Local Institutional Engineering: A Tale of Two Cities, Mostar and Brčko

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The essay examines different international approaches to 'reuniting' ethnically-divided cities in post-war Bosnia (BiH), based on the examples of Brčko and Mostar. While Mostar was governed by a high degree of formal power-sharing and the separate administration of ethnically homogenous municipalities, until the imposed unification in early 2004, Brčko was created as a united discrete district which has been administered by a low degree of formal power-sharing. Through case studies of these two cities, mechanisms of multiethnic governance at the local level will be examined and related to the larger system of consociationalism and international governance in BiH. From this experience, it is suggested here that that less formal systems of power-sharing, as instituted in Brčko, has been more successful than the complex consociationalism and territorial fragmentation of post-war Mostar. It is also argued that institution-building prior to elections, as has been the case in Brčko, has resulted in greater stability and more integration than in Mostar where the reverse sequence was followed. The findings here further suggest that institutional design at the local level can have a significant impact on inter-ethnic relations in deeply divided societies, such as BiH.

The northern Bosnian city of Brčko, built in Austro-Hungarian style on the Sava River, and Mostar, the capital of the Herzegovina in the south, just an hour's drive from the Adriatic and straddling the Neretva river, are as different in appearance as cities in Bosnia (BiH) get. Yet they share a decade of international institutional engineering designed to bring together communities which had been separated by war.

Governance in BiH is a complicated matter. The asymmetry of the state, the high degrees of decentralization and of international intervention, has made it an unwieldy country to govern. In this context, local governance has been much neglected in the face of concerns over international coordination with state- and entity-level institutions. In fact, local governance has been the key to post-war BiH: the way municipalities were run determined the return of refugees and greatly impacted on the economic and social development of the locality.

Local government in the Republika Srpska (RS) is regulated at the entity level, whereas in the Muslim (Bosniac) and Croat-dominated Federation (FBiH), a general framework law left it to the cantons to define the specific competences (and funding) of the municipal level. As a consequence, there are 12 different types of local government – ten in the FBiH, one in the RS and in Brčko.[1] Complex institutional systems in BiH are not limited to higher levels of government. In parts of BiH, municipal arrangements are equally complex, due to international attempts to accommodate and balance the competing interests of

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the different communities residing there. As a result of the war, only a few municipalities remained ethnically diverse, mostly in FBiH. Even Sarajevo, prior to the war thoroughly multi-ethnic, became a predominantly mono-ethnic, Bosniac city. With about half of all refugees and internally displaced persons (IDPs) having returned by the summer of 2004, some areas of BiH –homogenous at the end of the war – have regained some of their diversity. Even so, most municipalities are dominated by one ethnic community, threatening to undermine the formal legal status of Bosniacs, Croats and Serbs as equal 'constituent people'. Brčko and Mostar were two cities which were the post-war exception, rather than the rule. Mostar is shared and contested between Croats and Bosniacs – few of the Serbs from before the war are left – and Brčko is shared between Bosniacs and Serbs.

This essay is not only about two contested cities in BiH. These two case studies allow for an evaluation of two types of power-sharing in post-conflict settings: on the one hand, rigid consociationalism with territorial decentralization and, on the other, flexible power-sharing.[2] In addition, Brčko and Mostar can shed light on institution-building in post-conflict settings – with international policy, in the former case, emphasizing institution-building and integration before democratic elections and, in the latter, focusing on the holding of elections prior to the establishment of viable institutions.[3] Much of the literature on power-sharing and post-conflict institution-building focuses on national or regional institutions. The cases of Brčko and Mostar demonstrate the variety and significance of institutional design and multi-national governance at the local level.

The War in Mostar and Brčko

The war left both Mostar and Brčko divided, in Mostar the dividing line ran through the city centre; in Brčko the city remained under Serb control, the rural regions were part of the Bosniac–Croat FBiH. In both towns, the demographic balance had dramatically shifted in the course of the war. Serbs emerged as the largest community in Brčko after the war, whereas in 1991, Serbs were third in size after Muslims and Croats. In Mostar, on the other hand, the number of Serbs dropped drastically to less than five per cent and Croats made up the largest group, outnumbering Bosniacs who had been more numerous before the war.[4] Irrespective of the shifts between groups, both cities had seen a sharp drop in the number of inhabitants, with many refugees living abroad or elsewhere in BiH.

