

EXPLAINING THE VARYING IMPACT OF INTERNATIONAL AID FOR LOCAL DEMOCRATIC GOVERNANCE IN BOSNIA-HERZEGOVINA

An NCEEER Working Paper by

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TITLE VIII PROGRAM

Project Information*

Principal Investigator: Paula Pickering
NCEEER Contract Number: 825-09g
Date: September 30, 2011

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* The work leading to this report was supported in part by contract or grant funds provided by the National Council for Eurasian and East European Research, funds which were made available by the U.S. Department of State under Title VIII (The Soviet-East European Research and Training Act of 1983, as amended). The analysis and interpretations contained herein are those of the author.

Executive Summary

Political theorists and development practitioners consider local governance, as the level of governance closest to the people, to be a foundation of democracy. This paper uses field-based research and statistical analysis to investigate how international and domestic factors explain the varying impact of internationally supported local governance reforms across municipalities in Bosnia. Statistical analysis finds that electoral competition in municipal councils and lower initial levels of municipal governing capacity encourage improvement the capacity of municipal administrations that receive international aid. Interviews and observation help flesh out why these factors matter and suggest also that inclusive and entrepreneurial leadership skills help improve the quality of local government. Civic organizations were not found to impact local governance performance. Finally, while Bosnian citizens believe that internationally supported programs have improved important aspects of local government, they also believe that politicization hinders participatory local decision-making and the provision of basic services beyond documents.

Introduction

Well-functioning governing institutions are critical for effective and equitable delivery of services, political competition, broad political participation and decision making, and a vibrant and inclusive civil society (Fukuyama 2004, Roeder and Rothchild 2005). Officials in donor governments, international financial institutions, and inter-governmental organizations have embraced programs to improve the quality of governance at the local level as essential to democratization (USAID 2000, Bratterbury and Fernando 2006). This paper uses field-based research and statistical analysis to consider both international and domestic factors in explaining the variation in the level of progress that local governance reforms have achieved across municipalities in post-war Bosnia-Herzegovina (Hereafter, Bosnia).

Political scientists have argued that effective democratic states need strongly participatory local democracy: as citizens have opportunities to participate, they become more effective at rewarding and punishing the behavior of political officials. As a consequence, rational political officials at the local level seeking re-election possess incentives to be responsive to local needs and concerns (Grindle 2007, 7). In addition, the municipal level is also the level of government theorized to be most knowledgeable about and effective in delivering needed services. In practice, however, democratic decentralization has sometimes increased the potential for interest group capture (Hadiz 2007, 874). Also, local governments often merely reflect the social, political, and economic conflict that divide local communities, rather than empower ordinary citizens throughout the locality (Grindle 2007, 8).

In the next section of the paper, I discuss how theory informs this study of the varying impact of democratic decentralization in Bosnia. I then outline the Bosnian context that shapes democratic decentralization reforms. The following section details the quantitative data and

methods I use before delving into the findings of statistical analysis. Case studies of several municipalities in Bosnia help make sense of variation in reform outcomes. I end by offering tentative conclusions and suggestions for further research.

Municipal-Level Variance in Quality of Governance

The heavy involvement of the international community into Bosnia's political decentralization process requires considering how both international and domestic factors influence reforms. Thus, literature on variation in the quality of local governance and foreign aid for democratization shapes this study.

Comparative literature explaining the varying quality of local governance lacks consensus and instead offers quite a few hypotheses. Grindle (2007, 10) explored four potential explanations for the variation in local government performance in Mexico: leadership, political competition, administrative modernization, and civil society. Empirical evidence from 30 randomly selected municipalities from six states in Mexico revealed that while leadership of public officials was the most important factor in explaining how municipalities performed, this was influenced by competitive elections, it drove the dynamics of public sector modernization, and it was surprisingly challenged to some extent by civil society (Grindle 2007, 167).

Grindle conceptualizes leadership as proactive and effective behavior of mayors. Municipalities that performed well were led by those who had a "clear vision of a more ideal municipality, a policy agenda that specified priorities, commitment to a mission, and a variety of skills for dealing with multiplex and often contradictory demands" (Grindle 2007, 104). With regards to the latter, excellent skills that allow mayors to manage the web of fiscal and political relationships that brought federal, state, and local governments together in alliances for the

distribution of public goods were keys. A mayor needs to be able to negotiate with or “hustle” from other layers of government. Also, she argues political competition at the municipal level provides accountability and should stimulate local elected officials to improve government performance in order to please their constituents and increase their likelihood of re-election (Grindle 2007, 168).

Grindle found that civil society was the most loosely connected to the interactive dynamic of leadership, electoral competition, and capacity building that explained varying levels of governance at the municipal level. She found that groups in civil society were best able to organize around activities that involved extracting benefits from government – their needs were largely tangible and related to work that could be completed in relatively short periods of time. Though citizens were most capable of petitioning local government and extracting resources from them, they were not initiating or pushing for the introduction of mechanisms for participation and accountability (Grindle 2007, 175). She hypothesizes that it may take a while for the full habits of democratic citizenship to develop. This helps explain why Putnam’s (1993) study of local governance in Italy, which is more experienced with democracy than Mexico, found that a vigorous civil society contributed to good local democratic governance there.

In her investigation of the variation in quality of regional governance in the very different context of early post-communist Russia, Stoner-Weiss (1997) dismissed the role of civil society as too weak to contribute either positively as Putnam argues in the case of developed Italy or unevenly to good sub-national governance as Grindle finds in developing Mexico. After ruling out the influence of other factors in the comparative literature on variation in governance, such as social conflict, modernity, and cultural and social structural factors, Stoner-Weiss’ (1997, p. 166) analysis of four Russian regions asserts that high levels of economic concentration in a region

work, at least initially, to improve regional governance performance. This is because interdependent regional politicians and large business leaders can work together to improve the performance of regional governments. She warns however, that economic concentration could ultimately undermine good governance by increasing opportunities for corruption.

