

Assessing International Aid for Local Governance in the Western Balkans

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This research investigates the impact of international donor efforts to cultivate effective and authoritative local governing institutions in the post-war Western Balkans. It explores the hypothesis that the greater the degree of international authority in domestic decision-making, the more significant the obstacles to developing domestic institutions for good democratic local governance that are highly valued by citizens. Interview and survey data from field-based actors bolsters reform project assessments in judging the impact of reforms on communities. Analysis finds that even in countries where the international community is vested with considerable power, internationally supported local governance reforms have produced benefits for domestic peoples under certain conditions that highlight domestic concerns. These include when reform engaged domestic experts in the design and implementation stages in order to respond to domestic concepts of good local governance that emphasize socioeconomic, rather than internationally advocated liberal-democratic, aspects. Another condition is when significant aid devoted to supporting effective local governance was coupled with a larger political settlement attractive to powerful domestic elites. Finally, aid must not only build improved local government capacity but also generate improved performance that is visible to citizens.

Key words: political decentralization, Western Balkans, international assistance, democratization, international intervention

Well-functioning governing institutions, including those at the local level, are critical for effective and equitable delivery of services, political competition, broad political participation and decision making, and a vibrant and inclusive civil society.¹ Decentralization involves the devolution of authority over administration, budgets and financial decisions, the allocation of resources, and the provision of services in a manner that is responsive to local communities and largely independent of higher levels of government.² Viewing democratic decentralization as part of their neo-liberal strategy, international financial institutions and international organizations (IOs) have championed it in developing countries.³ Donor governments, such as the US, assert that when democratic local governance is combined with decentralization, ‘local governments – and the communities they govern—gain the authority, resources, and skills to make responsive choices and to act on them effectively and accountably’.⁴

In divided post-conflict societies like those in Western Balkans of focus here--Croatia, Bosnia-Herzegovina, Macedonia, and Kosovo--programs to improve the quality of local governance are also expected to provide a context in which social and ethnic conflicts can be constructively addressed out of the harshly politicized light of the national government.⁵ Indeed, Socialist Yugoslavia implemented decentralization, albeit within a one-party system because it viewed it as a key mechanism for accommodating ethnicity.⁶ Municipalities (*opštine*) were considered centres of innovative social self-government reforms, which attracted the attention of Western scholars and practitioners despite the limited power actually devolved.⁷ Violence during the 1990s and early 2000s, however, significantly debilitated local governance capacity. Nationalizing elites seeking to strengthen their new states in the face of external and internal threats advocated centralization, which further weakened local governance. During both the socialist and post-conflict period, municipalities possess a civil service, a mayor, and a

legislature, and engage in public works projects, basic health care, primary education, local development, and other social welfare programs.⁸

Though almost none of the municipalities in the post-conflict Western Balkans are ethnically homogeneous, many of them are dominated by one of the country's primary ethnic groups.⁹ This is particularly the case after the violence of the 1990s, when significant numbers of peoples belonging to ethnic groups who were in the minority in a municipality were forced, or decided to, flee. But they have pressured domestic officials to alter municipal boundaries. International officials pressed Macedonian politicians to redraw municipal boundaries, including in some cases to increase the proportion of Albanians.¹⁰ In Bosnia-Herzegovina (hereafter Bosnia), international officials imposed boundary changes they considered necessary to reunite some municipalities ethnically divided during the war.¹¹

In the remainder of the paper, I outline the hypothesis derived from post-conflict literature on the impact of internationally supported local governance reforms. I then explore donor and Western Balkan citizens' assessments of local governance reforms. The local governance programs of international donors are outlined and assessed through surveys, interviews, and assessments. Finally, I describe domestic actors' suggestions for improving reforms and discuss the conclusions of field-based research.

Expectations from Post-Conflict Literature

Comparative analysis of political decentralization reforms suggests that the road leading to an envisioned virtuous outcome of good local governance is littered with potholes, including increased possibilities for political capture.¹² Divided, post-war societies with significant international intervention into domestic politics, such as those in the Western Balkans, present complicated environments for reform. This research was guided by the hypothesis that the greater the degree of international authority in domestic decision-making, the more significant

the obstacles to developing authoritative domestic institutions for self-sustaining good local governance. This proposition, which builds on critical scholarship on international intervention, asserts that as international authority in domestic policy making increases, arrangements become more complex – the number of foreign decision makers in domestic politics increases and the diversity in basic values, interests, and networks of accountability also increase. The logic argues that this complicates the development of clear and effective domestic mechanisms for decision making and accountability.¹³ The hypothesis contends that the heaviest forms of international civilian intervention foster dependency, rather than help build domestic capacity.¹⁴ This logic implies that less intrusive international intervention would help better develop political institutions that are more effective and more highly valued by domestic elites and citizens.

Knaus and Cox argue for a middle ground approach exercised by the EU.¹⁵ They assert that of the three existing state-building models--the authoritarian, where internationals are vested with executive authority; the traditional, development; and the EU-member state--only the latter's voluntary process that promises the prize of EU membership has been successful. This is because the EU requires aspiring member states to reform their governments to meet democratic standards. Such requirements, EU aid for reforming institutions, and the desire of Western Balkan states to join the EU club supposedly work together to produce an administrative revolution that deepens democracy.¹⁶

Even the lightest international intervention—traditional development assistance for building capacity--confronts obstacles to reform. Multilateral organizations and individual governments' aid agencies often hire intermediaries – international and sometimes local non-governmental organizations (NGOs)—to implement their aid projects. This generates principal-agent relationships that can hinder positive impacts on recipient communities.¹⁷ This 'long aid

chain' creates multiple accountability mechanisms and requires cooperation among actors with diverse interests.¹⁸ As McMahon argues in the case of international aid for Bosnian civil society, agents and principals behave in self-interested ways that can 'easily slight the needs of Bosnian society in favour of their own organizations' viability.'¹⁹

International authority in the region's local governance has been the strongest in Kosovo and Bosnia and the weakest in Croatia and Macedonia.²⁰ The UN Mission in Kosovo initially exercised executive authority which transitioned later into the power to overrule domestic officials up until Kosovo's declaration of independence in winter 2008.²¹ In Bosnia, the UN High Representative is empowered to impose laws and remove domestic officials at all of Bosnia's multiple levels of governance.²² In contrast, international officials who co-signed Macedonia's peace agreement in 2001 obligated Macedonia to adopt a revised Law on local self-government that reinforces European standards, but can only assist Macedonian officials in implementing it.²³ In local governance in Croatia, the international role has been largely limited to OSCE and EU monitoring, after the exception of a brief period in a slice of disputed territory in the mid 1990s.²⁴ All of the countries of focus are also subject to the pull of the EU accession process and development aid. The EC has made additional demands about local governance on Macedonia by making the implementation of decentralization contained in the peace agreement a prerequisite for EU membership.²⁵

For reformers, the nature of decentralization as a policy issue--on the softer side of security—appears to open greater possibilities for progress though its divisibility into the 'win-win' solutions of pork barrel policy making than harder security issues like policing.²⁶ Decentralization does not fundamentally threaten essential mechanisms of power used by national and regional-level politicians. As a result, the stakes over local governance reform are lower than over reform at the national level of governance. USAID supports local governance

reforms partly out of frustration with efforts to reform central government institutions.²⁷ The very idea of decentralization invites different degrees of shared ownership (locally, regionally, and nationally) on a variety of components, such as local development and service provision.²⁸

Nonetheless, local governance reforms affect the distribution of political power and thus generate some contention. The politics of decentralization compel international officials to decide whether and how to marginalize or win over powerful domestic actors.²⁹ This is particularly important in Croatia and Bosnia, where officials in powerful intermediate levels of government--counties (*županja*) in Croatia and entities and cantons in Bosnia--oppose further devolving power to municipalities. But when policy is viewed in other than zero-sum terms, international officials may use framing to provide a framework to meet multiple interests and build local governing capacity.³⁰ Nationalist parties, who often control national politics, view favourably their prospects in ethnically-dominated municipalities, making them supportive of decentralization in these circumstances. International officials have tried to bring on board ethnic majority elites, who were initially reluctant to accept internationally backed decentralization they viewed as catering to minority demands for more autonomy,³¹ by dangling attractive political prizes. These include Western guarantees for territorial integrity of Bosnia, integration into EU and NATO for Macedonia, and independent statehood for Kosovo.