In the aftermath of the war, the communal division was severe and few dared to cross the borders which ran through the municipalities. In Mostar, crossing to the other side of the city was even formally restrained, with only a limited number of people allowed to cross in the immediate post-war period. Brčko did not experience the same degree of segregation, largely due to the fact that the city itself was not divided. In the outskirts of the city, the Arizona Market was established – a cross-communal trading place in no-man's land where ethnic belonging and citizenship mattered little and everything was for sale. In both cases, the end of the war did not mean an end to the existing territorial divisions between the

communities. Rather, post-war life began in both municipalities by cementing the lines of division. The contested nature of both towns made them a target of the post-war nationalist leaderships keen to consolidate their grip symbolically and demographically. In Mostar and Brčko, Croat and Serb authorities explicitly attempted to resettle as many refugees from their own community as possible, in order to secure their post-war claims. The symbolic markers fulfilled a similar role. In Brčko, the Serb administration symbolically 'secured' the town by erecting a monument to Draža Mihailović, the leader of the Serb nationalist Četnik movement during the Second World War,[5] while Mostar became notorious for the gigantic cross on Mount Hum above the city and the disproportionately large cathedral tower in the Croat west of the city. If Brčko provided the link which made the RS *one* territory, Mostar was the only city and the 'capital' of the Croat secessionist project. It was against this backdrop that the Office of the High Representative (OHR) and, in the case of Mostar also the European Union (EU), sought to reintegrate these thoroughly divided cities.

Institutional Design and International Administration

Due to their contested status, tensions continued longer in Brčko and Mostar than elsewhere in the country and the lines of division remained tangible. Thus, Mostar and Brčko have been focal points of international intervention in BiH. International efforts have taken very different forms in both cities, with very different results. In Mostar, quick elections and the institutionalization of the status quo dominated, whereas in Brčko an international protectorate took precedence over elections and new institutions were more inclusive and flexible.

Governing Mostar

After the end of Bosniac–Croat fighting, Mostar was placed under EU administration, lasting from July 1994 to January 1997. The aim of the international administration was to reconstruct the wartime damage and reintegrate the city, whose facilities, including the university, had been entirely divided between the Croat and Bosniac-controlled parts of town. As part of the Washington Agreement (which established FBiH), Mostar was established as a joint Bosniac–Croat city and the capital of the mixed Croat-Bosniac Herzegovina–Neretva canton. Reflecting its nature as a cease-fire agreement the new municipal boundaries were drawn on the basis of the distribution of forces, not on economic, social or historical criteria. The city itself was divided into six municipalities, three Bosniac and three Croat, with a small central zone to be administered by the joint city government. The EU reduced the size of the central zone following riots and attacks against Hans Koschnik, the first EU administrator, by supporters of the Croat Democratic Union (HDZ).[6] This concession in the face of violent resistance undermined international efforts in Mostar for years to come.

The Interim Statute, imposed in 1996, established Mostar as a highly decentralized city with far-reaching power-sharing mechanisms which sought to counteract the territorial control of the communities, while at the same time recognizing, and thereby institutionalizing, the ethnic divisions. The system of

governance was excessively complex in its attempt to prevent domination by either Croat or Bosniac parties. In the six municipalities, the local councils were set up to represent all three population groups according to the 1991 census. In addition, Muslims, Croats and 'Others' were represented in the municipal government and administration, replicating the power-sharing structures at the city, cantonal, entity and state level. Originally, the HDZ delayed the establishment of the local municipal councils and sought to prevent their statutes from including any power-sharing mechanisms, fearing that this would allow the Bosniac Party of Democratic Action (SDA) to challenge the absolute dominance of the HDZ in West Mostar.[7]

The allocation of seats in the municipal councils ensured that no one community would have an outright majority. In the predominantly Croat municipalities, for example, Croats were restricted to only between 10 and 12 seats (out of 25) with the rest reserved for other groups. This complex system was not free from abuse. The leading Bosniac and Croat parties (the SDA and HDZ respectively) sought to get round the ethnic quota system by placing Serb (or other) candidates on their party electoral lists and thereby managed to 'capture' the seats reserved for 'Others'. In other cases, there were not enough candidates from non-dominant communities, resulting in vacant seats.[8] Thus, the municipalities continued to operate as mono-ethnic, and segmented administrations, despite the international intention of using the complex electoral framework to ensure cross-ethnic consociational practices.

The competences of the city government were minimal[9] and the decision-making system cumbersome, with a mayor and a deputy mayor (each from a different community, that is, one Bosniac, one Croat),[10] who regularly rotated. In addition, the post of mayor was linked to the canton by requiring the governor of the canton and the mayor of Mostar to be from different communities.[11] The election of the mayor required a cross-community consensus, with all candidates requiring support from one third of Croat and Bosniac deputies.[12] In practice, this cross-community support did not result in the election of mayors who could command authority from both Croats and Bosniacs.

