapping functions, creating inefficiency and promoting clientelism. Reforming the civil service involves establishing unified recruitment procedures, merit-based promotions, standardized training programs, and digitalized service delivery. Digital governance can particularly improve transparency and reduce opportunities

for corruption. Modernization initiatives should include mechanisms for cross-entity personnel rotations, intergovernmental secondments, and professional development programs supported by EU funds.

Local and Regional Governance Reform

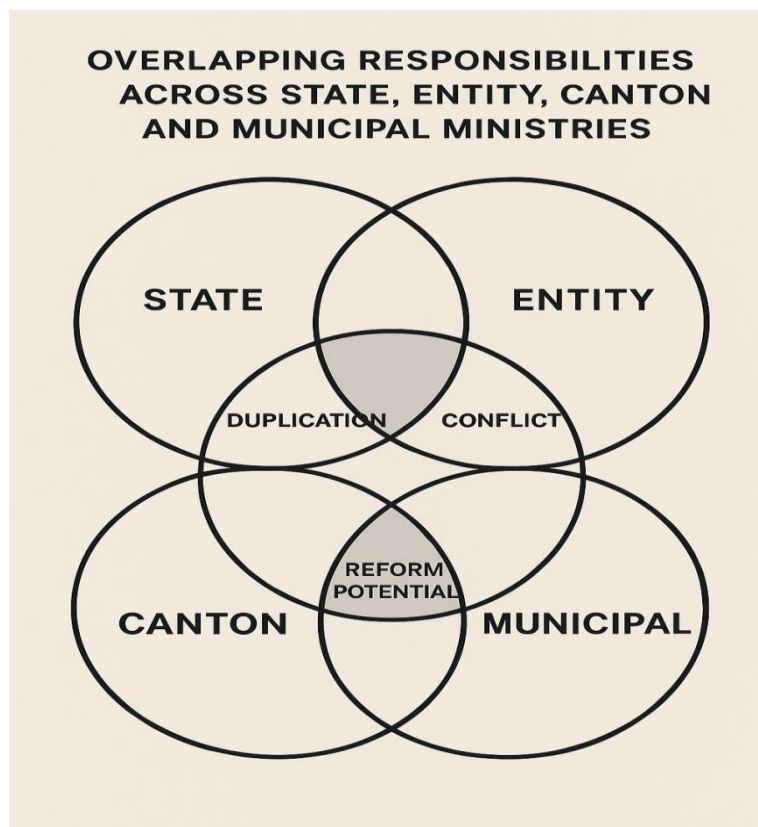
Municipalities and cantons are central to service delivery in Bosnia and Herzegovina, but in many areas they remain politically captured. Addressing this is essential, since without reducing patronage and party control, improvements in public services are unlikely to be sustained. A related necessity is the consolidation of overlapping agencies and administrative structures, which currently creates inefficiency, duplication, and unnecessary costs across different levels of government.

Improving coordination between municipalities and higher levels of government is also fundamental, particularly for infrastructure, transport, and economic planning that extends beyond local boundaries. Alongside this, stronger fiscal equalization mechanisms are needed to reduce persistent regional disparities and ensure more balanced development across the country.

Beyond these core requirements, several reforms would significantly improve governance quality. Pilot programs supported by the EU, such as shared service agreements or participatory budgeting, can help test new models before broader implementation. The development of metropolitan governance structures in cities like Sarajevo and Banja Luka would further support urban planning and economic growth by replacing fragmented administration with more coordinated regional approaches.

External support mechanisms also play an important role in driving reform. EU conditionality linked to financial assistance, rule-of-law benchmarks, and performance-based funding can provide incentives for administrative improvement and consolidation. When combined with gradual institutional reform and civic engagement, these measures can help shift Bosnia and Herzegovina toward more effective, citizen-focused governance over time.

Figure 4: Administrative Overlap and Complexity Diagram



24.EU Partnership and Strategic Engagement

The European Union's role in Bosnia and Herzegovina is best understood as a layered system of external governance that combines accession conditionality, financial assistance, technical capacity-building, and sustained political engagement. Rather than operating as a single policy instrument, EU influence functions through multiple overlapping channels that collectively shape Bosnia's reform trajectory. However, these instruments often operate in a fragmented manner, with limited coordination between financial incentives, political messaging, and enlargement benchmarks. A more coherent approach would require the development of a comprehensive EU-Bosnia Governance Compact that explicitly integrates funding, conditionality, and measurable institutional outcomes into a single strategic framework.

Such a compact would link EU financial assistance more directly to verifiable governance performance indicators. Instead of disbursing funds primarily on the basis of project implementation or broad reform commitments, funding streams could be progressively tied to demonstrable progress in core areas such as judicial independence, prosecutorial effectiveness, anti-corruption enforcement, public procurement transparency, and civil service depoliticisation. This would shift the logic of engagement from input-based support to output-based conditionality, where institutional

performance rather than formal compliance determines access to resources.

Within this framework, judicial reform would constitute a central pillar. EU support could be conditioned on the establishment of genuinely independent judicial appointment systems, uniform disciplinary mechanisms across jurisdictions, and measurable improvements in case resolution times, particularly in high-level corruption and organised crime cases. Similarly, anti-corruption efforts would need to move beyond legislative alignment toward enforcement outcomes, including increased prosecution rates, stronger asset recovery systems, and improved coordination between law enforcement and prosecutorial bodies. The aim would be to reduce the gap between formal institutional design and actual enforcement capacity.

Civil service modernisation would also need to be elevated from a technical reform area to a core governance benchmark within the compact. This would involve the introduction of unified recruitment standards across state, entity, and cantonal levels, the gradual elimination of politically controlled appointment systems, and the development of merit-based career structures that incentivise professional competence over party loyalty. EU technical assistance could be used to support digitalised recruitment systems, centralised HR frameworks, and training programmes designed to strengthen administrative neutrality and institutional continuity.

A comprehensive EU–Bosnia Governance Compact would also require greater harmonisation of political messaging across EU member states and institutions. At present, inconsistencies in enlargement rhetoric and policy emphasis are often exploited by domestic nationalist actors to justify obstruction or selective compliance. A unified EU narrative, consistently reinforced through delegations, member state diplomacy, and enlargement reports, would reduce ambiguity and strengthen the credibility of conditionality. This does not imply uniform political positions on Bosnia, but rather coherence in the sequencing, benchmarks, and expectations attached to the accession process.

Beyond internal governance reforms, EU engagement must also take into account broader regional and security dynamics that directly affect Bosnia's stability. This includes addressing the integration and socioeconomic inclusion of Serb-majority communities in regions such as the Krajina area, where economic marginalisation and political contestation can intersect with broader entity-level tensions. Strengthening municipal governance, infrastructure investment, and service delivery in these areas can reduce incentives for political fragmentation and external mobilisation.

At the same time, the EU must maintain a consistent strategy for managing external influences from neighbouring and third countries, particularly Serbia and Russia, which can shape domestic political narratives and reinforce ethno-political divisions. This requires enhanced coordination on energy security, media resilience, cybersecurity, and strategic communication, as well as closer alignment between EU foreign policy instruments and enlargement policy tools. The objective is not exclusion of external actors, but the reduction of vulnerability to destabilising influence in key governance sectors.

A critical component of this broader strategy is the recalibration of incentives so that political actors in Bosnia perceive tangible benefits from reform-oriented behaviour. Linking governance improvements to visible and immediate advantages—such as accelerated infrastructure financing, expanded access to the EU single market, preferential trade arrangements, and stepwise advancement in accession negotiations—can help shift domestic political calculations. At present, the perceived distance of EU membership weakens reform incentives; reducing this temporal gap is therefore essential for sustaining momentum.

Finally, the EU–Bosnia relationship must increasingly function as a structured state-building partnership rather than a purely aspirational accession framework. This implies continuous engagement not only with central institutions but also with subnational governments, civil society, and the private sector,

ensuring that reform incentives are distributed across multiple levels of society. Over time, such an approach would aim to gradually reorient Bosnia's political economy away from ethno-political obstructionism and toward functional governance, administrative professionalism, and integration into European regulatory and economic structures.

In sum, a strengthened EU role in Bosnia requires moving from fragmented conditionality and reactive crisis management toward a unified governance compact that integrates financial leverage, institutional benchmarks, regional stabilisation, and credible accession pathways into a single coherent framework capable of reshaping domestic incentives over time.

25. The Serbian Factor

Having boxed -in Serbia via Montenegro and deployed additional Romanian troops to Bosnia, a traditional area of interest of Romania, it will soon be time to proceed on Ludmilla Odobescus push for dynamic in a more sustained manner.

Serbia is not simply an external neighbour of Bosnia and Herzegovina; it functions as a structural political and geopolitical actor within Bosnia's enlargement environment. Its influence operates through domestic ethnic linkages, regional geopolitical positioning, and its own EU accession strategy, which together shape Bosnia's reform incentives and constraints.

At the domestic level, Serbia's most significant impact on Bosnia's EU trajectory runs through its relationship with Republika Srpska. Political elites in Banja Luka maintain dense political, economic, and symbolic ties with Belgrade, which often translate into aligned policy preferences and coordinated political signalling. This creates a trans-border political space in which Bosnia's internal decision-making is indirectly reinforced or constrained by an external patron state. In practical terms, this weakens the consistency of reforms required under EU conditionality, particularly in areas such as judicial reform, state-level coordination, and public administration.

At the regional level, Serbia's foreign policy positioning complicates the EU's conditionality framework because it combines formal commitment to EU accession with selective alignment on foreign and security policy. This dual orientation reduces the clarity of normative pressure in the Western Balkans. It also weakens the perception of a single, coherent accession trajectory anchored exclusively in EU rules, thereby reducing the effectiveness

of EU conditionality as a uniform governance mechanism across the region.

At the geopolitical level, Serbia also acts as a transmission channel for alternative external influences, particularly Russian political narratives and energy-related leverage, which can be amplified within Bosnia's internal political discourse. This introduces a form of competing external governance pressure that intersects with EU conditionality. Bosnia therefore operates not under a single external integration logic but within a contested environment of overlapping geopolitical influences, with Serbia functioning as a key intermediary node.

From a political economy perspective, Serbia affects Bosnia's EU accession process in several interrelated ways. It reinforces ethno-political equilibrium structures, particularly in Republika Srpska, where political elites draw legitimacy from alignment with Belgrade. It weakens state-level institutional consolidation by providing alternative political reference points outside Sarajevo, which reduces incentives for centralisation. It increases the difficulty of enforcing rule-of-law reforms because disputes can be reframed in ethnonational or sovereignty terms rather than administrative compliance issues. It also contributes to conditionality dilution, since the EU must balance its enlargement engagement with Serbia while simultaneously trying to maintain pressure for reforms in Bosnia.

Because of these dynamics, Bosnia's accession process cannot be treated as purely domestic institutional transformation. Even if Bosnia formally adopts EU-compatible reforms, implementation can be slowed, reinterpreted, or politically resisted through entity-level structures that are indirectly

reinforced by Serbian political signals. This creates a feedback loop in which external political alignment shapes internal reform capacity.

A more effective EU approach would require recognising Serbia as a system-shaping actor in Bosnia's enlargement environment rather than treating it as a separate and parallel accession case. This implies integrating regional political effects into conditionality design, rather than isolating each country in its own negotiation track. In practical terms, Serbia's accession progress and policy alignment could be more explicitly connected to its regional stabilisation behaviour, particularly in relation to Bosnia's institutional integrity and non-interference in domestic governance processes.

It also requires stronger coherence between EU enlargement policy and foreign policy instruments so that divergences in Serbia's external alignment have clearer implications for accession incentives and timelines. At present, inconsistencies in EU messaging and enforcement reduce the credibility of conditionality and create space for selective interpretation by domestic and regional actors.

Ultimately, Serbia functions as a regional multiplier of Bosnia's structural constraints. It amplifies internal veto structures, introduces alternative geopolitical reference points, and weakens the uniformity of EU conditionality. Bosnia's EU trajectory is therefore shaped not only by internal institutional fragmentation but also by regionally embedded conditionality dynamics in which Serbia plays a central mediating role.



26. The Krajina Serbs

The Krajina Serb question is not only a minority or post-conflict governance issue, but also a regional political economy variable embedded in EU enlargement dynamics, particularly because it sits at the intersection of Croatia (EU member state), Serbia (candidate state), and Bosnia and Herzegovina (fragmented accession state influenced by external political linkages). In the context of Bosnia's accession negotiations, this issue is analytically relevant insofar as it reflects how cross-border ethnic linkages, state fragmentation, and external patronage networks interact with EU conditionality and rule-of-law expectations.

Historically, the Krajina region became a focal point of the Croatian War of Independence, producing large-scale displacement of Serb populations into Serbia and partial return flows into Croatia. This generated a long-term transnational demographic and socio-economic space linking Serbian communities across borders. Today, while Serbs in Croatia constitute a small minority, their spatial concentration in regions such as Eastern Slavonia, Lika, and Kordun, combined with demographic decline and socio-economic marginalisation, produces a structurally weak but politically sensitive minority configuration.

From the perspective of Bosnia's EU accession process, this matters because similar patterns of ethnically structured governance and post-conflict population displacement also define Bosnia's internal political economy. The key analytical link is that minority governance across the Western Balkans is not isolated but forms part of a broader regional system of ethno-political institutionalisation, in which Bosnia, Croatia, and Serbia are mutually reinforcing reference points within the enlargement regime.

In Croatia, socio-economic marginalisation of Serb communities persists in the form of limited labour market integration, uneven access to regional development, and demographic ageing. Political representation exists formally through minority councils, but their influence over municipal governance remains constrained. These patterns are significant in EU accession terms because they highlight the gap between formal compliance with minority protection standards and substantive socio-economic inclusion, a gap that is also observable in Bosnia's rule-of-law and governance chapters.

Within Serbia, Krajina Serb returnees and diaspora-linked communities face a different but related set of constraints. While Serbia provides institutional and symbolic support for these populations, returnees often experience uneven access

to housing, employment, and social services, particularly in economically weaker border regions. Cross-border coordination with Croatian municipalities remains limited, reinforcing a fragmentation of governance space across EU and non-EU jurisdictions.

This transnational structure becomes more politically significant when placed within Bosnia's enlargement negotiations because Serbia acts as a regional intermediary actor in EU conditionality dynamics. Belgrade's political, cultural, and institutional linkages with Serb populations across the region, including Republika Srpska in Bosnia, mean that minority governance issues cannot be fully separated from broader questions of state functionality, external influence, and conditionality coherence.

Socio-economic marginalisation across the Krajina space is therefore not only a minority rights issue but also a reflection of uneven regional development within the EU enlargement perimeter. High unemployment, weak local investment, and limited infrastructure in Croatia's Serb-majority areas mirror broader peripheralisation dynamics that are also visible in Bosnia's internal regional disparities. In Serbia, returnee communities face similar structural labour market constraints, reinforcing a cycle of low mobility and weak economic integration.

Political representation and participation remain formally established but functionally constrained. Minority councils in Croatia provide institutional channels for participation, yet their policy influence is limited by fiscal dependence and administrative fragmentation. In Serbia, governance structures supporting returnees are more politically embedded but less systematically integrated into cross-border institutional frameworks. In Bosnia, similar patterns appear in ethnically structured governance systems where representation exists but decision-making is fragmented across multiple veto points.

Property restitution and housing represent another cross-border governance layer with direct relevance to Bosnia's accession environment. In Croatia, unresolved restitution claims from the 1990s continue to shape legal uncertainty and reinforce perceptions of incomplete transitional justice. In Serbia, housing support for returnees is uneven and often dependent on local administrative capacity. These issues intersect with EU rule-of-law expectations because property rights enforcement is a core component of *acquis* alignment, particularly under Chapters 23 and 24, which are also central to Bosnia's stalled negotiation process.

Cultural and linguistic preservation issues further illustrate the broader logic of conditionality asymmetry. While Serbian-language education and cultural infrastructure exist in both Croatia and Serbia, their funding levels, institutional coordination, and cross-border integration remain uneven. From an EU governance perspective, this reflects a broader challenge: minority protection frameworks are formally established but remain weakly integrated into regional development strategies. In Bosnia's case, similar tensions exist in the relationship between constitutional ethnic protections and functional governance capacity.

Demographic decline across the Krajina Serb population adds a long-term structural dimension. Ageing populations, low birth rates, and emigration reduce the sustainability of minority communities and weaken local governance participation. This demographic trajectory mirrors broader depopulation trends in parts of Bosnia and other Western Balkan states, reinforcing the structural convergence of peripheralisation across the enlargement region.