While Stoner-Weiss did not find that greater local resource capacity contributes to better sub-national governance, students of comparative development disagree. Manor (1999) argues that adequate resources are important for building a highly trained and modernly equipped administration as well as for implementing capital improvement projects.

Domestic governments spearheaded local governance reforms in early post-Communist Russia, Mexico, Brazil, and India. In contrast, that most of the democratic reforms in post-conflict Bosnia – including decentralization—have been heavily shaped by international donors and officials through policy design and funding calls for close attention to international factors. Here, international factors are theorized to be capable of complementing or undermining, rather than replacing, domestic factors that influence local governance outcomes. With notable exceptions (e.g. Lankina and Getachew 2006), the vast majority of research that has focused on the role of the international community in promoting democracy looks at the impact on the national, rather than the local, level of governance (Finkel et al. 2008).

Students of democratization aid argue that the approaches of international donors and implementers toward domestic stakeholders are important in producing lasting progress. Though international actors offer an infusion of funding and technical knowhow that can bolster local democratic governing capacity, such aid comes with strings and has the capacity to produce both harm and benefit to local governments and communities. Internationally supported reforms that employ careful framing (Iyenger and Kinder 1987) of reforms to both domestic and international

stakeholders as well as engage domestic actors as partners, rather than as implementers or merely recipients, (Gagnon 2006, Pickering 2010) achieve greater impact. Such approaches help overcome the significant obstacles created by foreign assistance dynamics, such as different accountability mechanisms and the need to facilitate cooperation among actors with diverse interests (Sampson 1996, Wedel 2001, Brown 2006). For example, the frame of improved municipal “citizen services” appeals to the interests of donors, domestic officials, and citizens. Importantly, a well-designed and implemented aid program also forges an international-domestic partnership that harnesses local knowledge and cultivates local ownership (Fukuyama 2004, Gagnon 2006, Carothers 2009).

The Post-Conflict BiH Context

Bosnian municipalities are excellent cases for investigating these hypotheses about the success of internationally supported aid for local governance. Bosnia’s current political decentralization reforms are influenced by its own domestic tradition of local governance, local resources and political dynamics, and the aid received by international donors.

Countries’ pre-existing political traditions impact decentralization efforts (Manor 1999, 58). Socialist Yugoslavia, of which Bosnia was a republic, implemented decentralization, albeit within a one-party system, partly because it viewed it as a key mechanism for accommodating ethnicity (Ramet 1992, Woodward 1994). Municipalities (*općine*) were considered centres of innovative social self-government reforms, which attracted the attention of Western scholars and practitioners despite the modest power actually devolved (Seroka 1979, p. 65). During both the socialist and post-conflict period, municipalities possess a civil service, a mayor, and a legislature. They also take responsibility for public works projects, basic health care, preschool

education, local development, and other social welfare programs. Nationalizing elites in the immediate post-socialist period, however, weakened local governance and pursued centralization in an effort to strengthen their new states that faced external and internal threats. Violence during the 1990s initiated often by extremist leaders who sought to secede from the state further debilitated local governance capacity. Ethnic cleansing also altered the local demographics of the Bosnia, increasing the percentage of municipalities dominated by one of the countries' primary ethnic groups.¹ Recent efforts to enhance municipal governments are further complicated in Bosnia by federal structures that include powerful intermediate levels of government—two entities (the Federation and Republika Srpska) and 10 cantons within the Federation. These officials resist further devolution of power. In fact, the internationally written Bosnian constitution invests intermediate levels with the bulk of political power in the state. Ironically, the hyper-decentralized state leaves municipalities weak and resource-strapped. Drawing on Jacoby's work on EU conditionality, international efforts to improve the quality of local governance should have the greatest impact in those areas where domestic political and social opposition to institutional transformation is weakest (Jacoby 2004, p. 62).

Virtually all key donors active in the Bosnia have developed local governance programs (Bosnia and Herzegovina Ministry of Finance and Treasury 2010). USAID, in partnership with the Swedish International Development Cooperation Agency (SIDA) and the Dutch Embassy to Bosnia, has developed the Governance Accountability Project (GAP) to improve municipal-level governments': citizen-oriented services; management and information systems; policy and accountability procedures; transparency and citizen participation in decision-making; and revenue generation and financial management (DAI 2007, Chemonics International 2009). The

¹I use the term 'primary ethnic group' to identify ethnic groups that comprise the most significant percentage of the country's population and who have struggled over defining the state. Bosnia's primary ethnic groups are Bosniaks, Serbs, and Croats, though it contains a number of smaller ethnic groups, such as Roma.

World Bank (2009) and the UN Development Programme (UNDP) (2009) have promoted local economic development and better public service delivery. OSCE (2007) programs have aimed to reform municipal administrations and increase public participation. Finally, European institutions have provided aid that seeks to make local governments comply with European norms and EU accession requirements (Congress of Local and Regional Assemblies 2006, Commission of the EC 2009). The average funding that the 56 Bosnian municipalities in GAP's first three cohorts received between 2004 and 2008 for democratic local governance from the international donors above was \$180,311 (Pickering and Firsin 2010).