The mayor and deputy have been largely governing 'their' respective part of town through parallel institutions rather than governing the city jointly. The city council has been equally divided. During the first electoral cycle (1996/1997), the council contained a total of 37 seats, 16 of which were reserved for Bosniacs and Croats and five for others. Later, the membership of the city council was reduced to 30 with an equal share for Bosniacs and Croats and 'Others' (10 each), on the basis of the pre-war 1991 census. The council was elected through a city-wide list (12) and three deputies from each of the six municipalities, making elections rather cumbersome.[13] Power-sharing mechanisms also operated at this level with the president and the vice-president representing different ethnic constituencies.[14] In addition, all 'people' (Croats and Bosniacs) could invoke a veto if their 'fundamental interests' were affected. Unlike the current 2004 statute, there was no definition of what constituted a vital interest and the threshold for invoking a veto was relatively low (majority of representatives of one community), opening opportunities for blocking decision-making.[15]

In consequence, the city council failed to exercise properly even the limited responsibilities accorded to it by the interim statute and met on relatively few occasions.[16] Similarly, the central zone – comprising the historic town centre – never functioned, and the other municipalities encroached upon it. The institutional set-up of post-war Mostar was additionally plagued by the existence of fragmented formal institutions and parallel institutions which further weakened the already fractious municipal bodies. As a consequence, the six municipalities were, in fact, operating largely as if they comprised two separate municipalities: one Bosniac and one Croat. The central city administration was largely ineffective due to the complete parallelism of most institutions and double budgeting. According to the findings of the Commission on Mostar – appointed by the OHR in 2003 – this duplication of administration came at a cost: maintaining the bureaucracy required KM 288 (approximately €150) annually or five per cent of the average annual income of an inhabitant of Mostar.[17]

Ironically, the international presence reinforced the division between Bosniac and Croat parts of town. While the OHR declared attempts to unify the Croat municipalities illegal, unfortunately the interim statute and the substantial aid disbursement (some €150 million during the EU administration period alone) consolidated the segmented political structure of post-war Mostar. In addition, the limited foreign investment, for example, in the hydroelectric power plant and the aluminium factory, largely benefited the Croat parallel institutions in the city.[18] Finally, the frequent elections – citizens of Mostar chose their city council four times between 1996 and 2004 – legitimized the institutions and the office-holders, both representing the segmented structure of the city. Rather than challenging the ethnic division of the city, the rigid power-sharing system – instituted by the international administrators – both accepted and perpetuated the post-war status quo.

Over the years, the international community was able to ensure that – despite the failure of the institutional structures – a number of agreements were made between the Bosniac and Croat representatives, for example, overcoming obstacles to the freedom of movement and preventing continuing ethnic cleansing from West Mostar. However, in the face of the dominant Bosniac and Croat parties' continued resistance to institutional reform, the OHR established the Commission for Mostar. The Commission – composed of domestic and international experts and political representatives from political parties – proposed the creation of a single municipality. Community interests were to be protected through preserving the six municipalities – albeit only in the form of electoral units – to prevent outvoting, and, in addition, 'vital interests' were to be protected through a system of super-majority voting and veto rights, as is the case at the entity and cantonal levels.

When the local political parties refused to adopt the proposals, Paddy Ashdown, the High Representative, imposed the recommendations in early 2004, thus ending the formal ethno-political division of the city. The main opposition to the plans was led by the Bosniac SDA. The Croat HDZ had, in the post-war period, been the main opponents of the unification proposals; however, it was now aware that the Croat community formed an ethnic majority

across the city as a whole.[19] This meant it was the SDA that raised vocal concerns that the ethnic minority might find the veto rights and other protective mechanisms inadequate for promoting their particular interests.[20]

The general response to the international imposition was mostly one of passive acceptance (see Sumantra Bose, this volume), while most political parties welcomed or at least accepted the final statute. Croat and Serb parties criticized the separate electoral units: Croat opposition was based on a preference for city-wide elections, leading to their numerical domination of the city council; Serb parties feared that the fragmentation of the small Serb community into six electoral units would deprive them of representation (as it in fact did in the October 2004 elections).[21] Prior to the unification, a number of unrecognized referenda in some of the six municipalities revealed the sharp divisions, with Croat municipalities supporting a unified city and Bosniac municipalities sharply opposed.[22] These referenda results had no impact on international policy but strongly highlighted the lack of consensus over the future of Mostar.[23]

The new Mostar statute tones down the rigid power-sharing practised until 2004, indicating a learning process on behalf of the international community. There has been a move away from formalized rigid systems which can be dysfunctional, merely consolidating ethnic segregation. The 2004 city statute abolished the six municipalities, which had existed since 1996, and returned the city to its pre-war status as one municipality.[24] The city council is no longer composed of a pre-set number of representatives from each community, but on the basis of fixed parameters of a minimum number – four for the three constituent people and one for 'Others' – and a maximum number (15) of the 35 council members. Thus, electoral representation is geared at preventing both exclusion and domination.[25] While power-sharing might be weaker in regard to representation, consociational elements can be identified throughout the statute. The president and the vice-presidents of the council and the president and the mayor, for example, have to hail from different constituent peoples. The statute abolishes the position of the deputy mayor, but instead sets up the post of chief adviser, who manages the mayor's secretariat and has to be from a different constituent people than the mayor.[26]