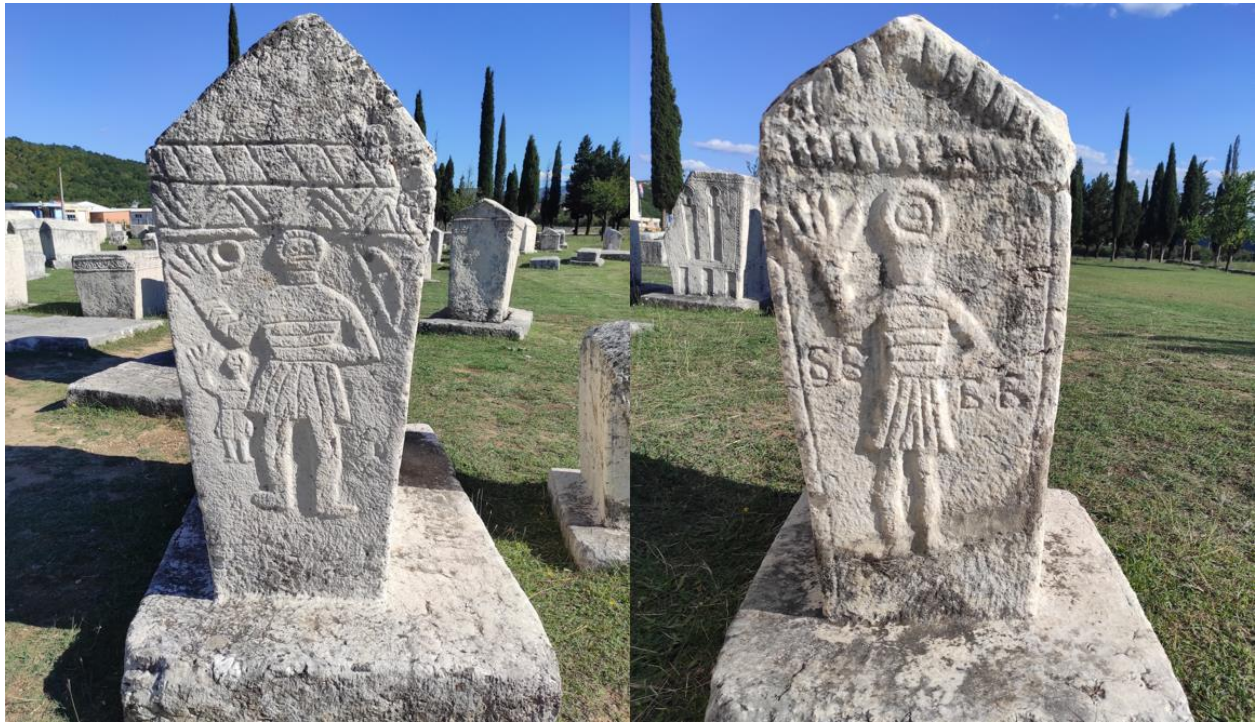
From a Bosnia accession perspective, the most important analytical implication is that these dynamics illustrate how EU conditionality operates in a multi-scalar regional system rather than within isolated national units. Minority governance, demographic change, and cross-border institutional linkages form part of a wider political economy in which Bosnia's accession is indirectly shaped by developments in neighbouring states, particularly Serbia and Croatia.

The EU's policy challenge is therefore not only to address minority protection within individual states but to manage a regional governance field in which ethno-political structures, state capacity asymmetries, and external political linkages interact with accession conditionality. This is particularly relevant in Bosnia, where internal fragmentation is reinforced by external political reference points, creating a layered system of governance constraints.

In this context, Serbia-EU cooperation frameworks on minority issues, including cross-border cultural, economic, and governance initiatives, can be interpreted as indirect stabilisation instruments for the broader enlargement process. However, their effectiveness depends on whether they are integrated into a coherent conditionality architecture linking minority rights, regional development, and rule-of-law benchmarks across accession countries.

Ultimately, the Krajina Serb case illustrates that Bosnia's EU accession challenges cannot be understood in purely domestic terms. They are embedded in a regional political economy of post-conflict governance, minority institutionalisation, and external influence, in which Serbia functions as a key intermediary and Croatia as an EU anchor point, with Bosnia positioned at the centre of a structurally interdependent enlargement space.

Figure Stecci Tomb Stone – Incarnating Bosnian medieval heritage and national identity



27. The role of Banja Luka

Banja Luka played a structurally important but often indirect role in the breakup of Yugoslavia, primarily as the administrative and political centre of what became Republika Srpska in Bosnia and Herzegovina. During the early 1990s, as Yugoslavia disintegrated, the city became embedded in the broader process of ethnopolitical mobilisation that accompanied the transition from a federal socialist system to competing national projects.

In the Yugoslav dissolution period, Banja Luka was not the primary site where strategic decisions about state fragmentation were first formulated, but it became a key implementation and consolidation centre for wartime governance structures in western Bosnia. As conflict escalated in Bosnia and Herzegovina, the city assumed administrative significance within emerging Serb political institutions, particularly as part of efforts to establish territorial continuity, security control, and parallel governance structures outside Sarajevo's authority. This contributed to the broader fragmentation of Bosnia's political space along ethnonational lines, a process that was reinforced by wartime displacement, population changes, and the restructuring of local institutions.

After the conflict, Banja Luka emerged as the de facto capital of Republika Srpska under the constitutional arrangements established by the Dayton Peace Agreement. This institutional position gave it a dual character: on one hand, it became a centre of post-conflict reconstruction and administrative normalisation; on the other hand, it remained

embedded in a highly decentralised and ethnically segmented governance system that continues to shape Bosnia's political economy. Its role in the post-Dayton order is therefore closely tied to Bosnia's structural fragmentation, where governance authority is distributed across multiple levels with limited central coordination.

At the same time, Banja Luka has undergone significant transformation since the 1990s, evolving into a regional administrative, educational, and economic centre. This post-war development has created conditions for partial reintegration into regional economic networks, particularly through trade, energy infrastructure, and cross-border cooperation with both Serbia and Croatia. Despite persistent political tensions at the state level, the city has increasingly functioned as a pragmatic economic hub within the Western Balkans.

In terms of peacebuilding potential, Banja Luka occupies a strategically important position because it sits at the intersection of several key dynamics: post-conflict governance in Bosnia, cross-border relations with Croatia and Serbia, and broader EU enlargement processes. Its contribution to peacebuilding depends less on symbolic reconciliation and more on functional integration mechanisms that reduce the salience of ethnopolitical division in everyday governance and economic life.

One potential contribution lies in its capacity to serve as a platform for cross-border economic interdependence. Because of its geographic position and infrastructure

links, Banja Luka can anchor transport, energy, and trade corridors connecting Bosnia with neighbouring states. Increased economic integration reduces incentives for political isolation and creates stakeholder networks that depend on stability and cooperation rather than fragmentation.

A second contribution is institutional. As an administrative centre, Banja Luka has the capacity to develop more professionalised governance practices within Republika Srpska's institutional framework. Improvements in public administration, judicial efficiency, and regulatory alignment with EU standards can gradually shift governance from ethno-political logic toward functional performance criteria. In a broader peacebuilding sense, this reduces the role of identity-based competition in shaping policy outcomes.

A third contribution is related to regional reconciliation dynamics. While historical memory remains contested, Banja Luka's participation in cross-border cultural, educational, and municipal cooperation initiatives can help normalise interaction with communities in Croatia and other parts of Bosnia and Herzegovina. These forms of engagement are often more effective in peacebuilding terms than top-down political agreements because they generate sustained interpersonal and institutional contact.

Finally, Banja Luka's peacebuilding potential is closely linked to the European Union's enlargement framework. If integrated into structured cross-border programmes, infrastructure investment, and governance conditionality, the city can become part of a wider transformation process in which stability is produced through economic integration, regulatory convergence, and administrative modernisation rather than through political centralisation alone.

Overall, Banja Luka's role in the Yugoslav breakup was primarily one of wartime administrative consolidation

within emerging ethno-political structures, while its contemporary significance lies in its potential to act as a functional bridge in regional integration and post-conflict stabilisation, provided that incentives for cooperation outweigh incentives for political fragmentation.

28.Sava River project

Sava River rises in the Julian Alps of Slovenia, where the Sava Dolinka and Sava Bohinjka rivers meet. The upper course flows through steep alpine valleys with fast currents and narrow gorges. Further downstream, the river enters the wide Pannonian Plain in Croatia and Bosnia and Herzegovina. Here the landscape becomes flatter, with broad floodplains and fertile agricultural land. The river forms natural wetlands and large marshy areas that are prone to seasonal flooding. Major tributaries such as the Drina, Bosna, and Una rivers increase its water volume significantly. In Serbia, the Sava meanders across lowland terrain before reaching the city of Belgrade. The river finally joins the Danube River at Belgrade after flowing about 945 kilometers.

The Sava River is more than a river system: it is a historical *ecumene*, a spatial corridor through which political authority, economic exchange, cultural identity, and environmental processes have interacted for centuries across the northwestern Balkans. Flowing from the Julian Alps in Slovenia through Croatia and along Bosnia and Herzegovina before reaching Serbia, the river connects distinct civilizational zones that historically belonged to Alpine, Habsburg, Ottoman, Yugoslav, and contemporary European political formations. Its basin therefore constitutes not only a hydrological unit but also a layered cultural landscape shaped by overlapping sovereignties and competing imaginaries of regional belonging.

Figure The Julian Alps



From a governance perspective, the Sava is one of the most significant post-Yugoslav examples of transboundary basin cooperation. Following the dissolution of Yugoslavia, the river was transformed from an internal federal corridor into an international basin divided among newly sovereign states. This fragmentation created the potential for hydro-political conflict, yet it also produced new institutional mechanisms of cooperation, most notably the International Sava River Basin Commission established through the Framework Agreement on the Sava River Basin in 2002. The governance architecture that emerged is distinctly polycentric: authority is dispersed among national ministries, municipal governments, European Union regulatory frameworks, environmental organizations, navigation authorities, and supranational basin institutions. Rather than a single sovereign actor controlling the river, governance occurs through overlapping networks of coordination, negotiation, and technical management.

The upper Sava in Slovenia carries strong symbolic associations with Alpine order, environmental stewardship, and Central European identity. Here the river is imagined as part of a highly managed ecological landscape integrated into broader European environmental governance regimes. Hydroelectric infrastructure, ecological restoration projects, and compliance with EU water directives reinforce an image of the river as both natural heritage and modern infrastructural resource. In Slovenian spatial imagination, the upper Sava often signifies orientation toward Mitteleuropa and participation in a technologically advanced ecological modernity.

Further downstream in Croatia, particularly around Zagreb and the Slavonian plains, the Sava assumes a more ambivalent symbolism. Historically, the river marked frontier zones between empires, especially between Habsburg and Ottoman spheres of influence, and thus became associated simultaneously with connectivity and vulnerability. The broad floodplains of the Croatian basin supported agricultural development and urban expansion while also exposing settlements to recurring floods and ecological instability. Contemporary Croatian discourse frequently frames the Sava as an underutilized developmental corridor whose economic potential remains unrealized despite its strategic importance for transportation, energy, and regional integration. At the same time, ecological concerns surrounding wetland preservation and floodplain management have intensified as climate change increases hydrological uncertainty.

In Serbia, the symbolic significance of the Sava culminates at its confluence with the Danube River in Belgrade. This confluence has long represented Serbia's liminal geopolitical position between Central Europe and the Balkans, between East and West, and between successive imperial formations. The Sava in Serbian urban consciousness is deeply tied to narratives of metropolitan transformation, national modernization, and strategic connectivity. Contemporary redevelopment projects along the Belgrade waterfront illustrate how river governance increasingly intersects with neoliberal urbanism, speculative capital, and symbolic nation-building. The riverfront becomes not

merely an ecological space but a stage upon which competing visions of modern Serbian identity are projected.

Current cutting-edge approaches to basin governance reveal the Sava as a particularly important laboratory for understanding the interaction between ecology, politics, and cultural geography in the Anthropocene. Climate resilience has become central to governance following the catastrophic Balkan floods of 2014, which exposed the vulnerability of fragmented institutional systems and accelerated regional cooperation in disaster management. Increasingly, the basin is governed through adaptive frameworks that attempt to integrate flood control, biodiversity protection, climate adaptation, and infrastructural planning within a single socio-ecological perspective.

At the same time, the basin exemplifies the shift toward nature-based governance. Large floodplains and wetland systems along the Sava are now recognized not simply as marginal landscapes but as critical ecological infrastructures capable of regulating floods, preserving biodiversity, and mitigating climate impacts. This represents a conceptual transition away from purely engineering-centered river management toward approaches emphasizing ecological restoration and ecosystem services.

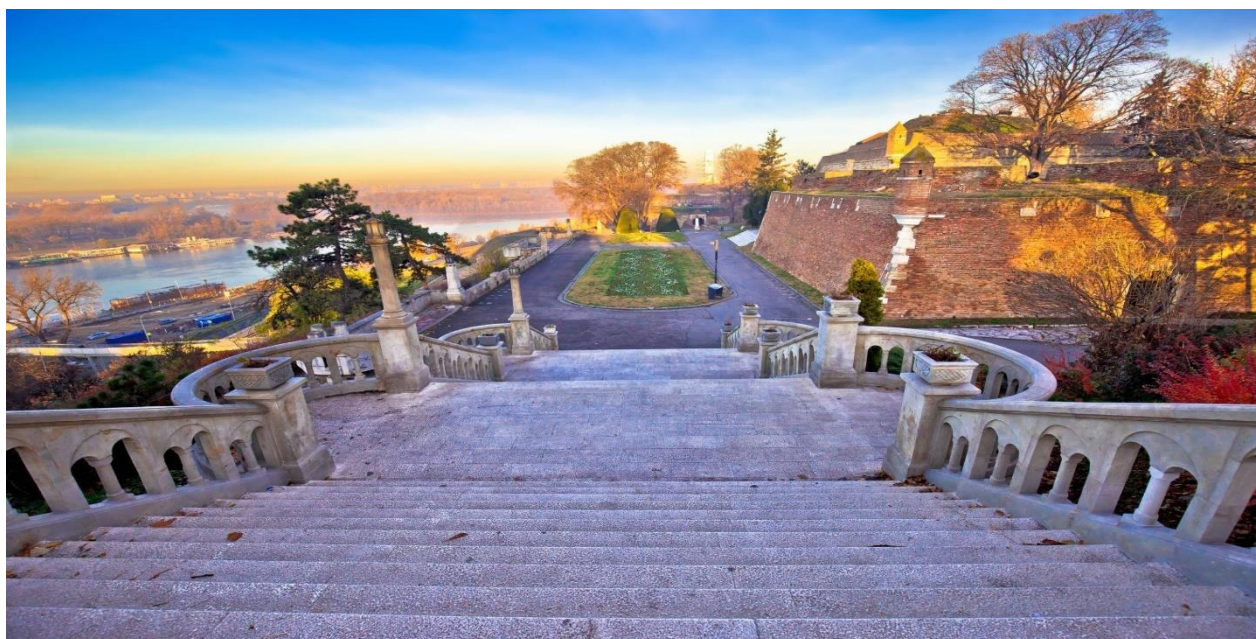
Equally important is the emergence of symbolic and cultural governance as an analytical dimension. The Sava functions simultaneously as border, bridge, memory landscape, and post-Yugoslav commons. Competing national narratives

seek to appropriate the river as part of distinct state identities, yet the hydrological reality of the basin continuously exceeds political boundaries. In this sense, the Sava reveals the tension between territorial sovereignty and ecological interdependence that increasingly defines contemporary environmental governance.

The basin therefore offers a compelling case for evaluating governance not only in terms of technical efficiency or legal coordination but also in terms of historical reconciliation, cultural integration, and adaptive resilience. The relative durability of cooperation among the basin states demonstrates that environmental governance can serve as a form of post-conflict regional stabilization. Nevertheless, persistent asymmetries between EU and non-EU states, uneven economic development, hydropower disputes, urban speculation, and limited local participation continue to constrain the basin's long-term sustainability.

Ultimately, the Sava River demonstrates how river basins in the twenty-first century must be understood as simultaneously ecological systems, geopolitical infrastructures, cultural landscapes, and symbolic spaces. Its governance cannot be reduced to water management alone; it is equally a question of how societies imagine territory, negotiate coexistence, and construct shared futures across fragmented political geographies.

Figure Sava Danube confluence



The confluence of the Sava River and the Danube River at Belgrade is one of the most symbolically and geopolitically

important river junctions in southeastern Europe. A confluence is never merely a physical meeting of waters;

historically, it is also a meeting point of civilizations, trade routes, political systems, and cultural worlds. The Sava–Danube confluence exemplifies this exceptionally clearly.

Topographically, the site is striking because the darker waters of the Sava merge visibly with the broader Danube basin beneath the elevated plateau of Kalemegdan. The terrain creates a natural strategic overlook, which explains why settlements, fortifications, and imperial powers repeatedly concentrated there over two millennia. The confluence forms a threshold between the Pannonian Plain and the Balkan interior, making it a gateway between Central Europe and southeastern Europe.