Method, Data, and Model

This investigation uses both quantitative and qualitative analysis of multiple sources of data to try to shed light on the complex problem of explaining the variation in good local democratic governance in Bosnia. This section explains our quantitative analysis, which is supplemented later by in-depth qualitative analysis of case studies of local governance reform in Bosnia. In an attempt to isolate factors that independently contribute to better local governance in Bosnian municipalities, Firsin and I created our own database of municipal-level information in Bosnia. We probed reports by international donors and implementers to record program support and funding provided to targeted Bosnian municipalities. Data from Bosnia's statistical institutes and electoral commission help detail municipal-level socio-economic and demographic data, as well as mayoral and local and regional assembly election results. These data allow us to use multivariate statistical techniques to test whether these possible factors contribute systematically to explaining variation in local governance reforms.

The quantitative analysis seeks to explain the change in municipalities' capacity index, a

measure developed by implementers of the largest donor effort for local governance in Bosnia: the GAP program. Thus, this dependent variable allow us to assess what factors affect change in the quality of local governance only of those municipalities that received local governance aid from GAP and other key international donors.² The dependent variable focuses on local government capacity in 72 municipalities across Bosnia between 2004 and 2010 that received GAP aid.

More specifically, the dependent variable is the progress in the municipal capacity index (MCI) in the first year of the program.³ The MCI used for the first phase of GAP (between 2004-2007) judges local governments' performance on five dimensions: 1) citizen-oriented services; 2) management and information systems; 3) policy and accountability procedures; 4) transparency and citizen participation in decision-making; and 5) revenue generation and financial management (DAI 2007). The implementer of the second phase of GAP, which began in 2008, developed an MCI with different components intended to reflect the program's modified goals (Chemonics International 2009, pp. 27-28).⁴ To take into account that the 100-point MCI is calculated differently in the phases, I created a dummy variable for the phase. To illustrate the difference, the average progress made by the 41 municipalities participating in the first phase of GAP was 25.5 points, while it was 11.6 for the 31 municipalities in the second phase.

² I am in the process of working with the Bosnian think tank Analitika to gather independent measures of the quality of local governance and how it varies over time in Bosnian municipalities that have both received and not received international assistance. These data will in the near future allow me and my Bosnian colleagues to assess how much aspects of international aid make a difference in the quality of local democratic governance in Bosnia.

³ By limiting the time period to only one year, I maximize the number of cases I can include in the analysis. This choice, however, prevents me from analyzing progress over a more significant time period, which is likely to more accurately reflect the impact of a multi-dimensional aid program like GAP (see Lankina and Getachew 2006; Finkel et al. 2008, p 30). It is unrealistic to expect significant change in shorter periods of time.

⁴ The second phase MCI judges local governments' performance along four dimensions: 1) municipal service delivery; 2) municipal administrative, budgeting, and financial management; 3) policy and accountability; and 4) capacity of municipalities to administer capital improvement projects.

The first set of possible factors for explaining variation in the quality of local governance involves international aid. One independent variable records the number of international programs for local governance in which municipalities participate. Up to the end of their first year in GAP, municipalities participated in an average of 2.5 international programs. If international donors provide well-coordinated aid for complementary aspects of local governance reform, participation in multiple international programs could work to improve the capacity of local democratic governance. Another variable records the total amount of funding for local governance reforms a municipality received from the key international donors—USAID/SIDA/the Dutch Embassy’s GAP and the UN Development Programme-- up until their completion of their first year in GAP. During that time, municipalities received an average of \$11.17 per person in local governance funding, with all of the funding matched to some degree by the municipalities themselves. If correctly targeted, implemented, and monitored, more international funding should help municipalities improve their capacity for good governance. .

The second set of possible factors for explaining variation in the quality of local governance measures domestic socio-political conditions. Municipalities that start international programs with a high level of capacity could have already addressed the most obvious problems in governance and thus make less significant improvement than municipalities that start with lower levels of capacity. The baseline MCI tests this. The next variables attempt to measure municipality leadership, a difficult concept to quantify. Several mayors boasted to me that one measure of their leadership skills was the higher proportion of the vote they were able to achieve over that which their party garnered in the municipal assembly. Another possible measure of municipal leadership suggests the ability of mayors to do what Grindle characterizes as “hustle” money from higher levels of government for her municipality. Assuming that members of the

same party are more likely to work cooperatively together, I created a variable that indicates whether a mayor was a member of the same party as the next higher—regional—level of government.⁵ This is the canton for municipalities in the Federation and the entity for municipalities in Republika Srpska (RS). Since Grindle found that greater electoral competitiveness at the local level indirectly contributed to better local democratic governance, I measure the competitiveness by calculating the effective number of electoral parties (Laakso and Taagepera 1979) in each municipal assembly in the elections closest to the beginning of each GAP cohort.⁶ To test the influence of civil society organizations on municipal governance, I recorded whether a municipality had established a joint body of local governmental and NGO representatives tasked with defining priorities to be addressed by the activities of NGOs and to be supported by local public funds (Zeravcic 2008).⁷ Finally, to investigate Stoner-Weiss's theory that economic concentration contributes to improved sub-national governance, I recorded the number of registered businesses in a municipality engaged in the Bosnian economy's largest sectors: manufacturing and mining.

I also consider the influence of municipal-level socio-economic, demographic, and geographic factors on the outcomes of local governance reforms. These variables include the municipalities' level of unemployment, which helps measure the resource capacity of the

⁵ Leadership could also be influenced by ideology, with mayors belonging to progressive parties more likely to embrace democratic reform. Hulseley has found that municipalities where the Social Democratic Party has done well are more likely to make progress in their municipal capacity indices. Yet, the vast majority of mayors and municipal councilors in 2008 belong to parties that privilege their ethno-national group. This includes parties that in 2000 were once considered progressive: The Party for BiH (SBiH) and the Alliance of Independent Social Democrats - RS (SNSD). Several prominent stakeholders asserted that party ideology had little connection to good local governance (BP 2009; FS 2009, LC 2009). They cited mayors who belonged to four different parties, including one considered ethno-nationalist--SDS, as extremely effective. Unlike Brazil (Baiocchi and Heller 2009), Bosnia lacks parties with clearly defined ideologies.