National interests in Mostar are protected through both super-majorities and veto rights. All core decisions, such as amendments to the statute, the budget, symbolic issues (naming and city symbols) and the election (and dismissal) of the mayor require a two-thirds majority, that is, support from more than one community.[27] In addition, vital interests, as defined in the FBiH constitution (after the 2002 constitutional amendments),[28] can be invoked to veto council decisions.[29] A decision can be vetoed by a simple majority, if supported by at least two community caucuses, or a two-thirds majority, if only one community invokes a veto. In case the veto succeeds, the issue is referred to the Federation Constitutional Court; however, this has raised concerns over the court's already overbearing caseload. Unfortunately, there is no provision in the statute that would suspend the decision, pending the court's ruling, which may have the result that some vetoed decisions cannot be effectively nullified.[30]

The 2004 institutional set-up departed in a number of ways from the interim statute.[31] First, and most importantly, it abolished the six municipalities and thus put an end to the formal parallel governance structures which existed. In addition, it reduced the rigidity of the power-sharing system at the city level by no longer firmly setting the number of representatives per ethnic nationality and abandoning the position of the deputy mayor. Finally, the status of Serbs was formally upgraded to be equal to Croats and Bosniacs, even though numerically the community is only marginally represented. Other than that, the city remained firmly governed by power-sharing, requiring grand coalitions between the different communities, guaranteeing the representation of the communities and protecting vital interests through veto rights.

Governing Brčko

Brčko has adopted a different model of local governance. As discussed earlier, the status of the city was left to be resolved by an arbitration tribunal.[32] In preliminary decisions in 1997 and 1998, the municipality was placed under international supervision. In the final arbitration decision in 1999, the entire pre-war municipality was made an autonomous district, governed by its own laws and only subordinate to the state level, on the grounds that neither of the entities had fulfilled international demands with regard to refugee returns and good governance.[33] The 'autonomous' district became a full protectorate, whereby an international administrator appointed the mayor and all members of the assembly until 2004. Unlike the rest of BiH, which has been an informal semi-protectorate since 1997, the intervention of the international supervisor was direct and not in parallel to local institutions. The supervisor's powers allowed for a much more effective international administration than that available to the EU and the OHR in Mostar. The international administration faced similar opposition to its rulings, especially in the immediate post-war period, as in Mostar, but its opponents could not claim any electoral legitimacy.

Institutional engineering in Brčko was consequently more heavy-handed and direct than in Mostar, until the reforms imposed in January 2004. The international administration of Brčko had the *integration* of the district as its core task. Most decisions of the supervisors have been aimed at dismantling the entity-structures which were established prior to the arbitration decision. The new administration of Brčko, replacing the mono-ethnic systems, has been structured less along ethnic lines than in the rest of BiH. In particular, the system of governance lacks some of the formal power-sharing features possessed by the cantons and entities. For example, there are no veto rights for constituent nations, but instead most key decisions (election of the mayor, budget, laws, and appointment of police chief and their deputies) require a three-fifths majority, which prevents the marginalization of either of the two large communities (Bosniacs and Serbs). This type of decision-making could be described as an integrative system which requires cross-community consensus rather than a narrow majority subject to vetoes. The indirect election of the mayor was an exception (together with Mostar) from the rest of BiH, in an attempt to prevent the election of a mayor on the basis of the support of one community alone.

Prior to the 2004 elections, the 13 Serb, 9 Bosniac and 7 Croat members of the assembly were selected by the internationally-appointed supervisor on the basis of their 'quality of the application, professional background and potential constituencies',[34] and included representatives of the main political parties of both entities.[35] The international supervisor also sought to strike an informal balance between communities by allocating the three highest offices – the mayor, deputy mayor and the president of the assembly – to representatives from the three constituent nations. Veto rights – which do not explicitly exist in Brčko – have been frequently criticized for blocking decision-making in other parts of BiH. Thus, Brčko has been an experiment in decision-making not based on institutionalizing ethnic divisions, in a deliberate attempt to prevent special political privileges for the different communities, which would render governance more difficult.[36] Nevertheless, international intervention in decision-making has been commonplace due to a lack of consensus between the three constituent nations as represented in the local assembly. In this case the super-majority has often been no easier to attain than the task of avoiding circumventing vetoes (or their threats) elsewhere in BiH.