Historically, whoever controlled this confluence controlled movement between major continental regions. The site linked:

- the Danubian trade corridor stretching toward Vienna and Central Europe,
- Balkan inland routes toward the Ottoman southeast,
- and river navigation networks connecting agricultural, military, and commercial systems.

Because of this geography, Belgrade became a frontier city contested by the Roman, Byzantine, Ottoman, and Habsburg empires. The confluence therefore accumulated immense symbolic importance as a boundary between worlds:

- Christianity and Islam,
- Habsburg and Ottoman spheres,
- Central Europe and the Balkans,
- East and West.

In contemporary geopolitical imagination, the confluence still symbolizes Serbia's liminal identity between multiple Europes. It represents both openness and fragmentation: a place where different historical trajectories converge without fully dissolving into one another.

From a governance perspective, confluences are especially important because they concentrate ecological and political interdependence. What happens upstream in the Sava basin directly affects the Danube system downstream. Pollution, flooding, sediment transport, biodiversity, and navigation all become interconnected at the junction. The confluence thus transforms local environmental management into transnational governance.

The site is also increasingly important in contemporary urbanism and environmental planning. Belgrade's riverfront redevelopment projects attempt to reimagine the confluence as:

- a metropolitan identity space,
- a tourism landscape,
- a financial and real-estate corridor,
- and a symbol of modernization.

At the same time, these projects generate tensions over ecological preservation, public access, flood resilience, and privatization of river space. The nearby Great War Island remains ecologically significant as a protected wetland and migratory bird habitat, illustrating the ongoing conflict between urban expansion and environmental conservation.

There is also a deeper symbolic dimension to confluences themselves. Across civilizations, river junctions have often been understood as places of transition, encounter, and synthesis. They condense movement and exchange into visible geography. The Sava–Danube confluence operates almost as a spatial metaphor for the Balkans: layered, hybrid, contested, and connective at the same time.

As an aesthetic experience, the confluence is powerful because it allows observers to see geography producing history in real time. Standing at Kalemegdan and looking over the meeting of the rivers, one can immediately understand why this site became militarily strategic, economically valuable, culturally symbolic, and politically contested. Few landscapes in southeastern Europe reveal the relationship between topography, empire, ecology, and identity as clearly as this confluence does.

Navigability

The Sava River is navigable along much of its lower and middle course, but not in a uniform or fully reliable way. In general, around 580–600 kilometres of the river, roughly from Sisak downstream to its meeting point with the Danube River at Belgrade, is considered navigable for commercial shipping. Even within this stretch, however, navigability depends strongly on season, river maintenance, and water levels. During drought periods, shallow sections can restrict cargo transport, while floods can disrupt navigation through strong currents and debris.

In historical terms, the Sava functioned as one of the key inland transport corridors of the former Yugoslavia, connecting industrial centres, agricultural regions, and river ports to the wider Danube system and onward to the Black Sea. After the political and economic disruptions of the 1990s, inland navigation declined significantly, infrastructure degraded in some sections, and sediment accumulation reduced the reliability of shipping routes. In recent years, efforts under regional and European frameworks have focused on restoring navigability through dredging, port rehabilitation, and improved waterway management.

Economically, the river remains important because it links inland production zones in Croatia, Bosnia and Herzegovina, and Serbia with the major European waterway corridor of the Danube. Bulk goods such as grain, fuel, construction materials, and industrial commodities are still transported along navigable sections, where inland shipping remains cheaper and more energy-efficient than road transport.

The Sava also has a direct influence on livelihoods far downstream in the Danube basin because it is the largest tributary of the Danube in terms of water discharge in southeastern Europe. This means that changes in the Sava's flow, sediment load, or pollution levels do not remain local but propagate into the broader Danube system. Water quality in the Sava affects fisheries, agriculture, drinking water supplies, and wetland ecosystems along and beyond the confluence area at Belgrade.

In hydrological terms, the Sava contributes to flood dynamics in the Danube, meaning that extreme rainfall or snowmelt in the Sava basin can increase flood risk downstream across Serbia and further along the Danube corridor. At the same time, low-flow conditions during droughts can reduce navigability not only in the Sava itself but also in connected sections of the Danube, disrupting transport reliability and increasing costs for regional trade.

These hydrological links translate directly into socio-economic impacts. Rural communities dependent on floodplain agriculture, fishing, and river-based transport are particularly sensitive to changes in river behaviour. Urban centres such as Belgrade are also affected because their water supply systems, port infrastructure, and waterfront economies depend on stable interaction between the Sava and the Danube.

Overall, the Sava illustrates a tightly coupled river system in which upstream conditions shape downstream livelihoods across national boundaries. Its navigability is not just a technical issue of channel depth but part of a broader socio-

ecological system where hydrology, climate variability, infrastructure, and regional governance all interact across the entire Danube basin.

The Sava Basin

The Sava Basin stands at a decisive and increasingly complex turning point in its environmental and governance trajectory. It is a transboundary system under mounting stress from multiple interacting pressures. Ecological degradation is intensifying across its sub-basins. Water quality is steadily deteriorating in many stretches of the river. Untreated municipal wastewater remains a primary source of organic and microbial pollution. Industrial discharges add heavy metals and chemical contaminants to the system. Agricultural runoff contributes excess nutrients, particularly nitrogen and phosphorus. These inputs drive eutrophication in slower-flowing sections. Sediment quality is also increasingly compromised by historical contamination. Riverbed deposits retain pollutants accumulated over decades of industrial activity. Hydromorphological alterations have disrupted natural flow regimes. Channelization has reduced floodplain connectivity in key reaches. Deforestation in upstream catchments has increased erosion rates. Urban expansion has intensified surface runoff and pollutant loading. Climate change is amplifying these pressures across the basin. Seasonal hydrological variability is becoming more extreme. Flood events are increasing in frequency and magnitude. Drought periods are becoming longer and more severe.

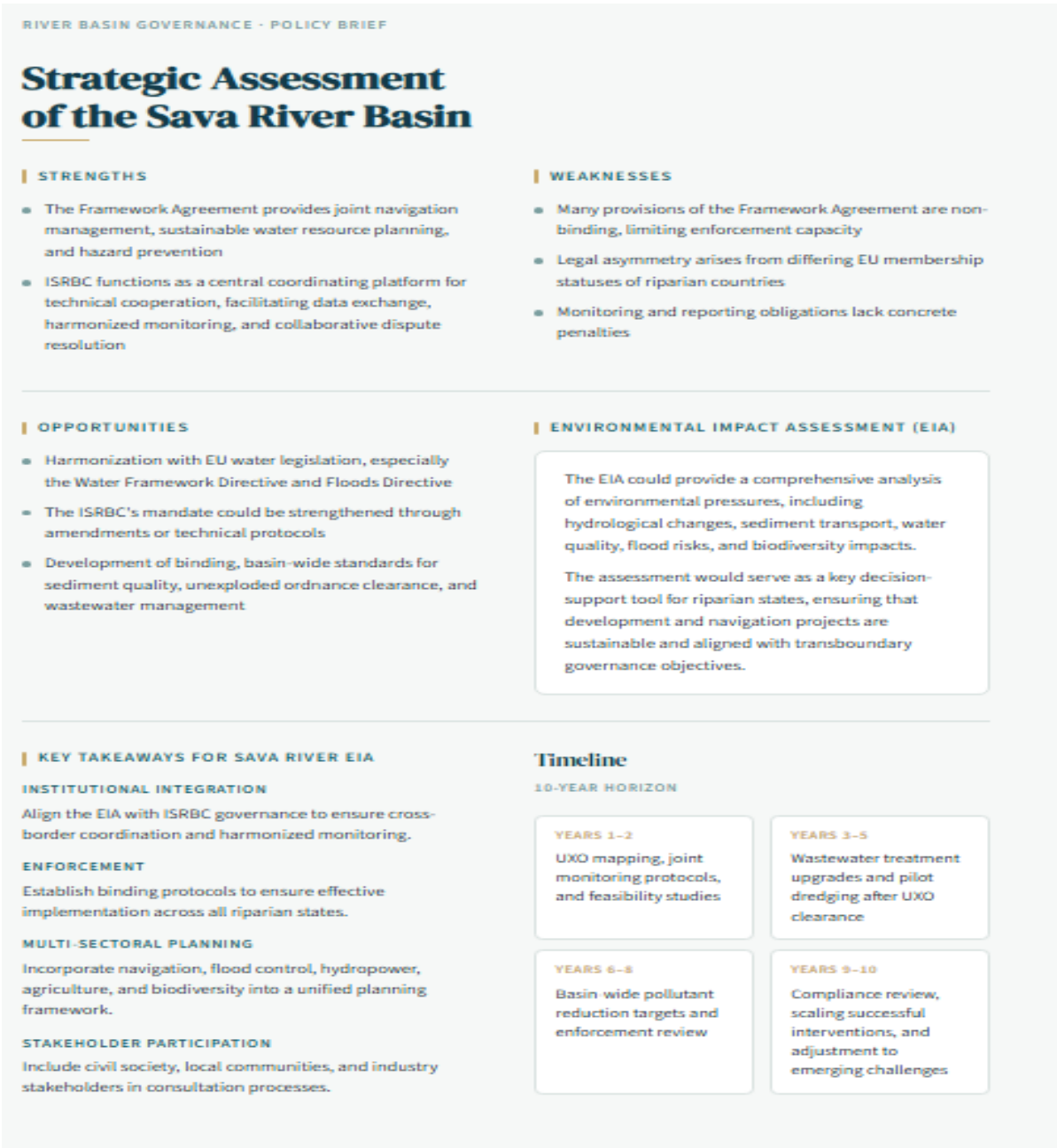
These fluctuations undermine ecosystem stability. They also create operational challenges for hydropower and navigation. Infrastructure systems are increasingly exposed to climate-induced stress. At the same time, governance fragmentation limits coordinated responses. The basin spans multiple sovereign jurisdictions with differing regulatory frameworks. Institutional capacity varies significantly between riparian states. Monitoring systems are not fully harmonized across borders. Data gaps persist in both water quality and hydrological observation. Enforcement mechanisms are uneven and often weak. Investment levels in environmental infrastructure remain inconsistent. Legacy conflict remnants, including unexploded ordnance, complicate river works. These hazards increase risk in dredging and construction activities. They also raise insurance and compliance costs for infrastructure projects. Navigation maintenance is therefore frequently delayed or restricted. Despite these challenges, the Sava River remains a critical European waterway. It is the largest

tributary of the Danube by discharge volume. It connects alpine headwaters to lowland floodplains. It integrates diverse hydrological regimes across four countries. These include Slovenia, Croatia, Bosnia and Herzegovina, and Serbia. The river supports millions of people across its basin. It provides drinking water for urban and rural populations. It sustains agricultural irrigation systems in fertile floodplains. It enables hydropower generation in several upstream and midstream locations. It functions as a transport corridor for regional trade. It also supports fisheries and local livelihoods. Ecologically, the basin contains significant biodiversity hotspots.

Wetlands along the river serve as critical breeding grounds. Floodplain forests provide habitat connectivity for terrestrial species. Oxbow lakes enhance aquatic biodiversity diversity. Migratory fish species depend on unobstructed river continuity. Bird populations rely on seasonal floodplain dynamics. The basin thus functions as a key ecological corridor in Southeast Europe. It also contributes to regional climate regulation. Floodplains act as natural water retention systems. These systems reduce downstream flood peaks. They also recharge groundwater reserves during high flow periods. The Sava therefore provides ecosystem services of high regional value. Beyond its physical functions, the river holds geopolitical significance. It symbolizes post-conflict cooperation in the Western Balkans. Shared water governance has become a platform for regional dialogue. The International Sava River Basin Commission (ISRBC) plays a central coordinating role. It facilitates cooperation among riparian states. It promotes harmonized water management practices. It supports joint monitoring and planning activities. However, its authority remains partially non-binding. This limits enforcement capacity across the basin. Despite this, it remains a key institutional anchor. EU integration processes influence governance direction in several states. The Water Framework Directive provides a key normative model. It promotes integrated river basin management approaches. It emphasizes ecological status and chemical water quality targets.

The Floods Directive adds risk-based planning requirements. Together, these frameworks shape best practice governance models. Integrated River Basin Management is increasingly seen as essential. It requires coordination across sectors and jurisdictions. It links water quality, land use, and infrastructure planning. It also integrates ecological restoration with economic development. Nature-based solutions are central to modern basin strategies. Floodplain restoration enhances natural water retention capacity. Wetland rehabilitation improves nutrient filtering processes. River re-meandering restores ecological dynamics. These interventions provide multiple co-benefits simultaneously. They reduce flood risk and improve biodiversity outcomes. They also support carbon sequestration in soils and vegetation. Urban river revitalization is another emerging approach. It reconnects cities with river systems. It improves stormwater management through green infrastructure. It reduces heat island effects in urban areas. It also increases recreational and social value. Safe sequencing of interventions is critical in hazardous contexts. UXO mapping must precede physical river works. Risk-based planning ensures safety and cost efficiency. Standardized monitoring systems are essential for coordination. Common indicators enable cross-border comparability. Open data platforms strengthen transparency and accountability. Stakeholder engagement improves legitimacy of governance decisions. Local communities contribute valuable ecological knowledge. NGOs support environmental oversight and advocacy. Industry participation ensures practical feasibility of measures. Blended finance models support large-scale investments.

Grants fund preparatory studies and technical assessments. Loans support infrastructure construction and upgrades. Private investment can be mobilized for revenue-generating assets. Adaptive management enables iterative learning over time.



Policies are adjusted based on monitoring feedback. This improves resilience under uncertain climate conditions. Environmental Impact Assessments form a core planning instrument. They evaluate ecological, hydrological, and socio-economic impacts. They also assess cumulative and transboundary effects. In the Sava context, EIAs are especially complex. They must account for multiple jurisdictions. They must integrate legacy contamination risks. They must include UXO safety assessments. They must evaluate sediment transport dynamics. They must consider climate change scenarios. Screening processes identify high-impact projects early. Scoping ensures relevant environmental dimensions are included. Baseline data collection is critical for accuracy. Impact modelling supports quantitative assessment of risks. Alternatives analysis

ensures consideration of nature-based options. Mitigation measures reduce adverse environmental effects. Public participation strengthens decision legitimacy. Monitoring ensures compliance with approved conditions. EU experience demonstrates both strengths and weaknesses of EIAs. The Danube Basin shows strong coordination benefits. The Rhine demonstrates successful ecological restoration outcomes. The Vistula illustrates risks of weak enforcement. The Po River highlights governance fragmentation challenges. The Elbe shows partial success under adaptive management. These lessons are directly relevant to the Sava Basin. Strong enforcement mechanisms are essential for effectiveness. Legal harmonization across states improves consistency. Institutional capacity building is a long-term

requirement. Funding availability determines implementation success.

Technical expertise is required for advanced modelling. Stakeholder inclusion improves long-term sustainability. A 10-year implementation roadmap is often recommended. Early phases focus on mapping and feasibility studies. UXO surveys are a foundational first step. Monitoring systems are established in initial stages. Mid-term phases implement infrastructure upgrades. Wastewater treatment modernization is a priority intervention. Pilot restoration projects test ecological approaches. Floodplain reconnection enhances resilience outcomes. Later phases scale successful interventions basin-wide. Navigation improvements are integrated with ecological safeguards. Digital data platforms improve basin governance efficiency. Final phases emphasize evaluation and policy adjustment. Basin management plans are updated iteratively. Long-term success depends on institutional integration.

ISRBC coordination must be strengthened over time³. Binding protocols improve compliance consistency. Cross-sector planning reduces conflicting objectives. Financial coordination ensures efficient resource allocation. EU funding mechanisms provide critical support. International financial institutions enable large-scale investment. Climate adaptation strategies must be embedded throughout. Ultimately, the Sava River Basin represents both a challenge and an opportunity. It is challenged by pollution, fragmentation, and climate stress. It is strengthened by institutional cooperation and ecological potential. Its future depends on coordinated governance and sustained investment. With effective implementation, it can become a model transboundary river system.

As a symbol and vector for cooperation, the Sava could once more become a *regional connective spine* in Southeast Europe—something closer to what it functioned as in parts of the Yugoslav period, but under today's very different political and EU-integrated conditions.

The Sava River already has the material foundations for this role: it physically links Slovenia, Croatia, Bosnia and Herzegovina, and Serbia, and it connects directly into the continental artery of the Danube River at Belgrade. Because of that geography, it is already a natural infrastructure corridor for transport, water management, ecosystems, and urban development. What is less automatic is the *political meaning* attached to it—and that is where cooperation becomes either weak or transformative.