Because of the varying degrees of local ownership and issue-area logic, we expect small, but more significant, progress in local governance reforms in Croatia and Macedonia than in Bosnia or Kosovo.

Divergent Concepts of Local Governance

But data surprisingly suggest that the quality of local governance has improved in those countries where international officials have extensive authority for local governance. Because there is not an agreed-upon way to measure the quality of local governance and the success of

local governance reforms, we gathered data for multiple measures of quality and progress. Freedom House measures of good local democratic governance are firmly rooted in liberal democratic concepts that emphasize processes.³² Nationally representative sample surveys about local governance reforms produce a measure that is more sensitive to local ideas of good governance.³³ Putnam found a strong positive correlation between citizens' approval of local democratic governments and independent measures of high performing local democratic governments.³⁴

Freedom House's annual rankings of the quality of liberal democratic governance at the local level suggest that Bosnia has achieved significant progress since the end of war (Table 1).³⁵ In contrast, it assesses Croatia, the country where international authority has been the weakest, as achieving the least progress in democratic local governance.

Table 1

Popular attitudes about local governance reforms differ from Freedom House assessments. Our surveys consider agreement with the proposition that 'municipal government reform has improved benefits for all citizens, regardless of ethnic or political affiliation' as an indicator of citizens' positive assessment of reforms. The survey results indicate that ethnic Macedonians and Kosovar Albanians chose as their top choice agreement that decentralization has improved benefits for all (Table 2). Other respondents, however, were less impressed with decentralization's achievements. The top response of Bosnia and Croatia's primary ethno-national groups and the second highest response of Kosovo's groups were that decentralization reforms had not changed the quality of local governance.

Table 2

Turning to citizens views of what decentralization reforms should achieve helps make sense of the discrepancy between Freedom House and citizens' assessments of the progress made

in local governance reforms. Rather than assume what citizens want from decentralization, we asked them. In our surveys, citizens prioritized employment far above political goals, such as greater voice or closer citizen-government relations, as important responsibilities of local governments (Table 3).

Table 3

Citizens in the Balkans view local government less as a source of political rights and procedures and more as a vehicle to satisfy substantive needs. As one local colleague in Macedonia emphasized, ‘At the domestic level, the key priority of the population and local government is local economic development; they are not so concerned about good governance’.³⁶ This domestic concept of local governance makes sense given the function of local governance in Socialist Yugoslavia and the priority that ordinary people have placed on economic needs in the post-conflict Balkans. Though emphasis on outputs leaves open the possibility that citizens’ satisfaction with local government may depend on their ability to use personal contacts rather than transparent institutional procedures to achieve desired outcomes, a survey in Croatia suggests against this.³⁷

Breaking down public opinion by ethnicity indicates that decentralization has neither dramatically reduced nor exacerbated inter-ethnic relations (Table 2). The one exception is Kosovo, where few Serbs believe decentralization has produced benefits for all citizens. This view should be seen in the context of Serbs’ general hostility toward international support for the independence of Kosovo and their formation of parallel municipal governments.³⁸ Ethnic Macedonians, however, have warmed up to decentralization. While a plurality of ethnic Macedonians viewed decentralization negatively in 2003, a plurality viewed it positively by 2008.³⁹ It suggests that over time, decentralization may become decoupled from controversial peace agreements intended significantly to meet minorities’ concerns, and viewed by citizens as

a normal part of democratization. An advisory panellist involved in the survey considered that many Albanians who refrained from answering the question about decentralization reforms most likely felt that decentralization brought benefits to all citizens, though especially to Albanians who felt that governments before decentralization failed to provide services to them.⁴⁰

Turning to views held by elites, another one of our advisory panellists in Macedonia observed, ‘no political party is against decentralization’.⁴¹ The spokesperson for *Hrvatska Demokratska Zajednica BiH (HDZ BiH)*, the most popular political party for Bosnian Croats, told me, ‘there is no dispute [among major political parties in Bosnia] about the local level of governance;... we are in favour of a decentralized state.’⁴² This suggests that *HDZ BiH* does not consider municipal governance reforms as a threat to its power, in stark contrast to proposed changes in regional governments, which *HDZ BiH* has opposed as disempowering Croats in Bosnia and thwarting their demands for a third, Croat-dominated entity. These positions are consistent with the issue area approach, which anticipates greater possibilities in reform of lower stakes policy issues like local governance. Why oppose reforms of municipal governance when the bulk of power is vested elsewhere in the political system?

In sum, if we judge decentralization reforms by standards close to the international donors’ who sponsor the programs,⁴³ Bosnia has made the most progress in local democratic governance, followed by Macedonia, Kosovo, and finally Croatia. On the other hand, if we allow the citizens of the Western Balkans to assess the progress in local government reforms, most consider these programs ineffective. The exceptions are ethnic Macedonians and Kosovar Albanians, who both view positively decentralization reforms; and Kosovar Serbs who negatively view them. Intensive interviewing is needed to clarify why citizens view local governance reforms the way they do. But the difference between Western notions of good local governance, which emphasize process and capacity, and Balkan citizens’ ideas of good local

governance, which emphasize socio-economic outcomes, suggest that internationally supported reforms for local governance must be sensitive to domestic needs and interests in order to have positive and sustainable impact on communities.

Methodology for Assessing the Impact of International Aid for Local Governance

Evaluating the role that international actors have played in local governance reforms is even more difficult than measuring improvement in the quality of local governance. First, it is necessary to clarify what aid international actors have provided. Virtually all of the bi-lateral and multilateral donors active in the Western Balkans have developed local governance programs. USAID, in partnership with SIDA in Bosnia, has invested significant funds⁴⁴ into programs intended to improve the post-conflict Balkans' 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.⁴⁵ The World Bank and the UN Development Programme have promoted local economic development and better service delivery, while OSCE programs aim to reform municipal administrations and increase public participation.⁴⁶ Finally, European institutions have provided aid that seeks to make local governments comply with European norms and capable of meeting EU accession requirements.⁴⁷

This research project seeks to measure the impact of international aid on domestic communities by emphasizing data collected in the field from donors, implementers, and particularly recipients. This differs from measures of international effort that rarely get at domestic attitudes. For example, a key indicator of the quality of local governance that international implementers use is regular holdings of public discussions of the municipal budget.⁴⁸ This is despite the cogent arguments of scholars of democracy aid that such quantitative measures do not adequately capture aid's effect.⁴⁹ An outside evaluation of

USAID's local governance program in Serbia candidly noted that the methodologies that implementers used to calculate program impact lent themselves to distortion and urged increasing the independence of the assessment process.⁵⁰ Quite a few USAID officials desired greater resources from their under-funded and politically weakened agency to ramp up monitoring and evaluation.⁵¹ While an independent cross-national analysis of the impact of USAID's democracy and governance aid found a positive impact on countries' Freedom House measures of national-level democracy,⁵² it did not assess the impact of aid on sub-national institutions.