⁶ Thanks to John Hulseley for encouraging me to look more closely at the impact of electoral competition.

⁷ Reliable estimates of merely the number of NGOs per municipality in Bosnia are not only hard to come by given the numerous government bodies where NGOs may register (Kronauer Consulting, 2009), they are also not considered to accurately capture the power of civic society (Brown 2006, McMahon 2009). Though the joint body is hardly an ideal indicator of the role that civil society plays in local government, its establishment represents at least a formal commitment by local officials and local NGOs to work together.

municipalities (Federalni Zavod za Statistiku 2008, Republika Srpska Zavod za Statistiku 2010, **Investiciono-razvojna banka Republike Srpske** 2008).⁸ A demographic factor theorized to hinder local governance performance includes a high percentage of ethnic minorities. Finally, the fewer higher layers of government reluctant to devolve power that municipalities confront, the easier it could be to improve local governance. This gives an edge to municipalities in the RS, where mayors must deal with only an entity and national government, in contrast to municipalities in the Federation, which must deal with cantonal, entity, and national governments.

Findings from Statistical Analysis

The model finds that several factors tied to domestic political conditions significantly contribute to progress in the municipal capacity index in the first year of GAP assistance (Table 1). Municipalities that start off with lower levels of capacity for good governance achieve greater progress during the first year than municipalities that had moderate levels of capacity prior to engaging in international programs. This suggests that international programs are best at helping municipalities address foundational issues with which municipalities with larger capacity shortfalls grapple. A one point increase in a baseline MCI leads to a decrease in .4 of a point in the first year progress. The other important domestic political factor is electoral competition in the municipal assembly. This supports the contention that electoral competition encourages accountability and improvement in local governance capacity. A one point increase in the effective number of parties in the municipal legislature leads to a 2.6 point increase in the first

⁸ Access to a highly educated population should empower municipalities to improve their level of governance. Donor organizations appear to embrace this idea, because the amount of funding per capita that they provided is highly correlated with the proportion of the local population enrolled in higher education. As a result, higher education was dropped from the model. Nonetheless, it is important to note that aid follows education.

year progress of the MCI. On a largely technical note, the analysis demonstrates the influence of the higher bar set by the second phase MCI, which may also reflect the deterioration in the nation-wide political environment between the phases. The case studies that follow allow for the in-depth research needed to help make better sense of why and how some municipalities make more progress in local governance reforms than others.

It is worth noting the factors that did not help explain improvement in local governance capacity. Neither increased participation in or funding from international programs influenced local governance improvement. This may reflect one or a combination of factors, including, shortcomings in international donor coordination, that all of these municipalities have already benefited from funding from numerous international donors,⁹ and the difficulty of gathering municipal-level funding data. Also, two different measures of mayoral leadership had no impact. Simply garnering additional votes over one's party in the assembly is not enough to allow mayors to negotiate successfully with political, business, and civic leaders. As the case studies below suggest, sharing membership in regional leaders' party is insufficient in insuring funding from higher levels of government. The weakness of local NGOs in Bosnia likely explains the lack of influence on governance of municipal cooperation with NGOs. Bosnia's more advanced stage of democratization probably means that economic concentration is more likely to enhance opportunities for corruption than for improved governance. Local resources do not have a significant impact, which may be because they are currently partly offset by donor aid. Finally, the fewer higher layers of government in the RS did not give those municipalities an edge in improving local governance capacity. Interviews suggest the ruling party's tight grip over politics in the RS constrained municipal officials in the RS in a way similar to Cantonal officials'

⁹ There is no formal coordination among donors or between donors and the government in the local governance sector (BiH Ministry of Finance and Treasury 2010). It is possible that international aid helps explain variation in local governance capacity and performance between municipalities that have received aid and those that have not.

constraints on municipal officials in the Federation.¹⁰

Causal Mechanisms Revealed in Case Studies and Interviews

To flesh out the mechanisms behind the international strategies and domestic factors that improve local governance, I conducted field-based case studies of several Bosnian municipalities and interviewed decision makers directly involved in these reforms. I selected these cases by controlling for important, plausible causal variables and allowing variation on a set of causal variables of interest—those related to international strategies. Brdo municipality and Planina municipality¹¹ in central Bosnia have similar, medium-sized populations; economic resources, and ethnic distributions (predominately Bosniak, with a substantial Croat community and a small group of Serbs).¹² Both municipalities experienced inter-ethnic violence between extremists in the Croat and Bosniak communities. The leaders of both municipalities are members of the same political party as the canton to which they belong and confront serious political competition in their municipal councils. Despite these similarities and beginning international reforms at the same time, Planina has participated in fewer international programs for local governance and received less international funding. Planina made greater progress on the Municipal Capacity Index in the first several years of the program than Brdo (55 versus 25 points). However, greater governing capacity does not easily translate into higher levels of citizen satisfaction. While Planina garnered higher marks for its local governance (65.1 versus 56.3 percent satisfaction), Brdo received higher levels of citizen satisfaction for municipal services (83.6 percent) than

¹⁰ Not only do municipal budgets in the RS require the signature of the entity minister of finance. But during the 2008 mayoral election campaigns, the RS prime minister launched a fairly successful effort to unseat opposition party mayors by withholding gifts from those municipalities (BP Sarajevo 2009).

¹¹ I have changed the names of the municipalities to protect the anonymity of officials and activists I interviewed.

¹² Minorities make up approximately 10 percent of Planina's population and 25 percent of Brdo's population (Federalni zavod za statistiku 2004)

Planina (63.2 percent) (Chemonics 2009).