In a forward-looking sense, the Sava could become a *shared climate adaptation basin*. Floods, droughts, and heat extremes are already forcing the basin states to coordinate more tightly. If this deepens, the river becomes less a border between states and more a joint risk-management system. That shifts cooperation from voluntary diplomacy toward practical necessity, where flood protection, early-warning systems, and water allocation are co-produced across borders.

It could also evolve into a *green infrastructure corridor*. Instead of being seen primarily as a navigation channel or a divided national resource, the Sava could be managed as a continuous ecological network of wetlands, floodplains, and biodiversity corridors. This would link urban riverfronts like Ljubljana, Zagreb, and Belgrade into a shared environmental space. In this framing, cooperation is not abstract—it is embedded in shared restoration projects, water-quality standards, and nature-based flood protection.

A third possible trajectory is *revived inland navigation within a European logistics system*. If climate policy continues to push freight away from roads and toward lower-carbon transport, the Sava–Danube system could regain strategic importance. Coordinated investment in ports, dredging, and rail–river intermodality would require sustained cooperation between basin states and EU institutions. Here, the river becomes a practical economic vector of integration, not just a symbol.

But perhaps the most important transformation is symbolic. In the post-Yugoslav space, rivers often carry competing national narratives. The Sava, however, is unusually well suited to becoming a *shared narrative of interdependence* rather than separation. Its geography makes it impossible to fully nationalize: what happens in Slovenian headwaters, Croatian floodplains, Bosnian tributaries, or Serbian confluence zones is continuously interconnected. That hydrological reality can support a political imagination of shared stewardship.

So if the Sava “becomes again” a vector of cooperation, it would not mean returning to a past political system. It would mean something more contemporary: a *polycentric, EU-linked, climate-driven basin community*, where cooperation is built through infrastructure, environmental necessity, and shared risk rather than a single political authority.

In that sense, the Sava's future role is less about nostalgia

³ <https://www.savacommission.org/>

and more about whether Southeast Europe chooses to treat rivers as dividing lines—or as the most tangible systems of integration it already has.

29. Anti-Corruption, Transparency, and Governance Metrics

Bosnia and Herzegovina's governance challenges are not limited to constitutional fragmentation or administrative inefficiency; corruption remains a persistent structural problem. According to **Transparency International**, Bosnia consistently ranks below the EU average in the Corruption Perceptions Index (CPI), with a score of 38/100 in 2024, indicating high perceived corruption across public institutions. Corruption manifests through nepotistic appointments, clientelist allocation of public contracts, opaque procurement practices, and the politicization of regulatory bodies. This undermines economic growth, discourages foreign investment, and erodes public trust in democratic institutions.

The EU's approach to anti-corruption in the Western Balkans has historically been **differentiated**, reflecting the accession status and political realities of each country. In Bosnia, conditionality has been central: funding disbursement, technical support, and accession dialogue are explicitly linked to measurable anti-corruption benchmarks. However, enforcement has been uneven, partly due to Dayton's veto structures and the fragmentation of law enforcement agencies across entities and cantons. Addressing these structural vulnerabilities requires both legal harmonization and administrative reform, as well as mechanisms for civil society monitoring and judicial accountability (Weber, 2020).

To reach around **rank 75 on Transparency International's Corruption Perceptions Index (CPI)**, Bosnia and Herzegovina would need a sustained shift from fragmented, politically mediated governance toward **credible rule-of-law enforcement and depoliticised institutions**. That level is not achieved through isolated anti-corruption laws but through system-wide changes that alter incentives, enforcement capacity, and political accountability.

At present, Bosnia's main constraint is not the absence of legal frameworks but the **implementation gap** created by fragmented authority, weak judicial independence, and high levels of political influence over public administration and procurement systems. Moving toward rank 75 would require closing that gap in a measurable and sustained way.

A first requirement is strengthening judicial independence and enforcement capacity. This includes depoliticising judicial appointments, ensuring consistent disciplinary procedures,

and improving prosecutorial autonomy. Without credible enforcement of high-level corruption cases, CPI rankings tend to remain structurally low regardless of formal legislation. Equally important is reducing case backlogs and increasing the predictability of court outcomes, especially in corruption, public procurement, and organised crime cases.

A second requirement is comprehensive reform of public procurement systems. In many governance assessments, procurement is the single largest corruption risk area. Bosnia would need fully transparent, digitised procurement platforms with open contracting data standards, reduced discretionary exemptions, and independent oversight mechanisms capable of auditing both state and sub-state levels. The key shift is from procedural compliance to real-time transparency and enforcement.

A third requirement is depoliticisation of public administration. Patronage-based recruitment and party influence over public sector employment significantly undermine institutional integrity. Moving toward merit-based recruitment systems, unified civil service standards across entities and cantons, and professionalised career structures would gradually reduce political capture of administrative systems. This is essential for improving both perceived and actual integrity.

A fourth area is financial governance and anti-corruption enforcement. Strengthening supreme audit institutions, improving tax administration integrity, and enhancing financial intelligence units would increase detection and deterrence capacity. Importantly, enforcement must target high-level corruption cases, as CPI scores are particularly sensitive to perceptions of elite impunity.

A fifth requirement is reducing institutional fragmentation. Bosnia's multi-layered governance system creates multiple veto points and weak accountability chains. While full constitutional reform is politically difficult, functional improvements can be achieved through harmonised legal frameworks, intergovernmental coordination mechanisms, and stronger state-level regulatory authorities in acquis-related sectors. The more coherent the enforcement chain, the easier it becomes to apply uniform anti-corruption standards.

A sixth dimension is transparency and digital governance. Expanding e-government systems for taxation, licensing, procurement, and public service delivery reduces discretionary space for corruption. Digital traceability of

administrative decisions is particularly important for improving trust and auditability.

Finally, progress toward rank 75 requires sustained political commitment aligned with credible EU conditionality. Countries that improve significantly on CPI typically combine domestic reform coalitions with external enforcement pressure and incentives. In Bosnia’s case, EU accession mechanisms would need to prioritise rule-of-law benchmarks over formal legislative alignment and ensure that progress is tied to tangible financial and accession rewards.

In comparative terms, reaching around rank 75 would place Bosnia closer to mid-tier EU candidate performance levels, requiring convergence not only in laws but in **enforcement credibility, institutional coherence, and administrative professionalism**. The decisive factor is not isolated reforms but whether the political economy shifts from a system based on negotiated compliance to one based on predictable, enforceable rules applied uniformly across the state.

EU-Balkan Transparency Partnership

An effective mechanism to enhance transparency is the establishment of an **EU-Bosnia-Transparency International Partnership**, a structured framework for monitoring, reporting, and capacity-building. This partnership would operate across four axes: legal reform, institutional strengthening, civic oversight, and public accountability. Legal reforms would align national legislation with EU anti-corruption standards, closing loopholes in procurement, public service appointments, and campaign financing. Institutional strengthening would focus on the independence and capacity of anti-corruption agencies, ensuring consistent enforcement across entities and cantons. Civic oversight mechanisms would support NGOs, media, and research institutions in monitoring government performance, while public accountability initiatives would incentivize transparency through open data platforms, digital governance, and citizen reporting channels.

Table 2. Transparency International CPI and EU Engagement

Country	CPI Score 2024	EU Conditionality Applied	Key Focus Areas	Implementation Status
Bosnia & Herzegovina	38	High	Public procurement, judicial reform, civil service integrity	Partial; fragmentation impedes enforcement
Serbia	42	Medium	Rule-of-law, anti-corruption task forces	Moderate; consistent progress
Montenegro	54	Medium	Public sector transparency, anti-corruption courts	Substantial; functioning legal reforms
North Macedonia	55	Medium	Judicial independence, regulatory oversight	Moderate; improving EU integration
Albania	36	High	Vetting of judges and prosecutors, asset declarations	Partial; implementation uneven

This table highlights Bosnia's particularly acute challenges relative to other Western Balkan countries, reinforcing the need for a **strategically coordinated EU intervention**.

Case Examples of Governance Challenges

1. Police and Security Coordination: Law enforcement in Bosnia is fragmented across 15 police forces—state, entity, cantonal, and municipal. This multiplicity impedes cross-border crime investigations, organized crime suppression, and corruption enforcement. The lack of a unified command structure allows political elites to shield affiliated actors from prosecution, particularly in cases involving high-level officials.

2. Public Procurement Mismanagement: Infrastructure projects funded by international donors, including EU IPA funds, have occasionally been diverted through opaque contracting processes. Political control over procurement committees, combined with weak auditing, has resulted in delayed projects, cost overruns, and inefficiencies that undermine both EU credibility and public trust.

3. Judicial Delays and Case Backlogs: Courts operate under entity and cantonal jurisdictions, with little coordination at the state level. High-profile corruption cases often remain unresolved for years due to political interference, lack of resources, or procedural complexity, signaling systemic weaknesses that discourage investment and civic engagement.

Reform Pathways and EU Integration

Addressing these challenges requires a **multi-layered strategy** that integrates constitutional reform, institutional capacity building, and anti-corruption enforcement. Key pathways include:

- 1. Harmonization of Legal Frameworks:** Aligning criminal, administrative, and procurement laws across entities and cantons, with centralized oversight mechanisms at the state level.
- 2. Unified Anti-Corruption Agencies:** Establishing a professionalized, independent anti-corruption agency capable of operating across all layers of government.
- 3. Digital Governance and Open Data:** Implementing e-procurement systems, transparency portals, and digital monitoring tools to reduce discretionary power and increase civic oversight.

4. Civil Society Engagement: Empowering NGOs, media, and research institutions to monitor governance performance and hold public officials accountable.

5. Conditional EU Funding: Linking financial assistance, technical support, and accession dialogue to measurable progress in anti-corruption, transparency, and public administration modernization.

In anti-corruption terms, the Western Balkans shows uneven EU-driven progress, with Bosnia and Herzegovina as the most constrained case.

North Macedonia and Albania have made partial gains through judicial reform and improved rule-of-law alignment. Serbia and Montenegro show formal compliance with EU anti-corruption frameworks but weak and selective enforcement. Kosovo and especially Bosnia lag behind in both implementation and institutional coherence.

Bosnia's core problem is structural: Dayton-era fragmentation creates multiple governance layers, weak accountability chains, and fragmented enforcement capacity. As a result, corruption persists less due to missing laws and more due to weak implementation and political influence over institutions.

Regionally, the dominant pattern is "formal compliance without transformation," where legal alignment advances faster than enforcement quality. EU instruments such as IPA conditionality and rule-of-law frameworks support reform, but Bosnia benefits less due to limited administrative coherence and weak absorption capacity.

Overall, Bosnia remains the weakest performer in the region on anti-corruption, driven by institutional fragmentation and low enforcement credibility compared to its Western Balkan peers.

30.Consolidated Administrative, Policy, and Governance Reform

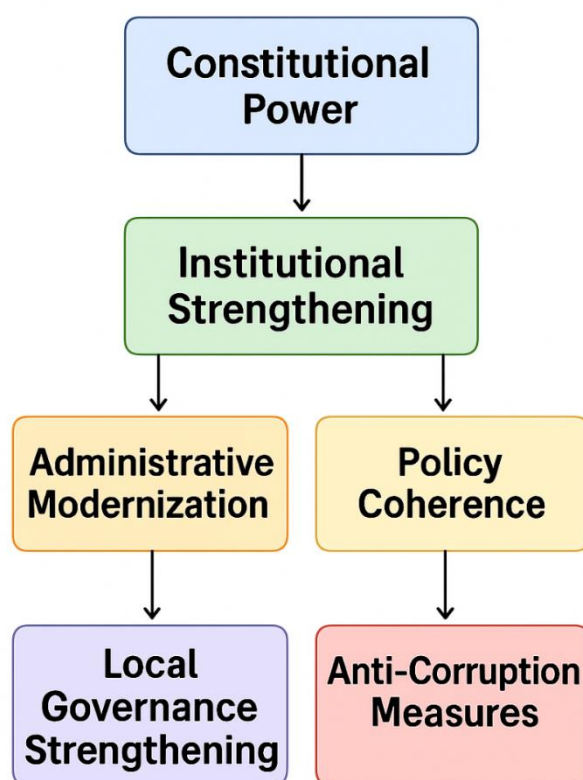
The final stage of Bosnia's transformation requires a **holistic approach**, integrating constitutional reform, institutional strengthening, policy coherence, administrative modernization, and local/regional governance reform. Each layer must be addressed concurrently, leveraging EU partnership mechanisms, technical assistance, and funding conditionality.

- State Institutions:** Central ministries must be empowered with staffing, budgeting, and authority to coordinate policy across entities. Judicial

harmonization and civil service professionalization are priorities.

- **Policy-Making Coherence:** Integrated frameworks for transport, energy, environment, and social policy ensure strategic alignment and efficient resource allocation.
- **Administrative Modernization:** Standardized HR systems, digital service delivery, and inter-entity mobility programs reduce duplication, clientelism, and inefficiency.
- **Local Governance:** Municipalities and cantons require capacity-building, shared service programs, and participatory budgeting to enhance citizen trust and functional service delivery.
- **Transparency and Anti-Corruption:** The EU–Bosnia partnership, supported by Transparency International, creates measurable benchmarks, open data frameworks, and civic oversight to ensure accountability.

INTERLINKAGES OF GOVERNANCE REFORM MAUES



In Bosnia and Herzegovina, a shift from ethnic federalism toward cooperative federalism would have to begin with constitutional reform that loosens rigid consociational power-sharing while preserving minority protections. The Dayton constitution entrenched segmental vetoes, ethnic quotas, and entity-based representation, which stabilized the peace but also hardened ethnic boundaries and produced chronic institutional deadlock. Reframing these provisions toward shared-rule and self-rule based on functional regions and inter-entity cooperation, rather than exclusively on constituent peoples, would be the constitutional anchor of the

reform sequence. Such a move would need to be accompanied by institutional strengthening that professionalizes civil services, courts, and regulatory agencies so that their loyalty shifts from ethnic parties to state-wide legal standards. Cooperative federalism requires capable joint bodies—intergovernmental councils, fiscal equalization boards, and regulatory networks—that can coordinate across entities and cantons on infrastructure, environment, and social policy. Here, the interlinkage is clear: without stronger, more impartial institutions, any constitutional redesign risks being re-colonized by existing ethnonational patronage.

Administrative modernization would then target recruitment, promotion, and service delivery, replacing ethnic key-sharing with meritocratic, bilingual, and user-oriented administrations at state, entity, and municipal levels. Digitalization of registries, interoperable information systems, and standardized procedures can reduce the discretionary space through which ethnic parties currently mediate access to rights and benefits. Policy coherence becomes the horizontal glue, ensuring that sectoral strategies—for example on EU integration, climate adaptation, or education—are negotiated and implemented through joint federal–entity–cantonal mechanisms rather than parallel, ethnically segmented tracks. If Bosnia can align constitutional reform, institutional strengthening, administrative modernization, and policy coherence, it creates the conditions for local governance strengthening and anti-corruption measures to take root rather than remain isolated donor projects.

The experience of Belgium shows that deeply divided societies can gradually re-engineer an originally conflict-managing consociational design into a more functionally cooperative federalism through intergovernmental conferences, rotating leadership, and tailored autonomy arrangements. Belgium’s Concertation Committee and multiple ministerial conferences offer a template for Bosnia to institutionalize routine, problem-solving cooperation between state, entity, and cantonal executives instead of treating every cross-level negotiation as a zero-sum constitutional crisis. Germany illustrates how strong joint decision-making in the Bundesrat and dense federal–Länder committees can produce policy coherence while respecting regional diversity, a logic that could inspire redesign of Bosnia’s House of Peoples and inter-entity coordination bodies. Canada’s evolution—from highly centralized to more negotiated, executive federalism—highlights the importance of fiscal federalism tools, such as equalization and conditional transfers, to incentivize provinces to participate in common projects without feeling that their core identities are threatened. Switzerland demonstrates that multiethnicity need not be frozen into constitutional ethnicity; instead, overlapping identities, cross-cutting parties, and strong local self-government can cultivate a shared civic frame layered over linguistic and religious differences. Across these federations, one lesson is that local governance strengthening works when municipalities have clear powers, predictable revenues, and structured roles in federal and regional decision-making, rather than existing merely as administrative arms of higher levels. Another lesson is that anti-corruption measures are most effective when embedded in cooperative oversight systems—shared audit courts, transparent intergovernmental transfers, and jointly monitored procurement—rather than being left to politicized, ethnically

captured watchdogs. For Bosnia, moving from ethnic to cooperative federalism therefore means transforming the interlinkages themselves: from a system where ethnicity is the organizing principle of every node, to one where problem-solving, territorial solidarity, and Europeanization are the dominant logics. This requires a parallel cultural shift, in which political elites and citizens can imagine being Bosnian in a civic sense alongside being Bosniak, Croat, Serb, or “other”, so that federal cooperation is not perceived as ethnic surrender. If sequenced carefully, the chain from constitutional reform through institutional strengthening, administrative modernization, policy coherence, local governance empowerment, and systemic anti-corruption can help Bosnia evolve from a federation designed to freeze war into a federation capable of governing a shared future.