This research attempts to assess the impact of decentralization reforms by gathering objective and subjective data for multiple measures of progress at the local level. It supplements data from reports by implementers and donors with external evaluations of decentralization programs. Field work is critical for understanding how international officials based in the region and domestic actors shape the effectiveness of local governance reform programs. Following the suggestions of scholars and practitioners to consider local elites' and ordinary citizens' *perceptions* of the effectiveness of institutions,⁵³ Mark Baskin and I conducted over 70 in-depth interviews in the field with international donors, local officials, and local activists involved in local governance and policing reforms. Domestic academics advised our investigation. Surveys conducted by our domestic survey partners⁵⁴ help uncover the views of the ultimate recipients of these governance reforms – domestic citizens--whose perspectives have often been undervalued in assessments. Our domestic survey partners helped us develop survey questions about local governance reforms rooted in the country-specific competencies granted to local governments, regional experiences with local self-governance, and donor concepts of good local governance.⁵⁵

Judging International Involvement in Local Governance Reforms

Survey data and evaluations of reform programs help assess the role international actors have played in local governance reforms and the reforms' impact on communities. Our surveys indicate that most citizens believe that international actors have played a modestly positive role in decentralization reforms.

Table 4

Most citizens in Macedonia, Bosnia, and Kosovo viewed international organizations' role in decentralization positively (Table 4), though if given the choice between labelling it as 'very or somewhat positive,' they chose the latter.⁵⁶ In contrast, citizens in Croatia, where international organizations have played a tiny role, logically saw they had no impact. More ominously, 40 percent of Kosovo Serbs viewed negatively the role of international organizations in local governance reforms. This suggests they consider such reforms as preparing Kosovo for independence and counter to Serb interests.

Project assessments⁵⁷ and elite interviews indicate that internationally supported local governance reforms have helped bolster the capacity of local governments, if not significantly improved their performance. International programs for local governments have sought to build local capacity by helping develop a positive inter-governmental enabling environment, which they view as a prerequisite for improved performance.

A key component of internationals' effort to promote a positive enabling environment is the strengthening and reform of pre-war domestic Associations of Local Self-Government. The actions of the Associations of Local Self-Governments suggest that these associations are stronger in Macedonia and Bosnia than in Croatia and Kosovo.⁵⁸ With American and European support, the most professional and progressive staff and members (mayors) of these associations became more active in writing and influencing laws strengthening local governance.⁵⁹ The U.S. and the EU succeeded in bolstering efforts by Bosnia and Macedonia's Associations of Local

Self-Governments for legislation empowering local governments--the Value Added Tax (VAT), a proportion of which went directly to local governments.⁶⁰ Domestic legislators passed the legislation in both countries, modestly increasing local government resources.⁶¹ The VAT is an important example of governance legislation in Bosnia that was passed without international imposition. Bosnia's High Representative and USAID's concerted effort to cajole Bosnians into drafting, adopting, and implementing reform legislation for local governance resulted in the Federation (entity-level) parliament passing a law on principles of local self-government. This law complied with European norms but contained only 'guiding principles and main rules,' rather than more clearly assigning competencies to and funding for local government.⁶² In Kosovo, legislative reforms for decentralization gained domestic support only when international officials in 2004 included domestic officials and the Association of Kosovo Municipalities in the reform process. The 2004 international-domestic partnership was formed after a 2002 reform effort involving only international experts ran into significant local resistance.⁶³ These laws and others on direct elections of mayors have helped set the stage for small improvements in local governance in all four countries. Comparing legislative reform efforts for decentralization in the Western Balkans demonstrates that reforms attract significant domestic support only when international officials allow domestic officials to take significant responsibility for developing and passing decentralization laws.

Yet despite—or sometimes partly because of—international efforts, the inter-governmental enabling environment is still not very conducive to good local governance. International efforts to frame decentralization as apolitical technical assistance have not convinced many domestic officials at higher levels of government that they will not be threatened by local governance reforms. EU and OSCE aid for the professionalization and depoliticization of public service, a part of the enabling environment, has encountered resistance.⁶⁴

In Bosnia, politicians at the regional levels, which were created by the internationally drafted Dayton constitution, have thwarted local governments' ability to fulfil their competencies.⁶⁵ Croatian elites have failed to restructure their county level of governance in a way that empowers municipal governance even though legislation since the 1990s has weakened counties.⁶⁶ Furthermore, the EU, who has refrained from resolute efforts to press Zagreb into adopting local governance reforms, assessed Croatia's local governance as 'not properly organized'.⁶⁷ This contrasts with the EU's concerted effort to get national-level politicians in Macedonia to pass decentralization laws stipulated by the Ohrid peace agreement.⁶⁸ U.S. and UN officials in Kosovo have convinced some Kosovar Albanian officials to 'go along with' decentralization in order to build international support for Kosovo's independence.⁶⁹ These cases emphasize the benefits of international officials making progress on local governance reforms a prerequisite for domestic officials to achieve larger political goals in Europe.

As part of its effort to evaluate the progress of their programs to develop local governments' capacity, the implementer of USAID's local governance projects in Macedonia and Bosnia developed a Municipal Capacity Index. This index 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.⁷⁰ Data gathered for these indices provide evidence that those municipalities receiving USAID-SIDA's aid improved between 2005 and 2007 their governance capacity along all five dimensions.⁷¹ However, the non-random selection of control municipalities prevents the implementer from asserting that USAID-SIDA-aided local governments systemically improved more than those which did not receive aid.

This problem highlights the need to multiple sources of data on international aid for dimensions of local governance capacity in order to more objectively assess capacity-building and the impact on local communities. Projects seeking to increase citizen participation in local decision making have had mixed success. Of the 70 Bosnian municipalities holding mandatory hearings on draft public budgets, 86 percent made a report of the hearing that included the number and nature of proposals received, a rough indication of the seriousness which municipalities consider such proposals.⁷² Other efforts to increase citizen participation in local governance include feedback lines, ombudsmen, designated open office hours for municipal representatives and mayors, and open neighbourhood community (*mesna zajednica*) sessions.⁷³ While these initiatives provide local officials the opportunity to listen to citizens, the extent to which local officials acted upon concerns expressed by citizens in these venues is unclear.⁷⁴ In Bosnia, only 19 municipalities had a transparent process for selecting citizens' funding requests.⁷⁵ Most respondents in a survey in Croatia felt that citizens had little to no influence on decision-making and governance in their local community.⁷⁶ Conversations I had with citizens in Bosnia and in Macedonia during 2008 echoed the views focus group participants in Serbia that such hearings were 'just for show'.⁷⁷

Have international projects more effectively addressed citizens' interest in improved citizens-oriented services? Citizens recently noted improvements in certain types of service delivery in Macedonia, but no improvements in most types.⁷⁸ Survey data showed that both citizens and businesses in municipalities receiving USAID-SIDA aid for Municipal Service Centres in Bosnia expressed increased satisfaction with municipal service delivery,⁷⁹ though sampling techniques again make it impossible to determine whether the increase in satisfaction is systematically higher in municipalities receiving USAID-SIDA funding.