Semi-structured interviews with decision-makers,¹³ observation of local governance meetings, and person-on-the-street interviews¹⁴ in the case study municipalities that my colleagues and I conducted help reveal how international officials, domestic actors, and resources influence local governance reforms. We asked respondents about their experiences with and views about local governance and internationally supported reform.¹⁵ To help interpret testimony, we used the qualitative data-analysis program, NVivo (Scolari 2010). NVivo allowed us to call up systematically and within context all discourse on the topic of interest (e.g. effective local governance) that occurred throughout interviews and surveys. With NVIVO, we examined across sources ideas about good local governance and factors influencing improvement.

Diverging Assessments of the Quality of Local Governance

The interviews and surveys we conducted suggest that local governance reforms have achieved less progress both across Bosnia and in the case study municipalities than GAP data suggested. The data gathered by GAP implementers indicate substantial progress in municipal capacity and performance, as well as widespread satisfaction, including in the case study

¹³ I located 30 interviewees involved in local governance reform in Bosnia through official government information, program evaluations, domestic academic advisors, and through snowballing – suggestions from early interviewees. While these interviewees are not drawn from representative sample of actors involved in local governance, they are knowledgeable about local governance reforms, worked with a wide variety of organizations involved in local governance, and were suggested by gatekeepers with diverging views of local governance reforms. To protect their anonymity, I use a code to refer to interviewees and refrain from identifying their place of employment.

¹⁴ My Bosnian colleague, Zeljka Poloni, conducted person-on-the-street interviews in the two case study municipalities. Over several days in early 2010, she stood in the central squares of these municipalities and asked passers-by if they would be willing to participate in a short, anonymous survey about local governance reform. She interviewed 27 persons in Planina and 26 in Brdo. Six persons refused to participate in Planina and 5 refused to participate in Brdo. The interviewees possessed varied educational, work, and ethnic backgrounds. Twelve persons in Planina and 10 persons in Brdo were of minority background.

¹⁵ While I tried to ask stakeholders common questions, particularly about obstacles to improved local governance and about citizen participation, I varied some questions in order to respond to the evolving discussion and to allow each stakeholder to elaborate on the particular role in local governance reforms that he or she played.

municipalities, with one aspect of local governance on which GAP has focused – administrative services for citizens. Of respondents who had used the Municipal Service Centres, an average of 81.2 percent in late 2009 expressed satisfaction with the provision of documents.¹⁶ Citizen satisfaction in Planina increased 12.6 percent and in Brdo 39 percent though it had tapered off by 2009. As an indication of the impact of local governance reforms on municipal performance, the levels of citizen satisfaction with delivery of documents increased an average of eleven percent over the first year of GAP. Measures of improved municipal performance across the GAP municipalities include an average 2.5 percent increase in the solution of complaints and quicker delivery of documents by an average of .46 days (Chemonics 2010). Most persons we approached on the street in Planina (18 of 27) and Brdo (20 of 26) felt that the quality of municipal services related to delivery of documents had improved in the past two years, praised the more modern and better organized facilities, and expressed satisfaction with the delivery of documents (24 in Planina and 20 in Brdo). Of those citizens who had approached an unfamiliar municipal staffer for assistance with an issue, all in Planina said their request was satisfied without any problems. In contrast, six in Brdo said they were merely passed from administrative worker to administrator without ever obtaining the desired help.

Other survey data on local governance reforms and interviews that we conducted, however, suggest that citizens are more pessimistic about the results of the larger endeavor of local democratic governance beyond document delivery. In a nationally representative sample survey of 1538 citizens conducted by my domestic partner, Prism, only fourteen percent of Bosnian respondents in 2008 believed that local governance reforms had produced benefits for

¹⁶ GAP Implementers asked citizens about their view of several aspects of local government's provision of document related services: facilities, quality of services, promptness of services, politeness of officials, knowledge of officials, and cost of services (Chemonics International 2009, p. 15). The sample is not representative of the municipalities and includes only those citizens who used the Municipal Service Centres several times.

all citizens, while 30.4 percent felt local governance reforms produced no impact. The remainder of respondents felt that local governance reforms had produced disproportionate results for either an ethnic or political group. In a survey representative of residents of 14 municipalities conducted by the domestic NGO Center for Civic Initiatives (Centri Civilnih Inicijativa 2011), citizens voiced lower levels of confidence in local governance in 2010 than in 2009 despite ongoing international programs for local governance reforms.¹⁷ Respondents in the same survey expressed frustration with local government performance and opportunities for participation in local governance. This sentiment was echoed by many we talked with in the person-on-the-street interviews in Planina and Brdo. These interviews with citizens revealed widespread criticism (by 20 in Planina and 24 in Brdo) of the openness of the local decision-making processes. A significant number of citizens in Planina (17) and in Brdo (15) were also dissatisfied with the delivery of services related to property and construction, alleging corruption. Broadening sources of data on municipal capacity, performance, and citizens views beyond GAP paints a more nuanced picture of the impact of local governance reforms overall and in the cases of Planina and Brdo.

The Role of International Aid

Case studies and interviews help explain why the statistical analysis found that the involvement of multiple international donors does not automatically translate into improved local governance. First, donors did not formally coordinate projects on local governance. As an example of the negative impact of lack of coordination, a domestic official told me about a large

¹⁷ Since 2008, citizens' confidence in all levels of government has decreased (UNDP 2009). Bosnians, however, still express higher levels of confidence in their municipal government than in higher levels of government (cantonal, entity, and national). This decrease in confidence in governance has coincided with the global economic recession and increasing political and ethnic polarization among political elites in Bosnia. These factors have contributed to increasing dysfunction in Bosnia's highest levels of government. Parties elected in October 2010 have still not managed to form a national government.

international donor who insisted on using West European-based consultants to conduct an assessment on a component of local governance reform. This was despite the fact that another international donor had not only already conducted an assessment but was actively funding reform on that component (TI 2008). I witnessed an example of municipal officials playing donors off one-another when a mayor in Central Bosnia backed out of a meeting with leaders of his municipality's marginalized local communities that was facilitated by an international donor in order meet with a second donor.