31.Comparative Evaluation

A transition from ethnic federalism to cooperative federalism in Bosnia and Herzegovina requires re-imagining the federation not as a mechanism for managing permanent ethnic segmentation but as a system of structured, routinized intergovernmental collaboration. Germany, Austria, and Switzerland offer contrasting yet complementary models that illuminate both the opportunities and the constraints Bosnia would face in such a shift. Germany demonstrates how cooperative federalism can generate high levels of policy integration through dense intergovernmental relations, shared administrative tasks, and a territorially representative second chamber. Yet the German experience also reveals the risk of excessive executive dominance and the emergence of a “unitary federal state,” where Länder autonomy is constrained by the need for consensus and by party hierarchies that operate across territorial levels. Austria, by contrast, illustrates a more modest form of cooperative federalism in which the Länder possess formal constitutional status but exercise limited substantive influence, with coordination largely shaped by national party structures and informal negotiations among Land governors. This model warns Bosnia against adopting a federal architecture that appears cooperative on paper but leaves sub-state units dependent, under-resourced, and politically subordinate. Switzerland offers a different lesson: cooperative federalism can thrive when cantons enjoy strong autonomy, when horizontal coordination is institutionalized through concordats, and when national cohesion is cultivated through shared civic practices rather than ethnic quotas. Swiss federalism shows that linguistic and religious diversity need not be constitutionalized as rigid political segments if local autonomy, fiscal capacity, and direct democratic

instruments provide credible voice and participation.

Across these cases, cooperative federalism functions because intergovernmental relations are routinized rather than crisis-driven. Joint councils, sectoral conferences, and standing committees create predictable arenas for negotiation, allowing territorial units to coordinate policy without transforming every disagreement into a constitutional confrontation. Bosnia's current system, by contrast, channels diversity into veto structures and episodic bargaining, producing policy incoherence and institutional paralysis. The comparative evidence suggests that Bosnia's challenge is not simply to import cooperative mechanisms but to reconfigure the underlying logic of its federalism from identity-based segmentation to territorial and functional governance. This requires institutions capable of acting beyond ethnic patronage, administrations that operate on meritocratic and interoperable standards, and fiscal arrangements that incentivize participation in shared programs rather than reinforcing zero-sum competition.

For Bosnia, the German model underscores the value of a second chamber representing territorial governments rather than ethnic blocs, with clearly delimited fields of joint decision. It also highlights the importance of fiscal equalization systems that integrate poorer regions while avoiding the over-loading of joint tasks that can produce reform stagnation. Austria's experience cautions against symbolic federalism: Bosnia must ensure that entities and cantons possess meaningful competencies, predictable revenues, and institutionalized roles in intergovernmental decision-making. Switzerland provides a template for horizontal cooperation that does not require constant constitutional revision, enabling entities and cantons to

collaborate on practical issues such as water management, environmental protection, and mobility through concordat-like agreements. It also demonstrates how civic identity and shared stewardship of common goods can gradually soften hardened identity boundaries.

Policy recommendations emerging from this comparative analysis emphasize the need to redesign Bosnia's intergovernmental architecture around structured cooperation. A territorial second chamber with executive representation could replace ethnic vetoes with negotiated territorial voice. Permanent intergovernmental councils with joint secretariats would shift coordination from ad hoc crisis management to routine governance. A rules-based fiscal federalism system would provide stability and incentives for participation in shared programs. Administrative modernization, including a unified civil service framework and interoperable digital systems, would reduce the discretionary space through which ethnic parties currently mediate access to rights. Local governments should be empowered as genuine partners in federal governance, with clear competencies and transparent transfers. Anti-corruption efforts would gain credibility if embedded in cooperative oversight mechanisms such as joint audit bodies and unified procurement transparency platforms. Ultimately, Bosnia's evolution toward cooperative federalism depends on transforming its federal logic from a peace-preserving arrangement among constituent peoples into a problem-solving system of shared territorial governance, supported by institutions capable of generating trust through performance rather than identity.

Cross-Tabulation: Cooperative Federalism Models and Implications for Bosnia

Dimension	Germany	Austria	Switzerland	Implications for Bosnia
<u>Federal Type</u>	<u>Highly cooperative administrative federalism with strong joint tasks</u>	<u>Moderately cooperative, party-dominated federalism</u>	<u>Autonomy-driven cooperative federalism with strong horizontal coordination</u>	<u>Shift from ethnic segmentation to territorial cooperation requires structural redesign</u>
<u>Second Chamber Design</u>	<u>Bundesrat representing Länder executives</u>	<u>Weak Bundesrat with limited veto powers</u>	<u>Council of States representing cantons equally</u>	<u>Transform House of Peoples into territorial chamber with</u>

				<u>executive representation</u>
<u>Intergovernmental Relations</u>	<u>Dense conferences, committees, routine coordination</u>	<u>Informal coordination shaped by party networks</u>	<u>Formal concordats and strong horizontal cooperation</u>	<u>Institutionalize standing councils with joint secretariats</u>
<u>Fiscal Federalism</u>	<u>Robust equalization and shared financing of joint tasks</u>	<u>Centralized revenue with limited Land autonomy</u>	<u>High cantonal fiscal autonomy with equalization</u>	<u>Rules-based equalization and predictable sub-state revenues</u>
<u>Administrative Capacity</u>	<u>Professionalized, interoperable bureaucracy</u>	<u>Mixed capacity, often centralized</u>	<u>Strong cantonal administrations with local legitimacy</u>	<u>Meritocratic, depoliticized administration as precondition for cooperation</u>
<u>Identity Structure</u>	<u>Territorial, not ethnic</u>	<u>Territorial with party mediation</u>	<u>Civic-territorial with multilingual accommodation</u>	<u>Move from constitutionalized ethnicity to civic-territorial logic</u>
<u>Horizontal Cooperation</u>	<u>Moderate; mostly vertical coordination</u>	<u>Limited; party-driven</u>	<u>Extensive via concordats and inter-cantonal bodies</u>	<u>Enable entity-cantonal agreements without constitutional renegotiation</u>
<u>Risk Factors</u>	<u>Over-centralization and reform gridlock</u>	<u>Symbolic federalism with weak sub-state voice</u>	<u>Consensus fatigue if trust is low</u>	<u>Avoid ethnic veto reproduction under new institutional labels</u>
<u>Best Transferable Practice</u>	<u>Territorial second chamber and joint tasks</u>	<u>Cautionary lessons on party dominance</u>	<u>Horizontal cooperation and civic identity tools</u>	<u>Combine territorial representation with functional cooperation mechanisms</u>

The comparative experience of Germany, Austria, and Switzerland demonstrates that cooperative federalism succeeds when territorial units are embedded in **structured, predictable, and depoliticized systems of intergovernmental collaboration**, rather than in

crisis-driven bargaining. Germany shows that strong territorial representation, joint tasks, and dense administrative coordination can integrate diverse regions, but also warns that excessive centralization and party dominance can erode genuine autonomy. Austria illustrates the risks of **symbolic federalism**, where

sub-state units possess constitutional status but lack substantive influence, reminding Bosnia that cooperative mechanisms must be backed by real competencies, fiscal capacity, and institutional voice. Switzerland offers the most compelling model for Bosnia's context: a system where **horizontal cooperation, strong local autonomy, and civic-territorial identity** allow diversity to be managed without constitutionalizing permanent ethnic segmentation. Across all three cases, the essential insight is that cooperative federalism is not merely a constitutional design but a **culture of governance**, requiring meritocratic administrations, routinized intergovernmental forums, transparent fiscal arrangements, and shared stewardship of common goods. For Bosnia, the path forward lies in transforming federalism from a mechanism that freezes wartime identities into one that enables **joint problem-solving, territorial solidarity, and civic belonging**.

As Natasha Wheatley reminds us, *"Law does not simply describe political worlds; it helps to bring them into being."*

32.Strategic Implications

Successfully implementing these reforms would produce multiple benefits. First, it would restore **citizen trust** in government institutions, replacing clientelist networks with meritocratic, transparent administration. Second, it would enhance **economic potential** by creating a predictable legal and regulatory environment conducive to investment. Third, it would stabilize Bosnia politically, reducing secessionist pressures and ethnic mobilization, particularly in Republika Srpska and Krajina Serb communities. Finally, it would enable Bosnia to fully **integrate into the European Union**, aligning institutions, governance standards, and policy frameworks with EU norms.

The alternative—maintaining Dayton-era fragmentation and weak institutions—is untenable. Continued institutional dysfunction risks both internal stagnation and external destabilization, as nationalist elites exploit divisions and regional actors intervene opportunistically. The EU, therefore, has both a **strategic interest** and an ethical imperative to support Bosnia's transformation through structured engagement, conditionality, and targeted technical assistance.

Bosnia and Herzegovina faces a paradox: a peace that is stable but a state that is fragmented. Overcoming this paradox requires a **comprehensive, multi-dimensional reform agenda** that combines constitutional modernization, institutional strengthening, administrative efficiency, policy coherence, local governance reform, and transparency-enhancing mechanisms. The integration of Krajina Serb communities, alignment with EU accession criteria, and the

establishment of a robust anti-corruption framework are central to this transformation.

The EU's role is pivotal. Conditional funding, technical assistance, and political support can provide both incentives and safeguards for reform. By embedding reforms within a stakeholder-driven process that prioritizes civic equality and functional governance, Bosnia can transition from an international protectorate frozen in wartime logic to a **viable, sovereign, and European state**.

The chapter's figures, tables, and schematic maps illustrate the structural challenges, administrative fragmentation, and reform pathways that must be addressed. Strategic implementation, guided by the principles outlined, would enable Bosnia to overcome its historical constraints and realize the full potential of a stable, prosperous, and European future.

33.Reforming the Army

Nearly three decades after the Dayton Peace Agreement, Bosnia and Herzegovina continues to face structural vulnerabilities in its security architecture. While the Armed Forces of Bosnia and Herzegovina formally exist as a unified institution, deep political fragmentation, contested loyalties, and external influence continue to undermine their effectiveness and legitimacy. In an increasingly unstable European security environment, these weaknesses pose risks not only to Bosnia and Herzegovina but also to regional stability and EU credibility as a security provider.

The European Union and NATO already maintain a significant presence in Bosnia and Herzegovina through EUFOR Althea and long-standing partnership frameworks. However, these arrangements remain largely supervisory and reactive. This memo argues for a more structured, proactive, and jointly mandated EU-NATO approach that treats military unification not as a purely technical reform, but as a long-term nation-building and stabilization process.

The primary strategic objective is the establishment of a politically neutral, professionally integrated, and democratically controlled armed forces capable of credibly defending the sovereignty and territorial integrity of Bosnia and Herzegovina while contributing responsibly to international peacekeeping and crisis-management operations. This objective is inseparable from broader state-building and security normalization efforts, as a unified military serves not only as a defense

instrument but as a core expression of constitutional authority and institutional cohesion.

Achieving this primary objective directly enables a set of mutually reinforcing secondary outcomes. Professional integration and unified civilian control systematically reduce ethno-political veto power over security institutions by shifting authority from identity-based bargaining to rule-based governance. The consolidation of a single chain of command and centralized force generation prevents unilateral militarization by sub-state entities, closing pathways to parallel security structures and deterring destabilizing actions. At the regional level, a transparent, unified, and externally interoperable armed forces posture reassures neighboring states by signaling predictability, restraint, and compliance with international obligations, thereby reducing incentives for competitive posturing or proxy influence.

Simultaneously, alignment with EU Common Security and Defence Policy frameworks and NATO interoperability standards embeds Bosnia and Herzegovina within established Euro-Atlantic security architectures. This alignment reinforces domestic reforms through external standards and peer accountability, while transforming the armed forces into a contributor to collective security rather than a potential source of internal or regional tension. In this way, the primary and secondary objectives form an integrated strategic pathway: military unification strengthens democratic control and regional confidence, which in turn anchors Bosnia and Herzegovina's long-term stability and European security integration.

International Mandate and Governance Framework

The unification process must begin with the establishment of a **clear, legitimate, and internationally anchored mandate** that leaves no ambiguity regarding purpose, scope, or limits. This mandate should be jointly adopted by the **Council of the European Union** and the **NATO North Atlantic Council**, formally endorsed by the **Presidency of Bosnia and Herzegovina**, and acknowledged by the **Parliamentary Assembly of Bosnia and Herzegovina**. Such a dual international-domestic authorization framework ensures both external credibility and internal constitutional legitimacy.

The mandate must explicitly frame military unification as a **security-sector consolidation and stabilization initiative**, designed to enhance democratic control, professionalism, and interoperability. It should clearly exclude any interpretation of the process as forced political centralization, power projection, or the development of offensive capabilities. This

clarity is essential to reassure domestic constituencies, neighboring states, and regional stakeholders, while insulating the process from ethno-political manipulation.

To translate this mandate into sustained action, a **Joint EU-NATO Steering Authority** should be established as the central governance mechanism of the unification process. This body would bring together senior representatives of the **European External Action Service**, the **EU Military Staff**, **NATO Headquarters**, and the **Ministry of Defense of Bosnia and Herzegovina**, alongside senior uniformed officers representing the country's existing military components. The Steering Authority would function as the principal strategic coordinator, political mediator, and institutional guarantor, ensuring continuity across electoral cycles, managing disputes, enforcing conditionality, and preventing unilateral obstruction or disengagement.

By linking international oversight with domestic ownership within a single, structured authority, the Steering mechanism ensures that strategic intent, operational sequencing, and political safeguards remain aligned throughout the unification process.

A central pillar of the proposed framework is the formal involvement of regional actors. Croatia and Serbia, as immediate neighbors with deep historical, ethnic, and political ties to Bosnia and Herzegovina, must be incorporated as stakeholders in stability rather than external patrons. Romania and Turkey, both NATO members with no direct territorial claims or ethnic constituencies in Bosnia and Herzegovina, provide strategic balance and credibility.

This cooperation should be institutionalized through a Regional Security Cooperation Compact, under EU-NATO auspices. The Compact would include commitments to non-interference, transparency in military assistance, and mutual reassurance regarding force posture and doctrine. Regional participation would be consultative and observational rather than directive, ensuring respect for Bosnian sovereignty while reducing suspicions among domestic constituencies.

Successful unification depends on sustained cooperation with Bosnia and Herzegovina's military leadership at all levels. Many of the most significant obstacles to integration stem not from operational incompatibility but from concerns over status, career progression, pensions, and personal security. The EU-NATO framework must therefore prioritize dignity, continuity, and professional incentives.

Structured military-to-military dialogue mechanisms should be established, facilitated by EU and NATO officers, to address doctrine, rank harmonization, personnel management, and veterans' rights. These forums would function as confidence-building instruments, allowing grievances to be addressed institutionally rather than politically.

Legal reform should proceed incrementally and cautiously. Rather than dismantling existing structures abruptly, amendments to defense legislation should clarify a single civilian chain of command while allowing for transitional regional components. Symbolic elements such as language use, insignia, and ceremonial traditions should be managed carefully to avoid perceptions of erasure or domination.

EU legal advisors should play a central role in ensuring compliance with the Dayton framework while gradually strengthening state-level authority. The objective is functional unity first, followed by structural consolidation once trust has been established.

The development of a unified defense doctrine is a critical step in creating a shared professional culture. This doctrine should align with EU CSDP principles and NATO standards, emphasizing territorial defense, crisis response, and international peacekeeping.

Joint training institutions within Bosnia and Herzegovina should be complemented by rotational training programs in partner states. Turkey can contribute expertise in command and leadership training, Romania in NATO interoperability, and Croatia and Serbia in confidence-building exchanges. These programs should be explicitly framed as cooperative and reconciliatory rather than competitive.

Phased Operational Integration

Operational integration should advance in a carefully sequenced and conditional manner under sustained external oversight. Initial phases should prioritize the integration of logistics, procurement, force generation, training standards, and intelligence coordination, establishing interoperability and institutional trust before proceeding to full operational command unification. This approach reduces political sensitivity, mitigates risk, and allows technical cooperation to mature into operational confidence.

During this transitional period, a dual-key command and authorization mechanism—pairing Bosnian civilian democratic authority with EU-NATO oversight—should remain in force. This arrangement provides a stabilizing safeguard against unilateral action, ensures adherence to agreed benchmarks, and reinforces accountability while preserving the principle of national sovereignty. The gradual

relaxation of this mechanism should be explicitly tied to independently verified performance indicators and compliance milestones.