Citizens' overwhelming desire for local governments to generate economic development urges international projects and local officials to focus on producing visible economic improvements. International actors have taken advantage of the logic that generating local economic development embodies a variety of goods attractive to different actors, which creates opportunities for the win-win policies anticipated by the issue-area approach. For example, international donors and implementers argued that mayors cooperated on internationally backed local development projects because they realized that improving the local economy was complex, needed international support, and highly desired by their constituents.⁸⁰ Meeting constituents' priorities appeals to mayors' self-interests in re-election. One sign of the buy-in of local elites is cost-sharing. But until recently, World Bank efforts to assist local development in Bosnia focused on forming inclusive but ad-hoc local committees rather than on bolstering the capacity of elected local officials and civil servants to lead economic development programs.⁸¹ Some municipalities in Macedonia remain mired in debt.⁸² Many citizens, who judge local governments on their delivery of tangible benefits rather than their capacity, expect more development from their local governments. Our survey respondents in Croatia and Bosnia rated local economic development as the competency that local governments were *least* successful in fulfilling.

Finally, for international efforts to cultivate local government capacity they must engage myriad local officials across recipient countries. USAID's local government projects have had the broadest impact in Macedonia, where its international implementer supported a project in every municipality.⁸³ This breath has allowed USAID in Macedonia to avoid the pitfalls of the common donor strategy of initiating pilot projects in selected municipalities with mayors who demonstrate political will. For example, the USAID-SIDA-funded local governance project in Bosnia reached only 41 of 147 municipalities by 2005, though its second wave plans to include

another 30.⁸⁴ This often leaves the more troubled or recalcitrant municipalities to fend for themselves, at least for a while,⁸⁵ an approach which can reinforce gaps in local governance.

Another problem created by what one veteran implementer described as this ‘win where we can’ strategy⁸⁶ includes leaving space for those who oppose reform to undermine it or wait out international officials. As one Bosnian Serb activist emphasized, ‘I am here permanently, while they [international officials] are here only for the short term and are sensitive to their own needs’.⁸⁷

Spotty success in improving local governance and watered down legislation represent compromises that international actors have had to make in order to achieve reforms that produce tangible results and garner the domestic support necessary to make them sustainable.

International officials in Bosnia have wisely chosen to refrain from exercising their power to impose their preferred laws on local governance in favour of compromising that leads to weaker reforms but ones that appeal more broadly to stakeholders. In contrast, efforts to impose local governance laws drafted without significant domestic input in Kosovo have failed.

How Field-Based Actors Shape the Impact of Reforms

In-depth interviews of domestic officials and field-based international reformers highlight the importance of the relationship between international and domestic officials for the impact of decentralization reforms. While international donors judged increasing local ownership of reforms as a priority, they tended to emphasize local initiatives in the implementation, rather than in design, of programs.⁸⁸ International officials were the least supportive actors of increasing local ownership over the design of reforms. For their part, domestic officials, along with some international implementers and the majority of external evaluators, argued that forging a genuine international-domestic partnership in which domestic officials helped to determine the policy agenda and took jointly reform initiatives would improve the community impact of reforms.

Such inclusive efforts would incorporate multiple concepts of, and would better meet multiple interests in, good local governance. This echoes Gagnon's findings that internationally supported civil society projects worked best in Bosnia when international implementers formed 'authentic partnerships' with local actors, in which local partners actively participated in the design and implementation of programs.⁸⁹ This suggests that reforms produce a positive community impact when internationals work together with domestic officials in a way that empowers domestic experts and increases domestic interests in improving local governance, rather than when internationals either exercise executive powers or defer only to local officials.

In response to interview questions asking them to assess the role of international organizations and officials in decentralization reforms, domestic officials involved in decentralization almost uniformly urged international donors and implementers to more significantly involve them in formulating and implementing reforms. One domestic official in Sarajevo pointed to the practical necessity of such an approach: 'the international community can't give directions to locals or impose a particular model of good local governance...because [reformers] must understand the local laws and practices'.⁹⁰ Domestic contacts felt that donor incorporation into task orders a requirement that contractors 'work to achieve local ownership of reforms and...foster nascent local capacities'⁹¹ was insufficient to generate partnerships necessary for reforms to outlive the departure of international organizations. One implementer suggested engaging domestic experts in producing the requests for proposals. Bosnian local governance advocates and officials claim that domestic officials have achieved less progress on the Bosnian Government's Public Administration Reform Agenda, which was prepared by the Office of the High Representative without significant involvement of domestic officials than they have made on their self-designed local self-governance development strategy, which was merely supported by international NGOs.⁹² A Macedonian official complained that international donors

for a local governance project on which she was working failed to express an interest in understanding local needs and concepts of successful local governance. Donors rejected her proposed changes to what she viewed as misinformed indicators for evaluating the project and did not ask citizens about their ideas of good local governance. Despite these very real problems, the donor, which likely faced pressure to produce ‘progress’, labelled ‘everything in the project as a success,’ a judgment about which she and her colleagues still laugh.⁹³ Similar to McMahon’s findings on the problems of international aid for the development of civil society in Bosnia, these interviews demonstrate how principals who fail to incorporate domestic expertise weaken the positive impact that aid could have on Western Balkan citizens.

In contrast, a Bosnian official singled out one international official whose strategy worked because: ‘he understands that he doesn’t understand the situation here’ and must rely on locals to play key roles in developing programs, providing trainers, and leading implementation. An international official in Mostar described one local governance project – a rule book on human resources — as a success because teams of local and international practitioners considered international standards, incorporated local knowledge, and produced a text concretely useful.⁹⁴ Domestic officials and activists lauded the efforts of those international officials who listened to domestic voices and acted on domestic advice, as well as those who had significant field experience living and working outside of Balkan capitals.⁹⁵ Multiple international donors credited their organizations’ local staffers’ knowledge about, and dedication to, their local communities with significantly improving their reforms’ impact.⁹⁶

Outside evaluators echoed domestic officials’ suggestion that international donors to do more to partner with domestic institutions to build capacity. They considered this essential to achieving both immediate results and longer lasting improvements.⁹⁷ OSCE’s assessment of decentralization reforms in Macedonia suggested: ‘donors should improve accountability and

transparency by consulting with local people and local NGOs regarding program development and the distribution of lessons learned'.⁹⁸ But one diplomat in Bosnia vividly illustrated the reluctance of at least some international officials to cede power to locals, a proposition they may consider difficult not only for their self-interests but also because of weak local mechanisms for accountability and the prior involvement of some local officials in violence. He described his disdain for the idea of local ownership of reforms by equating it to 'giving a drunk ten-year old the keys to my car'.⁹⁹ The priorities and values of donors, their power over domestic actors, and the pressure on donors and implementers to achieve speedy 'results' often impede the cultivation of local capacity and ownership needed to craft and implement locally sensitive and responsive policies.