While in both Brčko and Mostar, the institutions were internationally imposed, their substance differed greatly. Mirroring the larger power-sharing systems in BiH, Mostar was governed (or rather not) by territorial decentralization along ethnic lines and weak power-sharing at the centre. The devolution of powers to the unit of greatest ethnic homogeneity increased the effectiveness of decision-making at this level but permanently weakened power-sharing. The emergence of parallel institutions in Mostar was thus a consequence of the rigid power-sharing structure which provided no incentives for cooperation at the city level. The power-struggle between the HDZ and the SDA (their cooperation not withstanding) meant that governance in Mostar was subject to other levels of power-sharing at the canton and entity levels.

Governance structures in Brčko, on the other hand, not only removed policy-making from the political party competition for power at the entity level, but also abolished any territorial decentralization along ethnic lines. Governance in Brčko, focusing only at the district level, thus provided greater incentives for compromise than in Mostar. Decision-making without veto rights further reduced the blockages of the ethnically-divided competitive party system. As it has been under international tutelage until 2004, the real test began only after the October 2004 local elections. Nevertheless, Brčko has already become a model of sorts. The statute imposed on Mostar by the OHR in 2004 follows a similar approach to that taken in Brčko and gives up on the gradualist approach towards integration. While having stronger consociational elements, it abolishes the territorial dimension of power-sharing and shores up the central institutions.

Measures of Success: Political Moderation and Refugee Return

The different trajectories of institutional design, at least until 2004, have resulted in divergent developments in both cities with regard to the development of the politics of moderation and, in particular, the return of refugees. Such

discrepancies attest to the importance of institutional design, especially at the local level where the impact on the return of individuals from a no-longer dominant community is most significant.

Electoral Dynamics and Moderation

Electoral dynamics have been fundamentally different in Brčko and Mostar. The first post-war elections in BiH took place in Mostar in June 1996, followed by three more local elections (in 1997, 2000, and 2004). Mostaris have had more opportunities to cast their vote than those living anywhere else in BiH. In Brčko elections took place only in 1997 and 2004.

Since 1996, elections in Mostar have been about which community controls the city. In the first post-war years, the slight dominance of the Bosniac community translated into SDA political dominance and demands from the party for an abolition of the separate municipalities and the unification of the city. As the demographics began to tilt towards the Croat population, support for unifying Mostar grew among the HDZ and dissipated within the SDA. In 1996, the votes were nearly evenly split between the two parties, squeezing out the only alternative, the United List, comprising a number of moderate candidates and parties. Despite the close race between the two national parties, the SDA was able to gain 21 seats on the city council – the 16 reserved for Bosniacs and the five set aside for 'Others', as its Serb and other non-Bosniac candidates received slightly more votes than those allied to the HDZ. The attempt at designing an institutional system which prevented the electoral domination of either community thus failed spectacularly.[37] This should have come as no surprise, considering that quota systems had a long history of use (and abuse) in former Yugoslavia (see Vanessa Pupavac, this volume). In 1990, for example, the SDA gained the upper hand in the Bosnian presidency by winning the seat reserved for 'Others'.

The new city council was only established in early 1997 – following protests by the HDZ over the SDA's dominance, which were placated only after the party received the position of mayor. Following the BiH-wide local elections in 1997, the balance of power remained similar and the mayor and his deputy merely switched positions. Elections a mere three years later, in 2000, gave some greater influence to the moderate Social Democratic Party (SDP) with nearly 13 per cent, but the SDA and HDZ remained unchallenged in the six municipalities. The elections in 2004, under the new statute, evidenced the reduction in influence of the two main nationalist parties since the end of the war. The SDA only received half the votes it got in 1996 (24.9 per cent) and the HDZ vote fell by about a tenth since the first elections (36.6 per cent). However, taking into account the votes for other nationalist parties, the dominance of the national Croat and the Bosniac voting blocks remained unchallenged. In addition, the weakness of the Serb parties is striking – even though some 6,000 Serb refugees have returned to the city since 2000, no Serb party managed to gain seats in the city council.[38] There has been little movement towards political moderation in Mostar since 1996 and the permanent polarization over who controls the city has fuelled the electoral chances of nationalist parties on both sides.

In Brčko, the elections were not fought over control of the city. Here, the core issue in the post-war period was not the unification of the city but rather the return of refugees. A full return of all refugees would have shifted the political balance back towards the Bosniac population. However, even the refugee question has declined in importance as Brčko largely ceased to have any strategic political relevance, once it became an autonomous district. This loss of the strategic link between the two halves of the RS was not the result of a demographic shift, or of changes reflected at the ballot box, but of the international arbitration decision. Subsequently, under international administration, the main political conflicts – between the Serb parties and international administrators – have been played out through bargaining behind closed doors rather than in any public competition for votes.