Crucially, the first fully integrated combat and support units should be deployed exclusively on international missions rather than for domestic employment. Participation in EU and NATO peacekeeping and crisis-management operations offers a politically neutral operational environment in which personnel from all communities can build cohesion, professional confidence, and a shared sense of institutional pride. External deployments also anchor standards of conduct, reduce the risk of domestic politicization, and visibly reframe the armed forces as a contributor to international security rather than a participant in internal political contestation.

Together, phased integration, safeguarded command arrangements, and outward-focused deployments transform operational unification from a potentially destabilizing internal reform into a controlled, confidence-building process that strengthens professionalism, legitimacy, and long-term institutional resilience.

Symbolic Integration and Civil-Military Relations

Beyond institutional and command-level reform, genuine military unification requires deliberate **symbolic, ceremonial, and cultural integration**. A single, unified military oath anchored explicitly in constitutional order, democratic civilian authority, and the protection of all citizens can serve as a foundational act of shared allegiance. Inclusive and carefully balanced commemoration practices—recognizing sacrifice without privileging any single narrative—are essential to transforming memory from a source of division into an instrument of cohesion. The adoption of politically neutral insignia, uniforms, and ceremonial protocols further reinforces the armed forces' identity as a state institution rather than an extension of ethnic or partisan affiliation.

EU-supported civil-military engagement and outreach programs should complement these measures by embedding the armed forces within society as a trusted, professional public service. Through education initiatives, community engagement, disaster-response cooperation, and transparency efforts, such programs can normalize the military's presence as a protector of constitutional order and human security, rather than of any particular group or political agenda. Together, symbolic integration and civic engagement translate structural reform into lived legitimacy, ensuring that unification is not only operationally effective but socially internalized and

durable.

34. Risk Assessment and Mitigation: Constitutional Reform, Cooperative Federalism, and Accession Conditionality

Any initiative aimed at deepening military integration in Bosnia and Herzegovina necessarily intersects with the country's constitutional order, its federal arrangements, and the legacy of the Dayton Peace Agreement. The principal political risk is that security-sector reform may be perceived as a proxy for forced constitutional centralization. Such perceptions could trigger institutional obstruction, elite mobilization, or unilateral disengagement at the entity level. To mitigate this risk, the proposed EU-NATO framework explicitly separates functional military unification from broader constitutional redesign while situating the process within a logic of cooperative federalism rather than hierarchical state-building.

From a constitutional perspective, the Dayton Peace Agreement remains the legal foundation of Bosnia and Herzegovina's sovereignty and internal order. Any reform that appears to bypass or reinterpret Dayton without consensus risks destabilizing the peace settlement itself. The mitigation strategy therefore rests on strict Dayton compliance in the short and medium term. Military unification is framed not as a transfer of sovereignty away from the entities, but as the rational consolidation of a function already recognized as a state-level competence under existing defense legislation. EU legal oversight is essential to ensure that reforms are presented as implementation and clarification rather than constitutional revision.

A second major risk concerns the relationship between military integration and future constitutional reform. While many observers view security-sector consolidation as a potential catalyst for broader state reform, premature linkage could politicize the armed forces and undermine trust. The recommended approach is one of conditional sequencing. Military unification proceeds first as a confidence-building and professionalization exercise. Only once functional cooperation and civilian control are demonstrably stable should constitutional reform debates be re-engaged, with the armed forces explicitly insulated from partisan bargaining. In this way, successful military cooperation can create positive precedents for negotiated reform without becoming hostage to it.

Cooperative federalism offers a critical conceptual mitigation tool. Rather than eliminating entity-level identities or competencies, cooperative federalism emphasizes shared

governance, mutual veto restraint, and joint implementation of agreed functions. Applied to defense, this means preserving regional representation, cultural pluralism, and consultative mechanisms within a single chain of command. Such an approach reduces fears of domination while strengthening the effectiveness of the state. The EU's own experience with multilevel governance provides a credible model that can be adapted to the Bosnian context.

External risks must also be addressed. Regional actors may seek to instrumentalize constitutional debates to expand influence or block integration. The Regional Security Cooperation Compact functions as a mitigation mechanism by binding neighboring states into a transparency and reassurance framework, reducing incentives for unilateral intervention. EU-NATO joint oversight further limits the space for proxy dynamics by anchoring reforms within established Euro-Atlantic institutions.

The linkage to EU accession constitutes both a risk and an opportunity. If mishandled, conditionality can reinforce perceptions of external imposition. If applied strategically, it can align incentives across domestic actors. The mitigation strategy proposed here treats military unification as a core component of accession readiness under Chapters related to security, rule of law, and democratic governance. Progress benchmarks are tied not to abstract identity goals but to concrete standards such as civilian control, interoperability, and constitutional legality. Financial and technical assistance is phased accordingly, ensuring that compliance yields tangible benefits.

Ultimately, the success of the unification process depends on maintaining a delicate balance: respecting Dayton as a peace settlement, enabling cooperative federalism as a governance model, and using EU accession as a stabilizing horizon rather than a coercive lever. The EU-NATO framework is designed to hold these elements together, reducing systemic risk while enabling gradual transformation.

35.Exit Strategy and Long-Term Outlook

EU-NATO oversight should be reduced in a deliberate, phased manner, anchored in clearly defined and independently verifiable benchmarks that measure the consolidation of democratic civilian control, the depth of inter-ethnic trust within the armed forces, sustained operational effectiveness, full NATO interoperability, and consistent adherence to regional security obligations and

Dayton-based commitments. Progression through each phase should be conditional, transparent, and reversible, ensuring that sovereignty is transferred only as institutional resilience and political maturity are demonstrably achieved.

The strategic objective of this process is the emergence of a fully unified and sovereign Armed Forces of Bosnia and Herzegovina that function as a single, professional institution embedded within EU security and defence frameworks, interoperable with NATO standards and planning structures, and firmly insulated from domestic political competition or ethnic instrumentalization. Such a force would serve not only as a guarantor of national security but as a symbol of state cohesion and international reliability.

Absent a structured and conditional transition, the risk is not merely institutional stagnation but the reinforcement of fragmentation, increased susceptibility to external influence, and the normalization of strategic ambiguity that undermines long-term stability. In contrast, a carefully sequenced, EU–NATO-led transformation can convert military unification from a narrow technical reform into a central pillar of durable peace, regional reassurance, and the credibility of the European security order in the Western Balkans.

To confront these risks directly, the framework incorporates a comprehensive Risk Assessment and Mitigation chapter that integrates military reform within Bosnia and Herzegovina's broader constitutional and political landscape. It explicitly addresses the interaction between armed forces unification and constitutional reform, ensuring coherence with the state's complex governance architecture and preventing security reform from outpacing political legitimacy. It advances cooperative federalism as a stabilizing governance model capable of reconciling unified command authority with constitutionally grounded decentralization, thereby reducing zero-sum perceptions among constituent communities. It reaffirms strict compliance with the Dayton Peace Agreement as both a legal anchor and a confidence-building instrument that constrains unilateral action and reassures domestic and regional stakeholders. Finally, it positions EU accession conditionality as a strategic incentive mechanism, designed to reward sustained compliance, institutional performance, and political restraint, reinforcing reform through credibility and predictability rather than coercive pressure.

36. The Strategic Imperative of a Unified Armed Forces of Bosnia and Herzegovina

The establishment and consolidation of a fully unified Armed Forces of Bosnia and Herzegovina (AFBiH) is a strategic necessity for state functionality, regional stability, and European security. A single, professional, and politically

neutral military institution under effective civilian control is essential to overcoming the legacy of wartime fragmentation, deterring external interference, and anchoring Bosnia and Herzegovina as a credible security actor rather than a perpetual object of international management.

The European Union and NATO play a central enabling role in this process. Their function is not permanent guardianship, but structured stewardship: providing security guarantees, operational standards, and political conditionality while progressively transferring responsibility to domestic institutions. Through NATO interoperability requirements and EU Common Security and Defence Policy integration, the AFBiH can be embedded within Euro-Atlantic security structures in a manner that reinforces sovereignty, accountability, and institutional maturity. Crucially, EU accession conditionality must be used as a motivating framework that rewards performance and reform, rather than substituting for domestic political responsibility.

Domestic ownership is indispensable. Bosnia and Herzegovina's state-level authorities must assert clear civilian democratic control over the armed forces, while entity-level governments must commit to cooperative federalism that respects constitutional competencies without undermining unity of command. Senior military commanders bear a particular responsibility to uphold professional standards, inter-ethnic cohesion, and political neutrality, acting as institutional stabilizers rather than proxies for ethno-political agendas. Parliamentary oversight, transparent defense budgeting, and merit-based promotion systems are critical to consolidating trust across society.

Regional and key international stakeholders also have an essential role. Croatia and Serbia, as Dayton signatories and immediate neighbors, must support military unification through non-interference, confidence-building measures, and alignment with Bosnia and Herzegovina's sovereignty and territorial integrity. Turkey's engagement provides strategic depth through defense cooperation, training, and political backing for state-level institutions, while Romania contributes as both a regional NATO ally and an advocate for Western Balkan integration, offering expertise in post-transition military reform and alliance integration.

The intended strategic effect of this approach is to move Sarajevo away from chronic dependency on external supervision and crisis-driven international intervention, toward self-sustaining governance, strategic discipline,

and credible state authority. A unified army is not merely a defense reform; it is a mechanism for normalizing state behavior, reducing political paralysis, and reinforcing Bosnia and Herzegovina's transition from post-conflict management to responsible European ownership. In doing so, military unification becomes a catalyst for broader institutional confidence, regional reassurance, and long-term stability.

37. Legal and Institutional Framework -BiH

The unification process is grounded in a dual international-domestic legal mandate designed to ensure legitimacy, restraint, and durability. At the international level, the mandate is established through a joint decision of the Council of the European Union and the NATO North Atlantic Council, providing political authorization, security guarantees, and a framework for oversight and conditionality. At the domestic level, the mandate is formally endorsed by the Presidency of Bosnia and Herzegovina and acknowledged by the Parliamentary Assembly, ensuring constitutional compatibility and democratic accountability.

The mandate explicitly defines the unification initiative as a security sector consolidation and stabilization effort. It affirms the defensive nature of the Armed Forces of Bosnia and Herzegovina, excludes any interpretation of forced political centralization or offensive capability development, and anchors all activities in Dayton Agreement compliance, democratic civilian control, and international law. This legal framing serves as a safeguard against both internal politicization and external misperception.

Civilian and Parliamentary Oversight

Effective democratic oversight is essential to the legitimacy and sustainability of military unification. Civilian control is exercised through the Presidency of Bosnia and Herzegovina as the constitutional commander-in-chief, supported by the

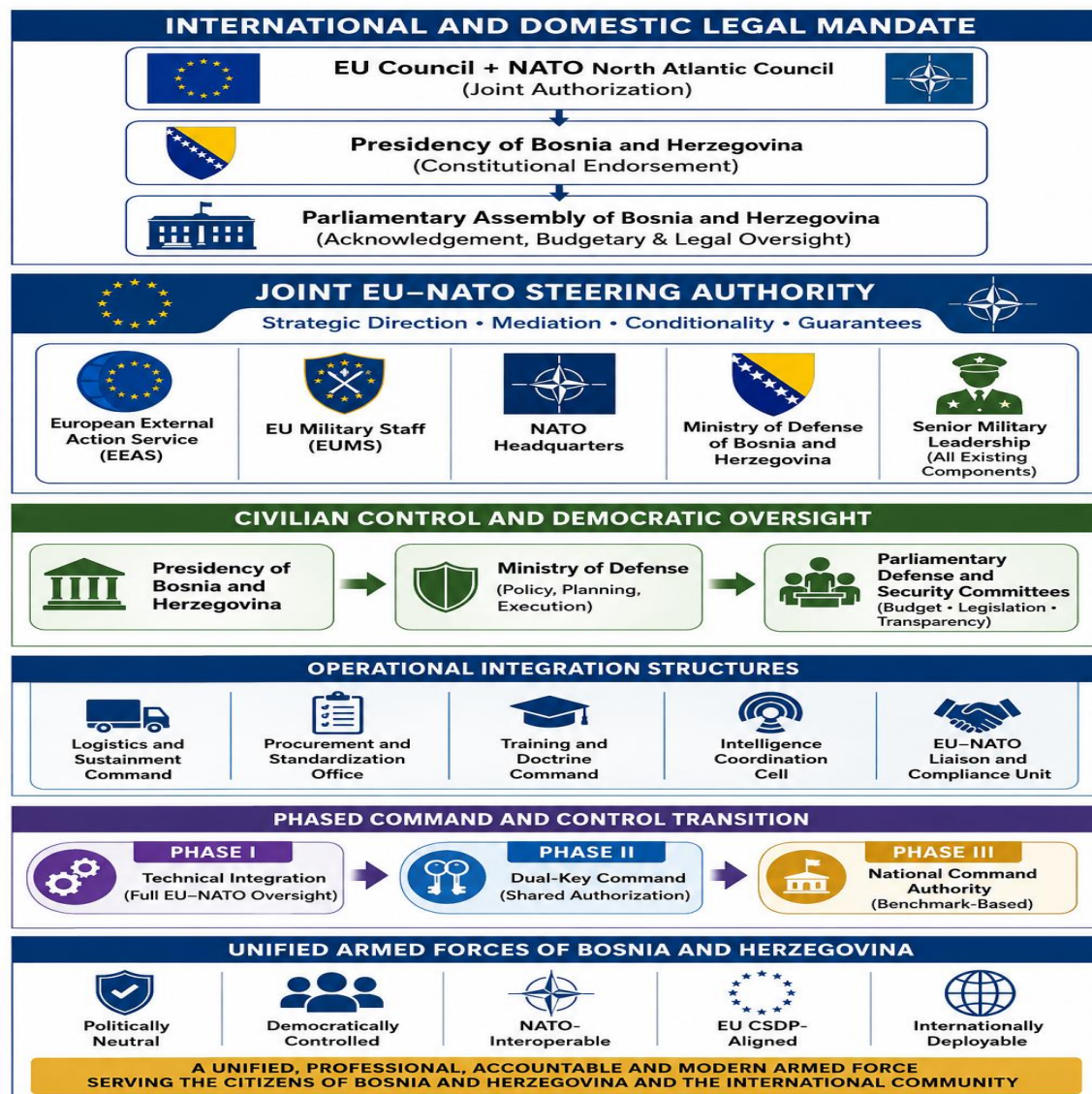
Ministry of Defense as the primary executive authority. Parliamentary oversight is conducted through the Parliamentary Assembly, including its defense and security committees, with authority over legislation, budgetary approval, and transparency requirements.

At the international level, the Joint EU-NATO Steering Authority reports regularly to the EU Council and NATO North Atlantic Council, ensuring alignment with agreed benchmarks and enabling corrective action if conditions are not met. This multi-layered oversight architecture prevents unilateral action, reinforces rule-based governance, and ensures that sovereignty is strengthened through accountability rather than weakened by delegation.

Phased Transition and Transfer of Authority

The unification process follows a sequenced transition model designed to balance momentum with risk management. Initial phases focus on technical and administrative integration under full EU-NATO oversight, prioritizing logistics, procurement, training standards, and intelligence coordination. Intermediate phases introduce partial operational integration, accompanied by a dual-key command system linking Bosnian civilian authority with EU-NATO authorization. Final phases culminate in full national command authority, contingent on independently verified benchmarks related to civilian control, operational effectiveness, political neutrality, and regional compliance.

The transfer of authority is explicitly conditional, performance-based, and reversible. At no stage is oversight reduced automatically or according to political timelines. This approach ensures that institutional capacity, trust, and legitimacy advance in parallel.



In summary, Bosnia and Herzegovina's defence reform system operates through a three-tier governance structure (EU/NATO strategic guidance → domestic political institutions → defence implementation bodies) combined with diagonal coordination channels that directly connect international actors with operational military structures. This hybrid design enhances resilience through overlapping accountability and interoperability-driven reform, but it can also generate coordination complexity and slower decision-making. Its effectiveness could be improved by clarifying institutional roles, embedding international standards more firmly into domestic procedures, strengthening formal liaison mechanisms, and gradually transitioning from externally driven conditionality toward greater domestic ownership while preserving alignment with EU and NATO frameworks.

The model strengthens Bosnia's armed forces by improving professionalism, coordination, and interoperability with EU/NATO standards. A unified state-level defence structure reduces internal fragmentation and political interference in military affairs. Diagonal EU/NATO channels directly enhance training, logistics, and operational efficiency, not just policy. Continuous benchmarking drives institutional discipline and modernization of capabilities. Over time, this builds domestic institutional capacity to manage defence without external micromanagement. Independence increases through internalisation of international standards into routine military practice. The system shifts from external enforcement to shared governance and eventually domestic ownership. Overall, Bosnia gains stronger capability and functional sovereignty without losing international alignment.