Consistent with domestic views emphasizing the importance of international-domestic partnerships, domestic interviewees concurred that the types of local governance reform programs that worked well were those that empowered domestic reformers and produced concrete results for citizens. Multiple interviewees considered technical assistance for local governance as the most successful and sustainable type of local governance reform, since it is concrete, targeted, useful. In addition, it allows professionals to put technology to use in ways they consider important for improving governance while not appearing to threaten entrenched political interests at higher levels.¹⁰⁰ Domestic officials also appreciated the dissemination of best practices of Western local governance that they could adapt.¹⁰¹ Few interviewees believed such internationally supported improvements in local governance could on their own generate support for major political reform at the national level. Instead, the 'spill up' logic of aid for local democracy is likely to engender national-level democratic reform only when it is combined with sustained aid for national and intermediate-level institutional reform and grass-roots empowerment.¹⁰²

Conclusion and Implications

This research suggests that internationally supported local governance reforms have produced small improvements in the eyes of Western donors and implementers, but have generated incremental or no benefits in the view of many Western Balkan citizens. While Western donors and implementers are focused on building the capacity of local governance rooted in liberal democracy, Western Balkan citizens judge the quality of local governance according to their outputs. Increasing the capacity of local governance is a necessary but not a sufficient condition for improving local governance performance and responsiveness.

Consistent with the issue area approach, the lower-stakes nature of decentralization as a policy issue and the practice of framing created possibilities for local governance reforms to make small improvements in the Western Balkans. Internationally supported local governance programs that engaged domestic experts in both the design and implementation of reform were better able to address domestic interests and produce progress in the eyes of Western Balkan peoples. Coupling consistent aid for local governance with the promise of European integration that is conditional on achieving local government reforms helps increase powerful domestic elites' interest in improving local governance. These conditions seemed to occur most often in Macedonia, as illustrated by the accomplishments of the internationally-supported Association of Local Self-Government, the EU's clear demands about local governance reforms, and considerable aid.

But many aspects of the practice of international assistance hinder the forging of the genuine international-domestic partnerships considered necessary to maximize community impact. The political, organizational, and value priorities of donors and implementers often conflict with the priorities of local elites, organizations, and communities. This counter-productive dynamic occurs even in Croatia and Macedonia, where international officials lack the

authority to make domestic political decisions. As a result, this investigation does not support the initial hypothesis that higher levels of international authority in domestic decision-making alone would hinder local governance reforms.

Instead, the outcome of reforms and the views of domestic reformers suggest that the *approach* that international actors take to exercising that authority and working with local elites on local governance reforms significantly shapes the impact of those reforms. The approach most likely to produce a lasting, positive impact on the community is one where internationals work with domestic actors to combine complimentary knowledge, skills, and resources to accomplish more together than each could do on its own.¹⁰³ Under international-domestic partnerships, local governance reforms will take significant time, as well as follow more closely domestic-based social and economic-oriented concepts of local governance. These are significant costs to international donors. But in the medium term, the costs of this approach are likely outweighed by the higher probability that such reforms will be sustainable. These findings could assist international efforts to improve local governance in other divided, post-conflict areas.

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Table 1: Local democratic governance ratings, overtime

Ranges from 1, best to 7, worst¹⁰⁴	2008	2007	2006	2005	2004	2003	2002	2001	1999-2000	Progress achieved since the time closest to each country's conflict*
Croatia	3.75	3.75	3.75	3.75	3.75	3.75	3.5	3.5	4	.25
Macedonia:	3.75	3.75	3.75	4	4	4.5	4.25	3.75	3	.50
Bosnia	4.75	4.75	4.75	4.75	5	5.25	5.5	6	6	1.25
Kosovo	5.5	5.5	5.5	5.5	6	N.A.	N.A.	N.A.	N.A.	.50
<i>Ave. of Balkans</i>	3.93	3.93	3.96	4.07	4.43	4.4	4.35	4.55	4.65	.72

Data Source: Freedom House 2008a.

*For Croatia, this measures the progress achieved since 1999 (the earliest time period for recorded data); For Macedonia, this measures the progress achieved since 2002, For Bosnia, this measures the progress achieved since 1999; for Kosovo, this measures the progress achieved since 2004 (the earliest time period for recorded data).

Table 2: Citizens' views, by ethnicity, of the achievements of local government reforms¹⁰⁵

	BY ETHNICITY									
	Croatia		Bosnia-Herzegovina		Macedonia*			Kosovo		
	Croat	Serb	Bosniak	Serb	Croat	Macedonian	Albanian	Albanian	Serbs	
Improved benefits for all citizens	12.1%	19.4%	11.7%	21.2%	9.8%	35.9%	15.0%	31.8%	7.5%	
Disproportionate benefits for local majority	2.7%	3.2%	8.5%	3.8%	15.8%	3.1%	9.3%	11.4%	43.0%	
Disproportionate benefits for local minority	4.3%	0.0%	5.3%	4.4%	11.7%	4.2%	17.1%	10.1%	.4%	
Disproportionate benefits for winning political activists	16.6%	0.0%	13.5%	17.0%	10.1%	13.6%	2.1%	15.1%	18.0%	
No change	39.7%	61.3%	34.9%	33.1%	19.2%	15.6%	2.9%	26.0%	20.5%	
Only more bureaucracy (fewer benefits)	13.5%	16.1%	16.3%	10.2%	13.7%	2.9%	3.9%	5.0%	5.0%	
Other	8.5%	0.0%	.6%	1.1%	.5%	N.A.	N.A.	.4%	1.0%	
Don't know/wouldn't like to answer	10.7%	0.0%	10.4%	9.3%	19.2%	19.1%	40.7%	.8%	1.0%	

Data Sources: CRPM, 2008, in Macedonia; Prism, in Bosnia-Herzegovina; PULS, 2008 in Croatia; Strategic Plus Research Kosova, 2008 in Kosovo.

N=1000 in Croatia, 1100 in Macedonia; 1538 in Bosnia-Herzegovina; and 1000 in Kosovo.

Table 3: What citizens want from decentralization¹⁰⁶

	BY COUNTRY			
	Croatia	Macedonia	Bosnia	Kosovo
Employment	67.0%	42.7%	74.9%	82.5%
Improvement of interethnic relations	2.8%	8.4%	7.8%	7.1%
Better public services	9.6%	13.1%	4.8%	5.8%
Greater voice	5.1%	7.5%	2.4%	1.4%
Territorial autonomy	.9%	.5%	1.2%	1.3%
Municipal government closer to citizens	9.8%	6.6%	2.7%	1.5%
Nothing	.7%	4.8%	2.0%	.0%
Other	1.1%	12.1%	3.0%	.3%
Don't know	3.0%	4.3%	3.1%	.1%

Data Sources: PULS, 2008 in Croatia; CRPM, 2008 in Macedonia; Prism, 2008 in Bosnia; Strategic Plus Research Kosova, 2008 in Kosovo.

N=1000 in Croatia, 1100 in Macedonia; 1538 in Bosnia-Herzegovina; and 1000 in Kosovo.

Table 4: Citizens' View of the International Community's Role in Decentralization Reforms¹⁰⁷

	BY COUNTRY			
	Croatia	Macedonia	Bosnia	Kosovo
Positive	31.4%	49.7%	44.0%	70.4%
No Impact	43.6%	16.7%	29.6%	13.3%
Negative	9.7%	29.0%	8.1%	11.0%
Don't know	15.3%	12.7%	18.4%	2.3%

Data Sources: PULS, 2008 in Croatia; CRPM, 2008 in Macedonia; Prism, 2008 in Bosnia; Strategic Plus Research Kosova, 2008 in Kosovo.

N=1000 in Croatia, 1100 in Macedonia; 1538 in Bosnia-Herzegovina; and 1000 in Kosovo.

¹ Samuel Huntington, *Political Order in Changing Society* (New Haven: Yale University Press, 1968); Robert Rotberg (ed.) *When States Fail* (Princeton: Princeton University Press, 2003); Francis Fukuyama, *State-Building: Governance and World Order in the 21st Century* (Ithaca: Cornell University Press, 2004); Philip G. Roeder and Donald Rothchild, (eds.) *Sustainable Peace: Power and Democracy After Civil Wars* (Ithaca: Cornell University Press, 2005) .