Brčko has seen some moderation in political preferences between 1997 and 2004, but this has mainly been in line with broader shifts across the whole of BiH. In 1997, the nationalist parties collectively gained a total of 71.3 per cent of the vote.[39] By 2004, this share had dropped to 43.52 per cent. The different social democratic parties increased their share in the meantime from just below 22 per cent to just above 30 per cent. As mentioned, the Brčko party situation closely reflects that of the two entities. Among Serbs, the Serb Democratic Party remains the most popular party, the HDZ has the most support among the Croats and among Bosniac voters the SDA is in second place. The main electoral shift has been away from the dominance of parties based in the RS; this has been caused by relatively successful levels of refugee return,[40] resulting in a majority in the city council for parties from FBiH.[41]

The post-election coalition brought together moderate Serb, Bosniac and Croat parties after the nationalist parties failed to gain support in the assembly for their coalition. This picture suggests that while FBiH parties may be gaining the upper hand in Brčko, nationalist parties continue to be strong, and it would be misleading to attribute any weakening of the national triumvirate in Brčko to any specificities of the district alone. However, cooperation between programmatically similar parties across the ethnic divide is rare in BiH – as even social democratic parties are shaded by their respective national perspective and there have been few opportunities for coalitions, except at the state level. The electoral dynamics of Brčko suggest that the city could possibly emerge as a starting point for cross-ethnic and cross-entity coalitions on the basis of programmatic similarities.

The results, however, do undermine the assumption that heavy-handed international intervention, as has taken place in the district since 1998, would automatically benefit more nationalist forces. Both Mostar and Brčko have seen political moderation between 1996/7 and 2004, with similar declines in nationalist party support. The comparison of political preferences thus suggests that the Brčko protectorate and the more integrative power-sharing system did not per se result in greater moderation, but neither did it lead to a political radicalization. It could be argued that there was little differential impact between the two cities when it comes to the politics of moderation. While territorial fiefdoms provided a disincentive of cross-ethnic cooperation in Mostar, international intervention in Brčko had some of the same effects.

Refugee Returns and Integrative Strategies

Bearing in mind the fact that the election results do not point to a fundamental difference between the two cities, regarding ethnic division and public sentiment, Brčko's success at the level of integrative strategies and the number of refugees returned since the war, is all the more remarkable. Both towns had been severely affected by the war. In Brčko, two thirds of the pre-war inhabitants became internally displaced or refugees, and some 39,000 Bosniacs fled the town, as did half of Brčko's Croats. In addition, some 28,000 Serb refugees displaced from elsewhere settled in the town, dramatically changing the city's demography.[42] Mostar saw similar large refugee flows which resulted in West Mostar becoming nearly exclusively Croat with most Serbs living in nearby regions in the RS and Bosniacs living in East Mostar.

In the first post-war years, virtually no non-Serb refugees or displaced persons returned to live in Serb-controlled Brčko. Since the first substantial minority returns started taking place in 1998, numbers in Brčko have exceeded those in any other area of BiH. The first arbitration decision in 1997 created a Return Commission, including the main international organizations as well as three mayors from each of the mono-ethnic regions of Brčko; however, by early 1998 only 710 families had returned. The conditions for return changed drastically with the creation of a multi-ethnic police force in late 1997 and the dissolution of pre-existing administrative structures and the establishment of the autonomous district in 1999. Between 2000 and mid-2004, more than 21,000 refugees and IDPs (15,000 Bosniacs, 3,800 Croats, 2,500 Serbs) returned.[43] During this period, Brčko received significantly more returnees than other regions of BiH, although latterly return rates across BiH have began to catch up.

In Mostar, the rates of returns have remained well below the BiH-wide average in the first years after the signing of Dayton. In fact, Mostar was one of the few places where families continued to be expelled after the end of the war. Obstruction, especially in Croat municipalities, kept returns low. However, between 2000 and 2001, numbers of minority returns increased 13-fold from just below 400 to nearly 5,000. In particular, Bosniacs began returning to Western Mostar and Serbs moved back to both halves of the town. By mid-2004, nearly 15,000 minority refugees had returned to Mostar in a four-and-a-half year period; but this figure was still lower, in both absolute and relative terms, than Brčko. Mostar is no longer a place where little movement across the imaginary and real borderlines takes place. Until the unified status of 2004, the reasons for returns lay in the stricter enforcement of property law and the increased international supervision of the return process since 2000.

In Brčko, the underlying social and economic climate has become more conducive to the return of citizens who are in a minority. Since 2001, schools have been unified and are teaching according to one school curriculum. While highly contested, including major protests by Serb students in 2000, and with exemptions for 'national subjects' (such as history and culture), the different nationally homogenous schools have been abandoned and gradually all classes have become integrated.