The approach of donors and implementers also affects the impact of reforms. While acknowledging that international donors initiated reforms, domestic officials identified those international officials who worked together with local officials to find common solutions to local problems as using the most effective approach to reforms (JK 2009; DI 2008; IB 2009). Of international donors from whom they have received aid, the leadership and staff in Brdo and Planina singled out USAID/SIDA/the Dutch Embassy's GAP as the most helpful. A staffer of another municipality in Central Bosnia – Voda—portrayed the benefits of GAP's approach to reform. “Through our [Voda's municipal administration's] work together with GAP, we find common solutions to the municipality's problems. They [GAP implementers] help everyday (AK 2009).” As a Brdo administrator who works on projects sponsored by three international organizations explained, “GAP's approach is exceptional because it clearly specifies tasks and goals, as well as provides a domestic coordinator from the implementer who can answer questions” (KB 2009). One municipal staffer even asked a donor's staffer with help in monitoring the municipality's work with an NGO (EC 2009). International donors who failed to meaningfully engage those with local knowledge of local governance were roundly criticized and failed to build a local stake in their projects.

Citizens in our case study interviews and nationally representative sample survey largely agreed that international organizations played a positive role in local governance reforms (Table 2). Views toward the international role, however, did statistically significantly vary at the .001 level by entity, majority/minority status, and ethnicity. The vast majority of those interviewed on the street sought increased attention to trash removal, street lighting, roads, and other basic services that local governance was responsible for providing but were not a focus of international aid.¹⁸

These interviews help explain why merely adding up the number of international programs in which municipalities participate or the funds for local governance reform that municipalities receive fails to explain the varying impact of those programs. Instead, they suggest that the resonance of the program among citizens, degree of domestic engagement, and quality of the programs matter more.

Initial Capacity

Both mayors and their staff acknowledged the importance for good local democratic governance of the municipal administration's human and technical capacity to implement projects and reform. The two mayors stressed that keys to their ability to deliver good local governance were recent increases in their staffers with higher education, a feat that was significantly possible because of international aid and support for reform. This helped the mayor of Planina overcome what he viewed as one of the greatest obstacles to good local governance--the initial problems of low knowledge and poor organization of staff. Persons interviewed in the two case study municipalities told us that the most useful role for international organizations was "teaching" municipal officials who lacked knowhow on their own about effective municipal

¹⁸ A 2010 evaluation of GAP recommended that the program widen its definition of municipal services beyond those "inside the building" to cover those "outside the building" (Democracy International 2010, p. 2).

governance. Municipal officials themselves did not agree with citizens' view of the low level of their competence, though ten of them valued practical training, such as advice in developing a transparent process of capital investment, as enhancing their skills.

Consistent with the statistical analysis, Planina started out with a lower level of municipal capacity and made more progress than Brdo in the first several years of GAP, eventually surpassing Brdo's MCI. Brdo's administration, however, sought additional technological equipment and staff with technical knowhow, in particular to help it serve citizens in outlying areas of the municipality. Despite mayors' stories of striving to improve the professional capacity of their staff, numerous citizens in Planina blamed service problems and corruption on the lack of sufficiently trained and educated cadre of administrators. Citizens in Brdo challenged their leadership's commitment to professionalization, complaining that party affiliation rather than merit determined the selection of municipal administrative staff.

The Role of Leadership

Mayors and administrators believed internationally supported reforms required good domestic leadership to work. This is corroborated by a World Bank (2009, p. 99) study of local governance reforms that found mayoral leadership as the strongest factor contributing to good practices of democratic reform. The officials I interviewed articulated their own notions of good leadership and what that entailed, portraying a more complex view of leadership than those measures included in the statistical model.

Planina's mayor identified inter-ethnic distrust as one of the biggest obstacles to good local governance. Thus, he considered his strategy of creating a "political atmosphere for change" through fostering conditions for consensus as critical to his ability to govern effectively. Forging consensus involved holding inclusive meetings to create an environment where each

group can view a project as useful. Brdo's mayor also stressed the importance of "usefulness" in helping forge consensus between him and municipal councilors. He felt that the key to a constructive relationship with the municipal assembly was "to get all parties to see that his proposals are useful to all citizens," regardless of ethnicity. Several local governance experts attributed a two-term mayor's respect to his practicality; he was willing to work with whomever he needs to, regardless of ethnicity or political party, in order to bring concrete improvements to his municipality (BP 2009, FS 2009). Both mayors characterized themselves as strong leaders who were far more than representatives of a particular party, boasting of the greater share of votes they garnered in comparison to their party's in the local council.

Interviews with quite a few minorities in the two case study municipalities, however, suggested that mayors' initiatives at inclusivity and non-partisanship were less successful in practice than mayors professed. The Croat chairman of Planina's Municipal Council highlighted several areas that he claimed were still plagued with ethnic favoritism, alleging that staff of the mini citizen service centers set up in Planina "look first at the names" of citizens in order to discriminate based on ethnicity.¹⁹ He also claimed that infrastructure proposals from minority neighborhoods were systemically rejected by the local government. Much of his blame fell on the mayor. All 11 Croat citizens we interviewed in Planina expressed dissatisfaction with the mayor, alleging that he regularly marginalized their community by failing to address issues that were important to them. Though none of the stakeholders or citizens in Brdo accused authorities of discrimination, criminals recently bombed several minority-owned buildings there.