² James Manor, *The Political Economy of Democratic Decentralization* (Washington, D.C.: The World Bank, 1999), pp. 5-7.

³ Vedi R. Hadiz, 'The localization of Power in South East Asia', *Democratization*, Vol. 14, No. 5 (2007), pp. 873-92; Simon Bratterbury and Jude Fernando, 'Rescaling governance and the impacts of political and environmental decentralization: an introduction', *World Development*, Vol. 34, No. 11 (2006), pp. 1851-1863.

⁴ USAID, 'Decentralization and Democratic Local Governance Programming Handbook' (Washington, D.C.: Center for Democracy and Governance, 2000), p. 2.

⁵ UN Institute for Training and Research, 'The Process of Decentralization in Asia, Africa, and Latin America', Decentralized Cooperation Programme team, 2006, available at <http://dcp.unitar.org/Publications.html> p. 18). My description of the Western Balkans as 'divided' refers to the fact that their peoples possess overlapping, reinforcing social cleavages (such as, ethnicity, religion, and often territorial concentration).

⁶ Sabrina Ramet, *Nationalism and Federalism in Yugoslavia*, Second Ed. (Bloomington: Indiana University Press, 1992); Susan Woodward, *A Balkan Tragedy* (Washington DC: The Brookings Institution, 1995).

⁷ James H. Seroka, 'Local Political Structures and Policy Outputs in the Yugoslav Commune', *Studies in Comparative Communism*, Vol. 12, No. 1 (1979), pp. 63-73, p. 65.

⁸ Currently, Croatia's municipalities lack competencies for primary education and basic health care, while Bosnia's municipalities are responsible only for educational buildings.

⁹ I 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. Croatia's primary ethnic groups are Croats and Serbs; Bosnia's primary ethnic groups are Bosniaks, Serbs, and Croats; Macedonia's primary ethnic groups are Macedonians and Albanians, and Kosovo's primary ethnic groups are Albanians and Serbs. Each Western Balkan country also contains a number of smaller ethnic groups, such as Roma.

¹⁰ Židas Daskolovski, *Walking on the Edge: Consolidating Multiethnic Macedonia, 1989-2004* (Skopje: Dominant, 2005). Eben Friedman, 'The Ethnopolitics of Territorial Division in the Republic of Macedonia', Paper presented at the Annual Convention of the Association for the Study of Nationalities, New York, April 2006.

¹¹ An example is the High Representative in Bosnia's decision to reunify the city of Mostar, OHR, Decision Enacting the Statute of the City of Mostar, High Representative Decision 183/04, January 28 (2004), available at: http://www.ohr.int/print/?content_id=31707. An international arbiter placed the Brčko municipality under the power of an international administrator, R. B. Owen, Brčko Arbitral Tribunal for Dispute Over the Inter-Entity Boundary in Brčko Area Award, 1997, available at http://www.ohr.int/ohr-offices/brcko/default.asp?content_id=5327.

¹² Strong accountability mechanisms beyond elections are necessary for direct elections of local representatives to prevent political capture and improve the quality of local democratic government. See, Hadiz (note 3) p. 874.

¹³ Fukuyama (note 1).

¹⁴ David Chandler, *Faking Democracy after Dayton* (London, Pluto Press, 2000); Florian Bieber, 'Aid Dependency in Bosnian Politics and Civil Society: Failures and Successes of Post-war Peacebuilding', *Croatian International Relations Review*, January-June, 25-29 (2002).

¹⁵ Gerald Knaus and Marcus Cox, 'The 'Helsinki Moment' in Southeastern Europe', *Journal of Democracy*, Vol. 11, January (2005), pp. 39-53.

¹⁶ Wade Jacoby, *The enlargement of the European Union and NATO: ordering from the menu in Central Europe* (Cambridge: Cambridge University Press, 2004); Milada Vachudova, *Europe Undivided: Democracy, Leverage, and Integration After Communism* (Oxford: Oxford University Press, 2005).

¹⁷ Alexander Cooley and James Ron, 'The NGO Scramble: Organizational Insecurity and the Political Economy of Transnational Action', *International Security*, Vol. 27, No. 1 (2002), pp. 3-39.

¹⁸ Bertin Martens; Uwe Mummert; Peter Murrell; and Paul Seabright, *The Institutional Economics of Foreign Aid* (Cambridge: Cambridge University Press, 2002). In Eastern Europe, see Janine Wedel, *Collision and Collusion: the Strange Case of Western Aid to Eastern Europe* (New York: Palgrave, 2001);

¹⁹ Patrice McMahon, Much Ado About Nothing? Civil society and the NGO embrace in Bosnia, Paper presented at the Association for the Study of Nationalities Convention, New York: April 2009, p. 35.

²⁰ It is logical to expect that this argument is endogenous: countries where internationals are vested with strong executive authority are those where domestic actors lack the most political will and institutional capacity to democratize, which contributes to greater obstacles to improving local governance. This research partly addresses this problem by evaluating progress in reform of each county's local governing institutions since the end of violence in that county. Furthermore, data do not support the initial argument. Instead countries where internationals are vested with low levels of authority experience uneven progress with local governance reforms. Serbia is not included in this investigation because international civilians have never been vested with executive power there.

²¹ UNSCR 1244, 1999, available at <http://www.unmikonline.org/press/reports/N9917289.pdf>; Mark Baskin, 'Local Governance in Kosovo: a Link to Democratic Development?' in Tonny B. Knudsen & Carsten B. Laustsen. (eds.), *Kosovo Between War and Peace: Nationalism, Peacebuilding and International Trusteeship* (London: Routledge, 2007), pp. 76-95, p. 79.

²² Office of the High Representative (OHR), 1997, available at http://www.ohr.int/pic/default.asp?content_id=5182#11.

²³ *Framework Agreement*, 2001, available at http://faq.macedonia.org/politics/framework_agreement.pdf

²⁴ UN Peace Keeping Operations (UNPKO). United Nations Transitional Administration For Eastern Slavonia, Baranja And Western Sirmium, (1997), http://www.un.org/Depts/DPKO/Missions/untaes_b.htm

²⁵ Council of the European Union (EU), 'Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the Accession Partnership with the former Yugoslav Republic of Macedonia', (2008)/212/EC).

²⁶ See William Zimmerman, 'Issue Area and Foreign-Policy Process: A Research Note in Search of a General Theory', *The American Political Science Review*, Vol. 67, No. 4 (1973), pp. 1204-1212. Thanks to Mark Baskin for suggesting the relevance of the issue area approach for this research project.

²⁷ Thomas Carothers, *Aiding democracy abroad* (Washington, DC: Carnegie Endowment for International Peace, 1999), p. 187.

²⁸ Mark Baskin and Paula M. Pickering, 'Into the Weeds: Obstacles to Good Governance in the Balkans', Report submitted to the International Research and Exchanges Board' Policy-Connect Program (2008).

²⁹ Derick W. Brinkerhoff with Omar Azfar, 'Decentralization and Community Empowerment: Does community empowerment deepen democracy and improve service delivery?' Paper prepared for USAID, Office of Democracy and Governance, Washington D.C.: RTI International (2006), pp. 31-2.