Figure Crocodile Fossil from the age of the Parachtys sea

Conclusions

Bosnia and Herzegovina's governance challenges stem primarily from the constitutional structure established by the Dayton Peace Agreement, which prioritises post-conflict stability over administrative efficiency. This system has produced a highly decentralised and complex state architecture with multiple overlapping levels of government, extensive veto points, and fragmented competencies. While this arrangement has successfully prevented renewed conflict, it has also created persistent institutional inefficiencies, weak coordination, and slow policy implementation, particularly in areas linked to EU accession.

Ethnic divisions are not simply a social condition but are directly embedded in the political system itself. Governance is structured around Bosniak, Serb, and Croat representation, which means that political competition is largely organised along ethnonational lines rather than policy-based platforms. Decision-making is therefore heavily shaped by ethnic veto mechanisms, including collective presidency rules and "vital national interest" protections. This produces a political environment in which consensus is required even for technical reforms, often resulting in institutional deadlock, zero-sum bargaining, and limited trust between political actors. As a result, institutional effectiveness is weakened not only by disagreement, but by the constitutional requirement to treat ethnic compromise as a precondition for governance.

Many Serbs from the Krajina region became refugees in the 1990s after the breakup of Yugoslavia and the Croatian War of Independence. A large number of them settled in Serbia,

where they needed housing, employment, and social support. Questions about compensation for lost property in Croatia have remained unresolved and politically sensitive. Both Serbia and Croatia have addressed parts of the issue through legal claims, international discussions, and limited return or restitution processes. Overall, the situation is still tied to broader efforts at regional reconciliation and has no single agreed solution.

External actors, particularly the European Union and NATO, play a decisive role in shaping Bosnia and Herzegovina's governance landscape. The EU drives institutional reform through accession conditionality, legal harmonisation, and regular progress assessments, effectively setting the standards for domestic policy transformation. NATO contributes through defence reform, interoperability requirements, and broader security sector professionalisation. In parallel, the Office of the High Representative retains significant supervisory authority under the Dayton framework, including intervention powers that can override domestic decisions. EUFOR also provides a stabilising security presence. While these actors have been essential in maintaining stability and pushing reforms forward, their presence also reinforces a form of externally guided governance, where domestic institutions often adapt to external requirements rather than independently generating policy direction.

A transition toward cooperative federalism would require substantial constitutional reform aimed at shifting the system from ethnically based power-sharing toward functionally oriented governance. This would involve reducing the scope of ethnic veto mechanisms that

currently enable institutional blockage, strengthening state-level executive authority in areas related to EU integration, and rationalising the highly complex administrative structure that includes entities and cantons. It would also require gradual movement toward functional representation in selected policy areas, clearer division of competences across levels of government, and stronger judicial mechanisms for constitutional interpretation. The underlying objective would not be centralisation, but the creation of a more coherent federal system in which governance is based on institutional function rather than ethnic segmentation.

The Sava River is a major waterway in Southeast Europe flowing through Slovenia, Croatia, Bosnia and Herzegovina, and Serbia. It is important for transport, agriculture, and supplying water to many cities. The river also has hydropower potential through dams and energy projects. It plays a key role in flood control across its low-lying basin. Overall, it is strategically significant for the economy and environment of the region.

Historically, Serbian peasants were heavily affected by war, land loss, and economic disruption in the 1990s, which made rural conditions worse than in many EU countries. Today, rural areas in Serbia still face challenges like lower incomes, aging populations, and weaker infrastructure compared to Western Europe. However, conditions are not uniformly bad—some agricultural regions are productive and improving with investment and EU-linked trade. Compared internationally, Serbia is often considered mid-to-lower tier in rural development within Europe, but not among the poorest globally. So the situation is mixed: significant hardship in some rural areas, but gradual improvement overall. Their restoration could underpin regional integration and trade in the sub-region and adjacent area.

Bosnia and Herzegovina could increase trade with the rest of the Balkan Peninsula by focusing on a few practical steps: First, improving transport infrastructure—especially roads, railways, and border crossings—would make it faster and cheaper to move goods to neighbors like Croatia, Serbia, and Montenegro. Second, reducing trade barriers by fully implementing regional agreements (like CEFTA) would help businesses export more easily. Third, supporting local industries such as agriculture, timber, and manufacturing could increase competitive exports within the region. Fourth, attracting foreign investment and simplifying customs procedures would make cross-border trade smoother. Finally, stronger cooperation with nearby markets in the Western Balkans would help integrate Bosnia more deeply into regional supply chains.

Anti-corruption reform is equally central to improving

governance effectiveness and public trust. The persistence of corruption is closely linked to politicised public institutions, fragmented oversight systems, and entrenched patronage networks. Effective reform would therefore depend on strengthening judicial independence, ensuring prosecutorial autonomy, and establishing robust and depoliticised anti-corruption agencies. Transparency in public procurement, particularly in large infrastructure and defence contracts, would need to be significantly improved, alongside broader digitalisation of public administration to reduce discretionary decision-making. Merit-based recruitment in the civil service and stronger protection for whistleblowers and investigative media would further enhance institutional integrity. Ultimately, anti-corruption efforts must combine legal reform with credible enforcement mechanisms that are insulated from political influence.

Overall, Bosnia and Herzegovina's governance system reflects a structural tension between peace preservation and functional state capacity. Ethnic power-sharing has ensured stability but has also entrenched political fragmentation and institutional inertia. External actors remain deeply embedded in governance processes, shaping both incentives and constraints for reform. Long-term progress toward EU integration and effective state functionality depends on constitutional transformation toward cooperative federalism, combined with sustained anti-corruption enforcement and the gradual strengthening of autonomous domestic institutions.

Bosnia and Herzegovina (BiH) faces enduring structural challenges in governance, largely rooted in the institutional design established by the Dayton Peace Agreement of 1995. While the Agreement successfully ended armed conflict, it entrenched a highly complex consociational system that divides the state into the Federation of Bosnia and Herzegovina, predominantly inhabited by Bosniaks and Croats, and the Republika Srpska, predominantly Serb, alongside the Brčko District, a self-governing administrative unit. Each entity maintains separate governments, parliaments, judiciaries, and administrative apparatuses, producing extensive overlap and duplication. This multiplicity of institutions, totaling more than a dozen separate governments and numerous ministerial offices, has engendered persistent coordination failures, administrative inefficiency, and policy stagnation, undermining the overall effectiveness of governance at the state level. Constitutional mechanisms, such as the so-called "vital national interest" veto, while intended to protect the rights of constituent peoples, frequently obstruct legislative progress and contribute to institutional paralysis.

Ethnic divisions profoundly shape both political behavior and institutional functionality. Political representation is structured along ethnonational lines, with the tripartite Presidency requiring Bosniak, Serb, and Croat members, and various parliamentary and administrative positions allocated according to similar ethnic quotas. Although these arrangements aim to ensure inclusion, they simultaneously marginalize minority groups not recognized as constituent peoples, including Roma and Jewish communities, and incentivize political elites to prioritize ethnic interests over state or civic considerations. Such dynamics generate repeated deadlocks, particularly when the Republika Srpska resists state-level policies, including judicial reforms or security sector integration. The mobilization of ethnic identity in political competition diminishes public trust in institutions and fosters parallel narratives that external actors, including Russia and Serbia, exploit to advance their own strategic interests, further complicating the prospects for cohesive policymaking.

External actors continue to play a decisive role in shaping BiH's governance landscape, both as guarantors of stability and as drivers of reform. The European Union maintains significant influence through its enlargement process, leveraging conditionality to promote alignment with EU norms in the areas of rule of law, economic governance, and anti-corruption frameworks. The EU military mission, Operation Althea, provides a symbolic yet stabilizing presence, ensuring that the resumption of hostilities remains unlikely, while bilateral cooperation in border management, migration control, and institutional capacity building supports incremental state consolidation. NATO reinforces BiH's sovereignty and territorial integrity, providing support for defense sector reform, although resistance from Republika Srpska has constrained integration at the state level. The Office of the High Representative retains so-called "Bonn powers" to enact binding decisions, but its legitimacy is contested, and critics argue that its interventions have been too technical and insufficiently structural to resolve enduring governance deficiencies.

Transitioning from ethnopolitical fragmentation to cooperative federalism requires targeted constitutional reform. The governance architecture should be simplified to reduce duplication, consolidate redundant administrative layers, and clarify competencies between the state and entity levels. Decision-making rules, particularly mechanisms that allow any constituent group to block legislation on the grounds of vital national interest, should be reformed to preserve minority protections while preventing habitual obstruction of necessary policy measures. Exclusionary ethnic quotas should be amended to ensure compliance with European human rights standards, notably the jurisprudence

established in the Sejdić-Finci case, which mandates equal eligibility for political office regardless of ethnic identity. Strengthening state-level institutions in justice, security, and economic regulation is essential to prevent entities from undermining national policymaking, and electoral systems should incentivize cross-ethnic political platforms to foster allegiance to public policy rather than ethnic affiliation. These reforms are critical to creating a civic-oriented federalism capable of sustaining effective governance.

In my judgement, the EU should proceed by means of making progress between Serbia and Albania on Kosovo and then on Macedonia-Bulgaria, the two left-over from the Balkan wars, and in-between or in parallel engage full throttle with Bosnia. What we feel inside and experience cannot be benchmarked. Clearly the candidate stated want home to Europe, and both Romanian and Serbia and Turkey have role to act as mid-wife for the reintegration of Bosnia in its history into the European Union. Unlike women who adopt a strategy of *black cat* towards the men, an attitude of detachment and mystery instead of showing her emotions in order to keep her hand with the men, Balkan women are fiercely loyalty, resilient bearer of culture, providing support, identity, social cohesion and increasingly hold socially progressive views. This is important to recognise, since the Dayton agreement for what they are: *Nachlass* after the Austro-Hungarian empire and France's hegemony project through appeal to the nationalism of central and Europe for the smashing o Vienna. The lessons learned is that also Bosnia must move from ethnic federalism to cooperative federalism to thrive.

Anti-corruption measures are central to reinforcing institutional integrity and public trust. Despite the existence of legislation at both state and entity levels, implementation has been sporadic and undermined by political interference. The development of a comprehensive state-level Anti-Corruption Strategy, underpinned by clear benchmarks, timelines, and dedicated resources, is imperative. Legal frameworks must be harmonized across entities to ensure consistent enforcement and eliminate loopholes that allow elite capture. Independent anti-corruption agencies and judiciaries require the autonomy and political protection necessary to investigate and prosecute high-level corruption cases. Transparency and accountability mechanisms, including robust asset disclosure, public procurement oversight, and campaign finance regulation, should be rigorously enforced, while civil society organizations and independent media play a vital role in monitoring compliance and educating citizens. Leveraging EU integration incentives to compel adherence to anti-

corruption benchmarks can further enhance institutional credibility and incentivize reform.

The informal economy and weak inflows of attractive investment projects in Bosnia and Herzegovina have a significant structural impact on governance capacity and the country's EU accession prospects, going well beyond issues of absorption capacity or embedded governance alone.

A large informal economy reduces the fiscal and administrative strength of the state by shrinking the tax base and limiting public revenues needed for infrastructure, social services, and institutional reform. When a substantial share of economic activity occurs outside formal regulatory systems, the state's ability to enforce labour standards, taxation, and competition rules is weakened. This also undermines the credibility of public institutions, as unequal compliance with rules creates perceptions of selective enforcement and deepens mistrust between citizens and the state.

The lack of attractive, large-scale investment projects compounds this problem by limiting structural transformation of the economy. Foreign direct investment tends to concentrate in low-value or fragmented sectors rather than productivity-enhancing industries such as advanced manufacturing, energy transition infrastructure, or high-tech services. As a result, economic growth remains modest and uneven, with limited spillover effects on innovation, employment quality, and institutional upgrading. This weak investment environment is often linked to political uncertainty, regulatory fragmentation, and corruption risks, all of which increase transaction costs for investors.

From a governance perspective, these economic constraints reinforce a cycle of institutional weakness. Low formalisation reduces state capacity, while weak state capacity further discourages investment and formalisation. This dynamic is particularly important in Bosnia's complex multi-level governance system, where regulatory fragmentation across entities and cantons already complicates market entry, business regulation, and enforcement consistency. Informality therefore becomes both a coping mechanism for economic actors and a structural barrier to institutional consolidation.

In terms of EU accession, these factors directly affect convergence with the *acquis communautaire*, especially in areas such as rule of law, public procurement, competition policy, and labour market regulation. The EU accession framework assumes a functioning regulatory state capable of implementing and enforcing common rules. However, a large informal sector and weak investment climate signal limited administrative reach and weak compliance capacity. This creates a gap between formal legal alignment and actual

implementation, often described as "paper compliance without enforcement."

Moreover, the absence of high-quality investment projects limits Bosnia's ability to demonstrate economic competitiveness within the Single Market framework. EU integration is not only a legal-administrative process but also an economic convergence process, requiring productivity growth and institutional credibility. Without stronger investment inflows, Bosnia risks remaining in a semi-peripheral position where reforms are adopted formally but do not translate into structural economic upgrading.

Overall, the combination of a large informal economy and weak investment attractiveness reinforces institutional fragility, constrains fiscal and regulatory capacity, and slows convergence with EU standards. It creates a self-reinforcing cycle in which limited state capacity deters investment, and weak investment further reduces the state's ability to strengthen formal economic governance—ultimately slowing both economic modernization and the accession trajectory.

In conclusion, Bosnia and Herzegovina's governance challenges are deeply embedded in a consociational framework that institutionalizes ethnic divisions and produces fragmented, inefficient institutions. External actors such as the European Union, NATO, and the Office of the High Representative function as stabilizing forces and reform catalysts, yet their influence is constrained by local political resistance and competing external pressures. Meaningful constitutional reform, focused on institutional consolidation, inclusive representation, and cooperative federalism, alongside rigorously enforced anti-corruption measures, is essential to overcoming structural paralysis, restoring public trust, and fostering effective and resilient governance in BiH.

Further research

A first research direction is to examine EU conditionality not simply as weak or strong, but as a selectively enforced governance system. This would focus on when and why the EU applies strict conditionality in Bosnia and when it tolerates non-compliance, as well as whether enforcement is driven more by stability concerns than by formal accession criteria. It also allows investigation into whether Bosnia experiences differentiated or "priority-based" conditionality across policy areas.

A second area of research concerns informal governance operating inside formal EU reform structures. Instead of

treating informality as external to Europeanisation, this approach would explore how informal political networks function within ministries, agencies, and implementation bodies responsible for EU integration. It would also examine whether EU funding and technical assistance unintentionally reinforce patronage systems by flowing through weak or politically captured institutions.

A third direction builds directly on the concept of diagonal governance. This would involve empirically testing whether EU and NATO actors directly influence operational decision-making within domestic institutions such as ministries, regulatory agencies, or the security sector. It would also analyse where these diagonal channels are most effective, for example in defence reform or policing, and where they are blocked by political or institutional constraints.

A fourth research idea is the hypothesis of “accession without convergence.” This focuses on the gap between formal legal alignment with EU requirements and the absence of real institutional or economic convergence. It would question why legal approximation does not produce functional equivalence and whether Bosnia represents a case of simulated or formalistic integration.

A fifth area examines ethnopolitical elites as strategic gatekeepers of EU integration. Rather than viewing political elites solely as obstructive actors, this approach considers whether they selectively support EU reforms in ways that preserve domestic power structures. It also explores whether EU accession functions as a managed and prolonged political promise rather than a genuinely linear process.

A sixth research direction focuses on security sector reform as a hidden driver of integration. This examines whether NATO-linked defence reforms produce deeper institutional change than broader political reforms and whether military and security institutions exhibit higher levels of EU compatibility than civilian governance structures. It also considers whether security reform acts as a parallel pathway of state-building outside of political deadlock.

A seventh direction investigates the relationship between fiscal capacity, informality, and EU accession feasibility. This approach would explore whether Bosnia’s limited tax base and high level of informal economic activity constrain its ability to implement EU obligations. It also raises the question of whether there is an implicit fiscal threshold required for effective EU membership.

An eighth research avenue involves comparative analysis of stalled accession systems. This situates Bosnia alongside cases such as Kosovo, North Macedonia, and Moldova to examine

whether similar patterns of stagnation under EU conditionality exist. It would help distinguish which constraints are specific to Bosnia and which reflect broader structural limits of EU enlargement in post-conflict or weak-state contexts.

Policy recommendations

For Bosnia and Herzegovina, the central priority is to gradually shift from ethnically driven veto politics toward functional and capability-based governance. This requires reducing the operational impact of ethnic veto mechanisms in areas that are directly linked to EU accession, particularly technical, economic, and regulatory reforms. Without removing the consociational safeguards that maintain peace, Bosnia can improve decision-making efficiency by limiting veto use to narrowly defined “core identity” issues rather than routine policy areas.