Despite the fact that Brdo and Planina's mayors were members of the same political party as the one that led the cantonal government, Planina's was more successful in cultivating the

¹⁹ These accusations cannot be verified through ethnically neutral GAP indicators of municipal capacity and services. I plan to collect additional data that would help assess the equity of municipalities' delivery of services.

relationships or in “hustling” that Grindle identified as needed in order to receive funding and cooperation from higher levels of government. Planina’s mayor gave one concrete example that suggested his greater capacity to work constructively with cantonal leaders. He used skills learned from being a businessman to recognize the problems created for his municipality by its lack of a connection with the Canton’s institute for forestry; then he created a tie. The public entrepreneurship of Planina’s mayor helped him build on good personal ties to forge cooperative relations with the canton. In contrast, Brdo’s mayor singled out “all higher [the canton, entity, and state] levels of government” as the greatest obstacle to his municipality’s ability to practice good governance. He judged politicians at higher levels of government to be concerned only about holding onto their positions of power, in the process flouting local governance law and attempting to dictate “the fate” of municipalities without municipalities’ input. Lacking productive ties to higher levels of government probably encouraged Brdo’s administration to work with institutions outside of the canton (such as the Regional Economic Zone) to obtain coveted funding from the EU.²⁰ In sum, interviews confirmed the importance of good relationships between mayors and actors who could provide resources for local governance. They revealed that mayors who lacked good rapport with fellow party officials at higher levels officials could use entrepreneurial skills to go around them to obtain support from donors and internationally supported institutions.

Political Competition

As added incentives to get things done for constituents, both mayors faced significant political competition. Supporting the quantitative analysis, Planina’s mayor confronted slightly

²⁰ Nationalist parties of all three ethnic groups disliked these internationally encouraged institutions and actively discouraged them because they do not correspond to ethnic or Dayton lines. The RS prime minister, for example, threatened to withhold entity funding from municipalities who engaged their REZs (WQ Washington D.C. 2011).

more competition than Brdo's (4.25 and 3.95 effective number of electoral parties in the municipal council, respectively). The mayors believed that the populations of their municipalities were small enough so that people could easily keep tabs on the quality of governance.

Citizens did not view civic organizations as a means of turning their knowledge of the quality of local governance into effective action oriented to help improve it. Citizen participation in local governance remains low (CCI 2011). Though both municipalities adhered to holding legally mandated public presentations of the draft budget for citizen input, only 4 citizens interviewed in Planina had attended one, while none in Brdo had. Interviews revealed several reasons for this meager participation. First, citizens we interviewed on the street—24 in each municipality—were convinced that local decision-making was made non-transparently by politicians and those connected to parties, leaving no room for ordinary people to exert genuine influence on local policy. Secondly, citizen engagement in local initiatives appeared driven by immediate concerns over their priorities: public services or unemployment, rather than by a deeper desire to be involved politically.

In fact, mayors considered local communities (*mjesne zajednice*) and businesses as better than NGOs at informing them of citizens' needs and providing them with input in order to address them. This is partly due to the fact that local communities and businesses are better-rooted than NGOs, which are newer. The ethnic division of many of the groups receiving support from local public funds and their focus on issues other than improving local governance (sports and veterans) also hinders their contribution to good governance (Zeravicic 2008, 9). Not surprisingly then, Planina's establishment of a joint body of local governmental and NGO representatives tasked with defining priorities to be addressed by the activities of NGOs and to be supported by local public funds (Zeravicic 2008) did not help improve governance. Interviews

and other organizations' studies explain why those NGOs interested in local governance are not yet able to improve it, as indicated by the statistical analysis.

In sum, a close look at several municipalities' reform trajectories helps explain the varying impact of international aid and why Planina made more improvement in certain components of local governance than Brdo. Greater political competition in Planina strengthened accountability there. In comparison to Brdo's leadership, Planina's leadership maintained better relations with higher levels of government and businesses, which allowed it to mobilize domestic resources for reform and effectively use valued international aid to raise its modest baseline capacity. But field research revealed that politicization of the administration; credible claims of discrimination; dissatisfaction with "outside the building" services and local development; and little meaningful citizen participation mar even Planina's progress.

Closing Thought

Quantitative analysis is only one small step in identifying the factors that explain the varying impact of internationally supported local governance reforms in Bosnia. In improving municipal governing capacity as defined by the implementers of the largest aid program for local governance in Bosnia, international support does more to help municipalities that start off with lower levels of capacity for good governance than to help municipalities that had moderate levels of initial capacity. Competition emerged as the domestic political factor most contributing to improved municipal governing capacity. Political competition in municipalities is constructive in an environment where the lack of formal power-sharing arrangements and small, territorially based constituencies have allowed for more practical governing in comparison with increasingly dysfunctional politics in Bosnia's higher level institutions.

Field research revealed why the model's factors matter or not, and pointed to alternative conceptions of factors that appear to explain the varying impact of aid. For instance, decision makers and citizens in case studies assert that leadership matters, but that it incorporates a more complex array of skills than those investigated statistically. Forging productive relationships with higher level governing officials, international donors, opposition councilors, businesses, and community groups requires savvy leadership skills in consensus building, a vision, and practical skills to propose and implement reforms. Further research, however, is needed to understand good local leadership. Interviews also clarified obstacles to improved governance, indicating that political opposition to empowering local governments occurs not just in Cantons, but also in the RS, where a strong governing party uses the more unitary organization of the entity to ensure that reforms do not threaten its agenda.