³⁰ On framing, see: Shanto Iyenger and Donald R. Kinder, *News that matters: television and American opinion* (Chicago: University of Chicago Press, 1987). On capacity building, see Anne Holohan, *Networks of Democracy: Lessons from Kosovo for Afghanistan, Iraq, and Beyond* (Stanford: Stanford University Press, 2005); Baskin (note 21).

³¹ In Macedonia, see International Institute for Regional and International Studies and Institute for Democracy, Solidarity and Civil Society, 'The Process of Decentralization in Macedonia: Prospects for Ethnic Conflict Mitigation, Enhanced Representation, Institutional Efficiency and Accountability', Sofia and Skopje (2006).

³² Freedom House, Methodology, *Nations in Transit*, 2008a, available at [http://www.freedomhouse.org/template.cfm?page=352&ana_page=347&year=\(2008\)](http://www.freedomhouse.org/template.cfm?page=352&ana_page=347&year=(2008)).

³³ Centre for Research and Policy Making (CRPM), Into the Weeds, Database, June, 2008; Prism, Into the Weeds-Bosnia-Herzegovina, Database, October 2008; Puls, Into the Weeds-Croatia, Database, August 2008; Strategic Plus Research Kosova. Into the Weeds-Kosovo, Database, September 2008.

³⁴ Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993), p. 78.

³⁵ Freedom House, Local Democratic Governance Ratings, *Nations in Transit*, (2008b) [http://www.freedomhouse.org/template.cfm?page=434&year=\(2008\)](http://www.freedomhouse.org/template.cfm?page=434&year=(2008))

³⁶ EU, Skopje, June 2008. To maintain the anonymity of these officials, I use initials based on pseudonyms to refer to interviewees and refrain from specifying with which organizations or institutions they are affiliated. In this paper, I focus on analyzing the interviews that I conducted in Macedonia and Bosnia.

³⁷ A survey conducted in Croatia found that respondents were slightly more likely to try to resolve problems in the local government by contacting municipal officials than by using personal contacts. See Ivan Grdešić and Goran Čular, 'Hrvatska Lokalna Demokracija: Anketno istraživanje stavova gradskih i općinskih vijećnika', Zagreb, veljača (2006), p. 16. As Drew Gilbert suggests, further research on the possible link between use of personal contacts and satisfaction with local government performance is needed.

³⁸ ARD, Limited Scope Assessment of Local Governance in Kosovo, Prepared for USAID, Burlington, June (2008).

³⁹ UNDP, 'Early Warning System in the Former Yugoslav Republic of Macedonia, Quarterly Report IV', Skopje, 2003, available from <http://www.undp.org.mk/>; CRPM (note 33).

⁴⁰ The same advisory panellist suggested that some Macedonian Albanians did not answer the question because they did not want to generate resentment among ethnic Macedonians that decentralization disproportionately benefited Albanians. Logistic regression to predict the ‘don’t know/refuse to answer’ responses found both education level and ethnicity statistically significant. This also suggests that respondents with lower levels of education had difficulty understanding this question.

⁴¹ AE, Skopje, June 2008.

⁴² Miso Relota, Mostar, June 2008.

⁴³ The World Bank considers ‘good governance’ to consist of the following dimensions: voice and accountability; political stability, government effectiveness, regulatory quality, rule of law, and control of corruption. World Bank, *Governance Matters: World Wide Governance Indicators 1997-2007* (2008), available at <http://info.worldbank.org/governance/wgi/index.asp>.

⁴⁴ USAID-funded decentralization programs in the Western Balkans amounted to: 11.5 million in Macedonia between 2004-7; 20.4 million in Bosnia between 2004-06; 16.9 million in Kosovo between 2004-07; and 19.0 million in Croatia between 2003-07, available at: www.usaid.gov.

⁴⁵ Development Alternatives Inc. (DAI), *Governance Accountability Project (GAP) in Bosnia-Herzegovina: Performance Monitoring and Evaluation*, March (2005); DAI, *Bosnia and Herzegovina GAP Completion Report* (2007b). Other bi-lateral donors with local governance programs in the Western Balkans include the UK’s Department for International Development and the Canadian International Development Agency.

⁴⁶ World Bank, ‘Local Governance and Service Delivery in Bosnia and Herzegovina: from Stability to Performance’, Sustainable Development Department, Europe and Central Asian Region (2009), p. i; UNDP, ‘Rights Based Municipal Development Programme, Bosnia-Herzegovina’, (2009), available at <http://www.rmap.undp.ba/>, accessed 13 May 2009; Organization for Security and Cooperation in Europe (OSCE) Mission to Bosnia and Herzegovina, *Report on Citizens’ Participation and Impact on the 2007 Municipal Budgets in Bosnia and Herzegovina* (Sarajevo: Democratization Department, 2007); OSCE Spillover Monitor Mission to Skopje, ‘Survey on Decentralization 2007’ (Skopje: Public Administration Reform Department, September 2007).

⁴⁷ Congress of Local and Regional Authorities, *Local and Regional Democracy in Bosnia and Herzegovina*, Council of Europe (2006), available at <https://wcd.coe.int/>; Commission of the EC, ‘Bosnia and Herzegovina 2008 Progress report accompanying the Communication from the commission to the European Parliament and the council; enlargement strategy and Main challenges 2008-09’, Brussels, November 5, 2008a; Commission of the EC, ‘Croatia 2008 Progress Report accompanying the Communication from the commission to the European Parliament and the Council; Enlargement Strategy and Main challenges 2008-09’, Brussels, November 5, 2008b; Commission of the EC, ‘The Former Yugoslav Republic of Macedonia 2008 Progress report accompanying the Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main challenges 2008-09’, Brussels, November 5, 2008c; Commission of the EC, ‘Kosovo (Under UNSCR 1244/99) 2008 Progress report accompanying the Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main challenges 2008-09’, Brussels, November 5, 2008d.

⁴⁸ DAI, ‘Decentralization Project: Republic of Macedonia 2004-2007’ (2007a); DAI (note 45) (2007b).

⁴⁹ Keith Brown (ed.), *Transacting Transition: The Micropolitics of Democracy Assistance in the Former Yugoslavia* (Bloomfield, Kumarian Press, Inc, 2006); McMahon (Note 19), p. 37

⁵⁰ Mitchell Group, *Impact Evaluation of the Community Revitalization Through Democratic Action, Serbia Local Government Reform Program, and Serbia Enterprise Development Project*, for USAID, June 2, 2008, pp. 46-7.

⁵¹ FD, Washington, December 2008; Brian J. Atwood, M. Peter McPherson, and Andrew Natsios, ‘Arrested Development: Making Foreign Aid a More Effective Tool’, *Foreign Affairs*, Vol. 87, No. 6 (2008), pp. 128-132.

⁵² Steven Finkel, Anibal Perez-Linan, Mitchell Seligson, C. Neal Tate, ‘Deepening Our Understanding of the Effects of US Foreign Assistance on Democracy Building’ Final Report For USAID, January 2008, available at <http://www.pitt.edu/~politics/democracy/democracy.html>.

⁵³ Paula M. Pickering, *Peacebuilding in the Balkans: The View from the Ground Floor* (New York: Cornell University Press, 2007); Keith Brown, ‘Do We Know How Yet? Insider Perspectives on International Democracy Promotion in the Western Balkans’, NCEEER working paper (2009), available at <http://www.nceer.org/Papers/papers.php>; Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, ‘Governance Matters VI: Governance Indicators for 1996-2006’, World Bank Policy Research Working Paper No. 4280, July 2007.