Mostar on the other hand, has had probably the most divided educational system in BiH, including the divisive establishment of two universities, one Croat and one Bosniac, and segregated schools with no reference to the 'other' in curricula and teaching. This degree of separation only began to be tackled seriously in late 2002 with the abolition of the special regime in the Hercegovina–Neretva canton, which delegated competences such as education to the municipalities, and these changes have been reinforced with the unification of Mostar in 2004. Echoing the delay in refugee reform, and indeed in integrative institutions, the education system lagged behind BiH-wide reforms, whereas Brčko pioneered them.

Conclusion

Overall, the differential impact of international intervention in the governance of these two cities was greatest when Brčko became an independent district, while Mostar still struggled with its administrative divisions. Since the international administration has taken a tougher approach to centralizing authority in Mostar, the gap between the two cities has decreased, reflecting to a degree the increasing convergence of their institutional frameworks as well as larger BiH-wide trends. The differences between the cities nevertheless remain stark. Brčko has exceeded the rest of BiH in terms of average salaries and economic opportunities,[44] whereas Mostar has lagged behind with high unemployment and less than average salaries.

In as much as both cities have been the target of extensive international aid, assistance and intervention since the end of the war, it appears that the resources invested have yielded more tangible results in Brčko. The relative success of the district has been conditioned by three factors. First, the fully-fledged protectorate was beefed up by considerable international resources and tax advantages over the rest of BiH, which enabled the international administration to fully integrate the city and pay higher salaries for civil servants.[45] This factor contributed to the success of integration, but not necessarily to its sustainability. Second, by creating an autonomous district, directly administered by an international appointee, Brčko was divorced from power-struggles both within and between the entities, whereas the firm division of Mostar was reinforced by the struggle for control over power and resources in the canton and in FBiH at large. This is not to suggest that the political system in Brčko is divorced from the entities; entity parties dominate, and social and cultural life remains divided by ethnicity. Third, while institutional design at the local level cannot be entirely divorced from the larger political context, decision-making has been more effective and no parallel power-structures emerged which were based along ethnic lines. Consequently, Brčko has been and probably will be a model for institutional design in other regions and at different levels of governance in BiH. Mostar, on the other hand, portrayed the weaknesses of the immediate post-war peace throughout BiH: the combination of weak power-sharing with decentralization along ethnic lines was taken to its logical conclusion in Mostar. The result was the failure either to create a functional city or to reduce fears of ethnic domination.

NOTES

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1. New entity laws were being drafted in late 2004, which sought to simplify this unruly legal framework.
2. See A. Lijphart, 'Constitutional Design for Divided Societies', *Journal of Democracy*, Vol.15, No.2, (2004), pp.96–109.
3. See B. Reilly, 'Post-Conflict Elections: Constraints and Danger', in E. Newman and A. Schnabel (eds), *Recovering from Civil Conflict*, London: Frank Cass, 2002, pp.118–39.
4. W. Sommers, 'Brcko District: Experiment to Experience', paper delivered at the conference, 'Delivering Public Services in Central and East European Countries', Krakow, 25–27 April 2002; Federal Office of Statistics, 'Estimation of Population of Federation of Bosnia-Herzegovina', 30 June 2004.
5. The statue was removed in October 2003. *Glas Srpske*, 16 Dec. 2003.
6. See S. Bose, *Bosnia after Dayton: Nationalist Partition and International Intervention*, London: Hurst, 2002, pp.109–10.
7. International Crisis Group, *Reunifying Mostar: Opportunities for Progress*, Balkans Report, No.90, 19 April 2000, p.16, at www.icg.org/home/index.cfm?id=1521&l=6.
8. Bose (n.6 above), pp.121–2.
9. They included public transport, the airport, urban planning and infrastructure, *Interim Statute of the City of Mostar*, 7 Feb. 1996, Art.7.
10. Ibid., Art.44.
11. *OHR Bulletin*, No.13, 6 Aug. 1996.
12. Interim Statute (n.8 above), Art.41.
13. Bose (n.6 above), pp.119–20.
14. *Interim Statute* (n.8 above), Art.26.
15. Ibid., Art.31.
16. International Mediator for the Federation of Bosnia and Herzegovina and Republika Srpska, 'Trip Report', No.4, 21–27 Aug. 1999.
17. Commission for Reforming the City of Mostar, *Recommendations of the Commission, Report of the Chairman*, 15 Dec. 2003, at www.ohr.int/archive/report-mostar/pdf/Reforming%20Mostar-Report%20(EN).pdf. It should be noted that the number of employees in the city administration in Mostar and Brčko was not that different. According to the Commission Report for Mostar, some 550 employees staffed the municipalities, plus 124 at the city-level. As of 2001, Brčko had approximately 720 employees – excluding police (322), health (594) and education (703) – possibly suggesting that in Mostar the ineffectiveness of the administration has been a greater problem than size. Global-Kontakt, Vodič za građana kroz Brčko Distrikt Bosne i Hercegovine, 2001.
18. International Crisis Group (n.7 above), pp.3, 6.
19. Ibid., p.6. The ICG suggests that the change of heart of the HDZ was the direct result of the electoral commission publishing the list of eligible voters in 2002. On the basis of this data, the Croat dominance of the Mostar municipality became obvious.
20. An overview over the different proposals can be found in Commission for Reforming the City of Mostar (n.17 above), pp.59–69.
21. 'Reaktionen aus Sarajevo und Banja Luka auf das Mostar-Dekret des internationalen Bosnien-Beauftragten', *Deutsche Welle Radio*, 29 Jan. 2004.
22. FENA, Federal News Agency, 10 and 26 Jan. 2004.
23. M. Martens, 'Versöhnung durch Dekret', *Frankfurter Allgemeine Zeitung*, 23 July 2004.
24. Only a small slice of land from the pre-war municipality remained with the RS. The six municipalities continued to exist only in the form of electoral constituencies and administrative areas. See further, *Statute of the City of Mostar*, 28 Jan. 2004, Art.7, at www.ohr.int/decisions/mo-hncantdec/default.asp?content_id=31707.
25. Ibid., Art.17.
26. Ibid., Art.51.
27. Ibid., Art.33; Art.44.
28. See F. Bieber, 'With More Complexity towards Better Governance? The 2002 Constitutional Amendments and the Proliferation of Power-Sharing in Bosnia and Herzegovina', C. Solioz and T. K. Vogel (eds), *Dayton and Beyond: Perspectives on the Future of Bosnia and Herzegovina*. Baden-Baden: Nomos, 2004.