The most successful international programs for local governance in Bosnia have focused on working with existing leaders who are practical to improve their delivery of services that citizens prioritize. They have done so by working constructively with domestic officials and experts in providing technical equipment and training that administrators can use in practice; cultivating more inclusive, transparent, and systematic planning; and helping develop more efficient citizen service centers. They have avoided imposing political change. But they have also made only the tiniest strides toward addressing some of the thorniest problems, including continued politicization of administrations and decision-making, possibly inequitable provision of merely adequate “outside of the building” services, and anemic local economic development. Further, they have limited their impact through refraining from formal coordination of programs.

This research suggests reforms with a lasting impact on local communities would

continue to build administrative capacity, empower practical local leaders, encourage political competition, and cultivate stronger channels for participation. These channels need to empower citizens, civic activists, and businesses to introduce solutions to issues they care about most. But to help convince citizens that their participation matters for local decision making, citizens and activists need to work persistently with professional local administrators to help implement and monitor such grass-roots initiatives so that people see the concrete results of their efforts.

Table 1: Explaining improvement in local governance capacity of Bosnia municipalities participating in the Governance and Accountability Project (GAP)²¹

Independent variables	B	P
INTERNATIONAL PROGRAMS		
• Participation in number of international programs before or during GAP	2.1133	0.136
• Amount of international program funding per capita	-.0009	0.268
• GAP phase	-19.4903***	0.000
DOMESTIC SOCIO-POLITICAL VARIABLES		
• Baseline Municipal Capacity Index	-.4199**	0.003
• Additional proportion of votes mayor captured beyond his party in the municipal assembly	-.2317	0.058
• Mayor belongs to same party as region's government	1.3370	0.580
• Electoral competition in municipal council	2.6263*	0.015
• Municipal cooperation board w/ NGOs	-2.1185	0.416
• Economic Concentration	.0263	0.149
DEMOGRAPHIC VARIABLES		
• Municipality's unemployment rate	-10.2741	0.270
• Percent of municipality's population that is a minority	-8.8607	0.320
• Entity	.8700	0.763
Constant	50.9937	0.000

Data Source: Pickering and Firsin 2010, based on data detailed in Appendix A.

N=62

Prob > F = .0000

R-squared = .605

*significant at the .05 level, ***significant at the .001 level

²¹ The dependent variable is the progress in the municipal capacity index (MCI) in the first year of the program. For coding of variables, see Appendix A

Table 2: Citizens views of international organizations' role in local governance reforms

	Positive	No Impact	Negative	Don't Know
BOSNIA: total	44.0%	29.6%	8.1%	18.4%
By Entity:				
RS	38.4%	28.2%	14.3%	19.2%
Federation	44.6%	30.9%	5.4%	19.1%
By Majority/Minority status in municipality:				
Majority	43.3%	31.2%	9.1%	16.5%
Minority	46.3%	24.7%	4.9%	24.1%
By Ethnicity:				
Bosniak	53.6%	27.1%	5.5%	14.8%
Serb	36.2%	31.1%	14.5%	18.1%
Croat	37.3%	33.2%	5.2%	24.4%

Data Sources: PRISM, Pickering, and Baskin 2008
N= 1538

Appendix A

Coding of variables in Table 1

DEPENDENT VARIABLE	Increase in municipal capacity index achieved after first year of USAID's Government Accountability Project (GAP) funding. Data: DAI 2007, Chemonics 2009 and 2010
INDEPENDENT VARIABLES	
Participation in number of international programs	Number of international programs for local governance in which a municipality participates up to the end of its first year in GAP. Data: DAI 2007, Chemonics 2009; OSCE 2009; UNDP 2009.
Amount of Program funding for local governance, per capita	Total amount of international funds provided GAP and UNDP between 2004-2009 divided by the municipality's population. Data: DAI 2007, Chemonics 2009, UNDP 2009.
GAP phase	Participant in GAP phase 1, begun in 2004 (1) or 2 (2), begun in 2008 (http://www.bihgap.ba/engleski/index.asp)
Baseline municipal capacity index	GAP's municipality capacity index as measured at the onset of the program (0-100) Data: DAI 2007, Chemonics 2009)
Percentage of votes mayor received beyond those received by his party in the municipal elections closest to his municipality's participation in GAP	Data source: Izborna Komisija Bosne i Hercegovine. 2009.
Mayor as member of same party as government of region	Whether the mayor in 2004 shared the party of the winning political party of the regional parliament (Canton in the Federation, Entity in the RS). Izborna Komisija Bosne i Hercegovine. 2009.
Electoral competition in municipal council	The effective number of electoral parties in the municipal assembly in the municipal elections closest to the municipality's entry into GAP. This was 2004 for the Phase I municipalities and 2008 for phase II. Laakso and Taagepera 1979; Data: Izborna Komisija Bosne i Hercegovine. 2009
Cooperation board w/ NGOs	Whether a municipality had formally established a body of cooperation between government and NGOs (0=no, 1=yes). Data: Zeravic 2008.
Municipality's economic concentration	The number of registered legal entities in the largest employing sectors of the Bosnian economy: industry and mining. Federalni zavod za statistiku 2006-10; Republika Srpska Institut za statistiku 2006-2010.
Unemployment rate	$100 * \frac{\#unemployed}{(\#unemployed + \#employed)}$ in year prior to municipality's participation in GAP. Data: Federalni Zavod za Statistiku, pp. 418-419; Investiciono-ravojna banka Republike Srpske 2008.
Percent of the population that is a minority	Percent of the municipality's population that is in the ethnic minority. Data: Federalni Zavod za Statistiku 2004, UNHCR 1997, UNHCR 1998-2005.
Entity	Whether municipality belongs to the Federation (0) or Republika Srpska (1)

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