⁵⁴ Puls, Prism, CRPM, and Strategic Plus Research Kosova (note 33).

⁵⁵ For donor’s ideas of good governance, see, Art Kraay and Massimo Mastruzzi, *Measuring Governance Using Cross-Country Perceptions Data*, The World Bank (2005) available at <http://www.worldbank.org/wbi/governance/pdf/MeasuringGovernancewithPerceptionsData.pdf>. Domestic laws

include: Law on local self-government. (2002). Skopje: Republic of Macedonia *Official Gazette* no. 05/(2002); Law on local self-government', Pristina: Republic of Kosovo *Official Gazette*, Law Nr. 03/L-040, February 2008; 'Law on the principles of local self government in the Federation of Bosnia-Herzegovina', Sarajevo: the Federation of Bosnia-Herzegovina, *Official Gazette* (2006); Law on local and regional self-government, Nr. 01-081-01-1100/2, Republic of Croatia (2001).

⁵⁶ The familiarity of ordinary citizens with the international assistance provided to local governments is unclear. However the relatively low percentage of 'don't knows' in our surveys, other survey data (OSCE Spillover) indicating citizens' high interest in decentralization; the relative smallness of municipal communities; and the prominence of donor plaques placed on local governance projects all suggest a moderate level of familiarization. Statistical analysis did not find support for the possibility that Croatian respondents' more 'jaded' views of the impact of international organizations is due to their higher levels of education.

⁵⁷ World Bank (note 46), p. 22; Democracy International, Inc., 'Bosnia-Herzegovina Democracy and Governance Assessment For USAID', May 2007; OSCE Spillover (note 46).

⁵⁸ On Croatia, see: Commission of the EC (note 47), p. 8. On Kosovo, see: Baskin (note 45), p. 83, which discusses parallel Serb Associations of Municipalities.

⁵⁹ EQ, Skopje, June 2008, DAI (note 48); Democracy International (note 57); World Bank (note 46), p. 26.

⁶⁰ Democracy International (note 57).

⁶¹ Commission of the EC (2008c), p. 10; Commission of the EC (2008a), p. 1

⁶² Congress, (note 47), para. 21

⁶³ Baskin (note 21), p. 88.

⁶⁴ Commission of the EC (2008a), p. 12; (2008b), p. 7; (2008c), p. 11,08d), p. 12.

⁶⁵ World Bank (note 46), p. i; Commission of the EC (2008a).

⁶⁶ Freedom House (note 35).

⁶⁷ Commission of the EC (2008b), p. 8.

⁶⁸ BU, Skopje, 2006; ES, Skopje, 2008; AJ, Skopje, 2008.

⁶⁹ BM, Prizren, June 2008.

⁷⁰ DAI (note 48), p. 91

⁷¹ Ibid. pp. 92-3; DAI (note 45), p. 117.

⁷² Though Bosnia has 147 municipalities, OSCE's Mission to Bosnia and Herzegovina's (note 46) survey on citizen participation in the budget queried local authorities only in the 74 municipalities participating in its Municipal Administration Reform Programme. This sample is likely to overemphasize reform progress.

⁷³ World Bank (note 46), p. 32.

⁷⁴ OSCE Spillover (note 46), pp. 28-9.

⁷⁵ OSCE Mission (note 46), p. 13.

⁷⁶ Grdešić and Čular (note 37), p. 12.

⁷⁷ Mitchell Group (note 50) p. 37.

⁷⁸ Macedonians saw improvements in street lights and water supply. OSCE Spillover (note 46) pp. 6-7.

⁷⁹ DAI (2007b) (note 45), pp. 103-5. The World Bank (note 46) found citizens dissatisfied with most basic municipal services.

⁸⁰ DI, Sarajevo, June 2008; SC, Skopje, June 2008; UX, Sarajevo, June 2008; Marija Rojas, 'Local Development in the Context of the Local Government Reform Project, Croatia', Washington DC: Urban Institute, (2006) available at, http://www.balkancsd.net/WBStorage/Files/Croatia_presentation.ppt; AB, Priština, June 2008.

⁸¹ UNDP (note 46).

⁸² OSCE Spillover (note 46) p. 74.

⁸³ DAI (2007a) (note 48), p. 4.

⁸⁴ DAI (2005) (note 45).

⁸⁵ Democracy International (note 57). Some local officials may seek to reform without the ties of international aid.

⁸⁶ NH, Washington, October 2008.

⁸⁷ TN, Banja Luka, June 2008.

⁸⁸ Commission of the EC (2008a), (2008c), (2008d) and World Bank (note 46), p. ii.

⁸⁹ V. P. Gagnon, 'Catholic Relief Services, USAID, and Authentic Partnership in Serbia', in Brown, Keith, (ed.), *Transacting Transition: The Micropolitics of Democracy Assistance in the Former Yugoslavia* (Bloomfield: Kumarian Press, Inc., 2006), pp. 167-188.

⁹⁰ TI, Sarajevo, June, 2008.

⁹¹ DAI (2007b) (note 45), p. 69.

⁹² Zdravko Miović, 'Bosnia and Herzegovina between Centralisation and Decentralisation', paper presented at the Conference on Decentralisation between Regionalism and Federalism in the Stability Pact Countries of the Western Balkans, Tirana, June 2006.

⁹³ H, Skopje, June 2008.

⁹⁴ DI, Mostar, June 2008.

⁹⁵ TL, Tetovo, June 2008; TI, Sarajevo, June 2008.

⁹⁶ LE, Sarajevo, June 2008; DI, Sarajevo, June 2008; NT, Mostar, June 2008.

⁹⁷ Democracy International (note 57), p. 15.

⁹⁸ OSCE Spillover (note 46), p. 9.

⁹⁹ NN, Sarajevo, June 2008.

¹⁰⁰ BU, Skopje, June 2008; EQ, Skopje, June 2008; LE, Sarajevo, June 2008, SC, Sarajevo, June 2008

¹⁰¹ BL, Central Macedonia, June 2008; Relota, Mostar, June 2008; H, Skopje, June 2008; W, Skopje, June 2008.

¹⁰² Finkel et al. (note 54, p. 10) found that US governance assistance had a greater impact on countries Freedom House democracy score the longer the investment was sustained. On grass-roots empowerment, see: See Brinkerhoff (note 29).

¹⁰³ This approach is inspired by the idea of partnership underpinning service-learning projects. Barbara Jacoby (ed.), *Building Partnerships for Service-Learning* (San Francisco: Jossey-Bass, 2003).

¹⁰⁴ Freedom House (note 32) evaluations of local governance take into account whether: the principles of local democratic government are enshrined in law and respected in practice; citizens are able to choose freely their local leaders; citizens are ensured meaningful participation in local government decision making; democratically elected local authorities exercise their powers freely and autonomously; democratically elected local authorities have the resources and capacity needed to fulfil their responsibilities; and democratically elected local authorities operate with transparency and accountability to citizens.

¹⁰⁵ The survey question asked, 'Municipal government reform has, up until now, resulted in: [choose one]'. In Macedonia, 5.7 percent of Macedonians and 8.9 percent of Albanians viewed decentralization as achieving disproportionate benefits for the country's minority, an option not available in the surveys in Croatia, Kosovo, or Bosnia.

¹⁰⁶ The survey question asked: 'What do you most want from municipal government reforms?'

¹⁰⁷ The survey question asked, 'What is your view of the role of international organizations (e.g. the EU, OSCE, UNDP, and similar) in decentralization reform?'