29. *Statute of the City of Mostar* (n.24 above), Art.35.
30. See International Crisis Group, *Building Bridges in Mostar*, Europe Report, No.150, 20 Nov. 2003, p.10, at www.icg.org/home/index.cfm?id=2374&l=1.
31. The statute largely follows the recommendations of the Commission for Reforming the City of Mostar (n.17 above), and the International Crisis Group (n.30 above), p.6.
32. The tribunal comprised an international member and one nominated by each entity.
33. Brčko Arbitral Tribunal for Dispute Over the Inter-Entity Boundary in Brčko Area, 'Final Award', 5 March 1999.
34. OHR, 'Brcko Supervisor Appoints New Councilors in the Brcko Interim Assembly', Brcko Press Release, 25 Sept. 2001.
35. N. Herceg and Z. Tomić, *Izbori i izborna kampanja u Bosni i Hercegovini 2000 godine*, Mostar: Sveučilište u Mostaru, 2001, p.70.
36. International Crisis Group, *Bosnia's Brčko: Getting In, Getting On and Getting Out*, Balkans Report, No.144, 2 June 2003, pp.12–13, at www.icg.org/home/index.cfm?id=1475&l=5.
37. P. Shoup, 'The Elections in Bosnia and Herzegovina: The End of an Illusion', *Problems of Post-Communism*, Jan./Feb. 1997, p.8.
38. D. Savić, 'Mostar bi prvi put u istoriji umjesto gradonačelnika mogao dobiti - gradonačelnicu?', *Slobodna Bosna*, 21 Oct. 2004, pp.17–18.
39. In 1997, elections only took place in the Serb-held region, with the Bosniac and Croat refugees located on the Federation-controlled parts of the municipality being allowed to vote in RS.
40. C. Dahlman and G. O. Tuathail, 'Territorial Conflict and Displaced Populations: The International Supervision of Brčko, Bosnia', paper presented at the Conference on Territorial Conflict Management, University of Illinois, Urbana-Champaign, 1–3 Oct. 2004, at www.acdis.uiuc.edu/Research/TerrConMng/TCMPapers/Dahlman.pdf.
41. M. Pargan, 'Hrvatske stranke ne žele Dapu za gradonačlnika,' *Slobodna Bosna*, 21 Oct. 2004, pp.18–19.
42. See International Crisis Group, *Brčko: What Bosnia Could Be*, Balkans Report, 10 Feb. 1998, at http://intl-crisis-group.org/home/index.cfm?id=1506&l=1.
43. UNHCR, *Returns summary to Bosnia and Herzegovina from 01/01/1996 to 30/06/2004*, 2004.
44. B. Lomović, 'Distrikt Brčko: Država u državi', *Politika*, 8 Sept. 2003.
45. Due to tax advantages and its own customs service, the district has disproportional resources at its disposal. The Public Administration in Brčko is the most costly in the country due to high salaries. See European Stability Initiative, *Post-Industrial Society and the Authoritarian Temptation: Governance and Democracy in Bosnia*, Berlin and Sarajevo, 2004, p.18, at www.esiweb.org/pdf/esi_document_id_63.pdf.