A second recommendation is the rationalisation of governance structures across state, entity, and cantonal levels. The current fragmentation creates duplication, administrative inefficiency, and weak accountability. Streamlining competencies, especially in EU-related sectors such as trade, justice, and regulatory policy, would improve institutional coherence and reduce implementation delays.

A third priority is strengthening rule-of-law institutions through genuine judicial independence and depoliticised prosecutorial systems. Anti-corruption bodies need to be insulated from party influence, supported by stable funding, and given enforceable investigative authority. Without credible enforcement, legal harmonisation with EU standards will remain largely formal rather than substantive.

A fourth area concerns public administration reform. Bosnia should accelerate merit-based recruitment and reduce political patronage in civil service appointments. Digitalisation of public services and procurement systems would reduce discretionary decision-making and improve transparency, particularly in high-risk sectors such as infrastructure and defence procurement.

A fifth recommendation is targeted economic reform aimed at reducing informality and improving investment attractiveness. This includes simplifying tax systems, improving enforcement consistency, and creating stable regulatory frameworks for investors. Attracting higher-quality investment projects in infrastructure, energy transition, and manufacturing would strengthen fiscal

capacity and reduce dependency on fragmented informal economic activity.

For the European Union and NATO, a key recommendation is to improve the consistency and credibility of conditionality. The EU should reduce ambiguity in accession benchmarks and ensure that conditions are applied uniformly rather than selectively. Inconsistent enforcement weakens reform incentives and contributes to political stagnation.

A second recommendation for external actors is to better integrate security sector reforms with broader institutional transformation. NATO-driven reforms in defence and policing should be more explicitly linked to EU governance benchmarks, ensuring that progress in one sector reinforces broader state capacity rather than remaining isolated.

A third priority is to support Bosnia's transition from externally driven reform to internal ownership. This requires gradually shifting from direct supervision toward structured partnership models, where domestic institutions increasingly take responsibility for monitoring compliance with EU standards. However, this transition must be conditional on measurable institutional improvements to avoid regression.

Finally, both Bosnia and the EU should prioritise building what can be described as "implementation capacity," not only legal alignment. The central problem is not the absence of laws but the weakness of enforcement structures. Strengthening administrative capability, coordination mechanisms, and accountability systems is therefore more important than producing additional layers of formal legislation.

Overall, the policy direction is toward reducing fragmentation, improving enforcement credibility, and gradually transforming Bosnia's externally supported governance system into a more internally coherent and functionally autonomous state aligned with EU standards.

Perspective

Bosnia and Herzegovina's constitutional structure can be interpreted as a historically layered external governance construct, where institutional design was not primarily generated through internal state consolidation but through successive external interventions shaping sovereignty "from the outside in." In this sense, its contemporary system reflects a fragmented inheritance of imperial and post-imperial governance logics, with a strong analogy to the late Austro-Hungarian administrative tradition: complex, multi-tiered, legally dense, and territorially segmented, but lacking a fully unified political core.

In the Austro-Hungarian case, governance was sustained

through layered bureaucratic coordination across distinct national units under an overarching imperial framework. Bosnia's post-Dayton system similarly operates through multiple overlapping authorities (state, entity, cantonal, and international levels) that function less as a unified state and more as a negotiated administrative equilibrium. However, unlike the Austro-Hungarian model, which maintained a relatively coherent imperial centre, Bosnia's system substitutes external guarantors (EU, NATO, OHR) for a fully integrated internal sovereign core. This produces what can be described as a "decentralised sovereignty under external arbitration" model, where authority is continuously mediated rather than fully consolidated.

The core travails of the system arise from this structural condition. First, political authority is dispersed across ethnically defined institutional veto points, which transforms governance into a process of permanent negotiation rather than decision-making. Second, administrative complexity is not matched by equivalent state capacity, producing inefficiencies and implementation gaps. Third, external actors play a stabilising but also substitutive role, reinforcing the system's dependency on external coordination rather than internal consolidation. The result is a governance architecture that is stable in security terms but constrained in developmental and integrative capacity.

From a reform perspective, strengthening Bosnia does not require dismantling its plural structure, but rather rebalancing fragmentation with functional centralisation in key state capacities. The first reform trajectory involves shifting from ethnically anchored veto systems toward narrowly defined constitutional safeguards, limiting veto use to existential identity questions while enabling majority decision-making in technical governance domains. This would preserve peace architecture while improving administrative functionality.

A second reform direction involves consolidating state-level competencies in EU-related policy areas. This does not necessarily imply full centralisation, but rather the creation of binding coordination mechanisms that prevent sub-state veto points from blocking accession-relevant reforms. In practice, this would strengthen the Ministry of Defence-style model of central coordination across other sectors such as justice, taxation, and public procurement.

A third pillar of reform concerns administrative rationalisation. The current multiplicity of governance layers reflects historical compromise rather than functional necessity. Reducing duplication across cantonal

and entity structures in non-political sectors would increase efficiency, improve fiscal capacity, and enhance accountability. This is particularly important for strengthening implementation capacity required by EU accession.

A fourth dimension is institutional depoliticisation. Bosnia's core governance weakness lies not only in structural fragmentation but in the penetration of party-political control into administrative systems. Strengthening independent regulatory bodies, judicial autonomy, and merit-based civil service systems would reduce patronage and increase institutional credibility.

A fifth and increasingly important reform axis is economic. The persistence of informality and weak investment inflows reflects both governance fragmentation and regulatory uncertainty. Establishing predictable regulatory frameworks, improving enforcement consistency, and attracting higher-value investment sectors would strengthen fiscal sovereignty and reduce dependency on external assistance.

From an external actor perspective, the EU and NATO role should gradually evolve from direct governance substitution to structured capability-building partnership. Rather than acting as parallel administrators of reform, external actors would be more effective if they increasingly focused on embedding standards within domestic institutions and strengthening implementation capacity. This would preserve stability while reducing long-term dependency.

In synthesis, Bosnia and Herzegovina's constitutional order resembles a post-imperial governance hybrid: externally constructed, internally fragmented, and sustained through overlapping layers of authority. Reform requires not the elimination of its plural structure, but a calibrated transition toward functional federalism with stronger state-level coordination, reduced veto paralysis, and higher administrative capacity. The strategic objective is to move from externally stabilised fragmentation toward internally sustainable governance coherence, where sovereignty is no longer primarily mediated from outside but exercised effectively from within.



Appendix – 1 From Dayton to the EU

Article I — State Continuity and Democratic Principles

Article I currently establishes Bosnia and Herzegovina as a continuous sovereign state operating under democratic

principles. In a cooperative federalism model, this article would be preserved but reframed to emphasize civic citizenship over ethnic belonging, strengthening the idea that sovereignty belongs to all citizens equally rather than to constituent ethnic groups. The democratic clause would

be expanded to require inclusive, non-ethnic representation in all state institutions, ensuring that legitimacy derives from voters as individuals rather than ethnic categories.

Article II — Human Rights and Fundamental Freedoms

Article II incorporates the European Convention on Human Rights into domestic law, giving it constitutional supremacy. In a shift toward cooperative federalism, this article would be reinforced further by explicitly adding non-discrimination on ethnic, political, and regional grounds as a binding constitutional principle across all institutions. It would also be expanded to ensure that all citizens, including those classified as “Others,” have equal access to political participation, effectively constitutionalizing civic equality over group-based rights distribution.

Article III — Division of Responsibilities Between State and Entities

Article III currently divides powers between the state and the two entities, with strong decentralization. In a cooperative federalism reform, this article would be restructured toward shared-rule governance, where key areas such as justice coordination, taxation frameworks, EU integration, and internal market regulation become joint competencies with binding intergovernmental cooperation mechanisms. Entity autonomy would remain, but state-level authority would be strengthened to ensure policy coherence and prevent institutional fragmentation.

Article IV — Parliamentary Assembly

Article IV establishes a bicameral parliament with ethnic quotas, especially in the House of Peoples. Under cooperative federalism, this structure would be transformed by gradually replacing ethnic veto-based representation with territorial and proportional representation. The House of Peoples would evolve into a chamber representing regional interests rather than ethnic identities, while legislative decision-making would rely on qualified majority voting instead of ethnic blocking mechanisms, reducing paralysis while still protecting regional interests through procedural safeguards.

Article V — Presidency

Article V creates a tripartite presidency (Bosniak, Croat, Serb). In a cooperative federal model, this would be replaced or reformed into a single presidency elected by all citizens or a rotating collective executive based on policy portfolios rather than ethnicity. The goal would be to maintain balance and inclusivity while removing institutionalized ethnic division at the head-of-state level. Decision-making would become consensus-based on policy, not ethnic identity.

Article VI — Constitutional Court

Article VI establishes a Constitutional Court with mixed domestic and international judges. In a cooperative federalism framework, this court would be strengthened as a central guarantor of constitutional unity and intergovernmental cooperation. Its jurisdiction would expand to resolve federal–entity disputes based on functional competence rather than ethnic protection claims, ensuring that constitutional interpretation prioritizes institutional efficiency, rule of law, and EU legal compatibility.

Article VII — Central Bank

Article VII creates the Central Bank with monetary stability functions. This article would remain largely intact but would be expanded to ensure stronger coordination with fiscal policy harmonization mechanisms at state level, moving toward a more integrated economic governance system similar to EU member states.

Article VIII — Financial Provisions

Article VIII governs public finance. In cooperative federalism terms, this would be reformed to introduce a shared fiscal framework, including state-level coordination of taxation, transparent revenue-sharing formulas, and binding fiscal discipline rules. This reduces duplication between entities and improves macroeconomic stability while maintaining limited fiscal autonomy.

Article IX — General Provisions

Article IX contains miscellaneous constitutional rules. This section would be modernized to include explicit principles of intergovernmental cooperation, transparency, and administrative efficiency, making cooperative governance a constitutional obligation rather than a political choice.

Article X — Amendment Procedure

Article X defines how the Constitution is amended. A cooperative federalism reform would simplify amendment procedures while maintaining safeguards, replacing ethnic blocking thresholds with supermajority requirements across both chambers, ensuring that no single group can permanently veto reform while still requiring broad consensus.

Article XI — Transitional Arrangements

Article XI relates to implementation of the Dayton

framework. This article would gradually phase out transitional ethnic structures and replace them with institutionalized cooperative mechanisms, including joint commissions and EU integration bodies.

Article XII — Entry into Force

Article XII would remain unchanged in legal effect but would be reinterpreted as the foundation for a progressive constitutional evolution toward a fully functional federal democracy aligned with EU standards.

Overall Transformation (Ethnic → Cooperative Federalism)

Across all articles, the constitutional shift can be summarized as follows:

Ethnic federalism is replaced by a system where rights belong to individuals rather than ethnic groups, institutions are structured around functional governance rather than identity representation, and decision-making moves from veto-based ethnic consensus to cooperative majority rule with safeguards. Entity autonomy remains, but it is embedded within a stronger and more coherent state framework focused on efficiency, EU integration, and rule-based governance rather than ethnic balancing alone.

DRAFT CONSTITUTIONAL AMENDMENT

PREAMBLE (Modernised)

Affirming respect for human dignity, freedom, and equality;

Committed to peace, justice, tolerance, and reconciliation;

Recognising that democratic institutions and fair procedures are the best means of ensuring peaceful relations within a pluralistic society;

Seeking to promote the general welfare and economic prosperity through the protection of private property and the development of a market economy;

Guided by the purposes and principles of the Charter of the United Nations;

Reaffirming the sovereignty, territorial integrity, and political independence of Bosnia and Herzegovina in accordance with international law;

Determined to ensure full respect for international humanitarian law;

Inspired by the Universal Declaration of Human Rights, the

International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights, the Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities, and other relevant international human rights instruments;

Recalling the Basic Principles agreed in Geneva on 8 September 1995 and in New York on 26 September 1995;

The Bosniacs, Croats, and Serbs, as constituent peoples (together with Others), and the citizens of Bosnia and Herzegovina, hereby adopt the Constitution of Bosnia and Herzegovina as follows:

Article 1 — Purpose and Objective

This Amendment Act establishes reforms to the Constitution of Bosnia and Herzegovina with the purpose of strengthening democratic governance, enhancing institutional efficiency, ensuring full equality of all citizens, and progressively transitioning from an ethnic-based federal structure toward a cooperative federal system grounded in civic representation, rule of law, and European integration standards.

Article 2 — Equality of Citizens and Non-Discrimination

The principle of equality of all citizens shall be expressly affirmed as the foundation of the constitutional order. All forms of discrimination based on ethnicity, religion, language, or regional affiliation in access to public office, political participation, or institutional representation shall be prohibited. Constitutional recognition of rights shall apply equally to all citizens, including those not affiliated with constituent peoples.

Article 3 — Reform of the Presidency

The institution of the collective Presidency shall be restructured to ensure representation of the state as a whole rather than ethnic constituencies. Members of the Presidency shall be elected through a unified electoral process based on universal suffrage, without ethnic designation. The Presidency shall act collectively in accordance with principles of policy coordination and institutional consensus rather than ethnic representation.

Article 4 — Parliamentary Reform and Electoral System

The Parliamentary Assembly shall be reformed to strengthen proportional representation and reduce ethnic segmentation. Legislative chambers shall be elected on the basis of proportional and territorial representation. Any ethnic quota or exclusive ethnic veto mechanism shall be

progressively removed and replaced with qualified majority decision-making procedures. Electoral law shall guarantee equal eligibility of all citizens to stand for any public office.

Article 5 — Reorganization of Legislative Decision-Making

All legislative procedures currently requiring ethnic-based veto or entity-based blocking mechanisms shall be replaced by qualified majority voting rules. Safeguard mechanisms may be introduced only for the protection of vital constitutional interests, subject to review by the Constitutional Court under strict legal standards of proportionality and necessity.

Article 6 — Division of Competences and Cooperative Federalism

The division of competences between the State and the Entities shall be redefined in accordance with principles of cooperative federalism.

(1) The State of Bosnia and Herzegovina shall have primary competence in foreign policy, fiscal coordination, justice coordination, security policy, and European Union integration.

(2) Entities shall retain autonomous competence in matters not expressly assigned to the State, subject to harmonized national frameworks.

(3) Intergovernmental coordination bodies shall be established to ensure uniform implementation of shared policies.

Article 7 — Judicial Independence and Constitutional Court

Judicial independence shall be guaranteed as a fundamental constitutional principle. The appointment, tenure, and disciplinary procedures of judges and prosecutors shall be regulated to ensure institutional independence from political influence.

The Constitutional Court shall be designated as the final authority for resolving disputes between state institutions and entities, ensuring uniform interpretation of the Constitution and safeguarding the principles of cooperative federalism.

Article 8 — Protection of Persons Not Belonging to Constituent Peoples

Constitutional provisions concerning constituent peoples shall not limit or diminish the rights of citizens who do not declare affiliation with such groups. Equal political rights and eligibility for all public offices shall be guaranteed to all citizens without distinction. Mechanisms such as advisory councils may be established to ensure inclusive participation in governance.

Article 9 — Administrative Rationalization and Local

Governance

Administrative structures at all levels of government shall be organized to ensure efficiency, transparency, and avoidance of institutional duplication. Entities, cantons, and municipalities shall coordinate administrative functions in accordance with principles of subsidiarity and public service efficiency.

Article 10 — European Integration Clause

The State shall be committed to full alignment with the legal order of the European Union. The Constitution shall be interpreted and implemented in a manner consistent with the requirements of the EU acquis. Institutions of Bosnia and Herzegovina shall ensure coordinated and binding implementation of obligations arising from the European integration process.

Article 11 — Transparency and Good Governance

All levels of government shall ensure transparency in legislative procedures, public expenditure, and administrative decision-making. Constitutional guarantees shall include access to public information, open government procedures, and anti-corruption safeguards as binding principles of governance.

Article 12 — Human Rights Enhancement

Human rights and fundamental freedoms shall be directly applicable and enforceable in all jurisdictions of Bosnia and Herzegovina. International human rights instruments, including the European Convention on Human Rights, shall remain directly applicable. Additional protections shall include explicit guarantees of non-discrimination, gender equality, freedom of association, and political participation.

Article 13 — Transitional Implementation

The transition from the existing constitutional framework to the system established under this Amendment shall be implemented gradually. Existing institutions shall continue to function until restructured or replaced in accordance with implementing legislation adopted by the Parliamentary Assembly.

Article 14 — Constitutional Interpretation

All constitutional provisions shall be interpreted in accordance with the principles of democratic governance, cooperative federalism, equality of citizens, rule of law, and European integration.

Article 15 — Entry into Force

This Amendment shall enter into force upon adoption in accordance with the constitutional amendment procedure of Bosnia and Herzegovina and shall form an integral part of the Constitution.

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