

Experiences, Problems and Prospects of Local Government in the Western Balkan Region

Conference

Decentralization Policies: Reshuffling the Scene

Dubrovnik, May 10, 2015

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Introductory remarks

- **The Western Balkans** – consisting of Albania, Bosnia and Herzegovina, Montenegro, Croatia, Kosovo (UN 1244), (FYRO) Macedonia, and Serbia
- **Former Yugoslavia:** all of them + Slovenia – Albania
- Cultural and historical **ties** are especially evident among ex-Yugoslav countries, although we have at least two subgroups of countries within this group (Slo, Cro, BH to a certain degree; Srb, Mac, Mn, Ks); similar languages
- **EU member states:** Slovenia (1st May 2004), Croatia (1st July 2013)
- **EU candidate countries:** FYR Macedonia (2005, accession negotiations have not started yet), Montenegro (2010; negotiations from 2012), Serbia (2012, negotiations from 2014), Albania (2014)
- **Potential candidates:** Kosovo; Bosnia and Herzegovina
- Independence of Kosovo is not recognized by five EU MS (Cyprus, Greece, Romania, Slovakia, Spain); SAA with B&H has been ratified in 2011, but implementation has been delayed

Introductory remarks

| | Bosnia & Herzegovina | Croatia | Kosovo | FYR Macedonia | Montenegro | Slovenia | Serbia | Total / average |
|-------------------|----------------------|---------|--------|---------------|------------|----------|--------|-----------------|
| Inhabitants mil. | 3,872 | 4,285 | 1,859 | 2,023 | 0,620 | 2,053 | 7,498 | 22,210 |
| GDP pc ppp \$ | 9,535 | 21,366 | 8,884 | 11,612 | 14,132 | 28,996 | 13,020 | 15,364 |
| TI CPI 2014 | 39 | 48 | 33 | 45 | 42 | 58 | 41 | 46 |
| Growth rate 2013 | 2.5 | -0.9 | 3.0 | 3.1 | 3.3 | -1.0 | 2.6 | 1.8 |
| Unemployment rate | 27.5 | 17.3 | 30.0 | 28.0 | 19.0 | 13.0 | 17.6 | 21,8 |

Muddled governance in SEE region

- ✓ 'Science of muddling through' (Ch. Lindblom) – still muddling, not yet through
- ✓ Many countries trapped in the governance hole, without clear governance ideas, but with very slow governance improvements
 - ✓ Struggle between cosmopolitans (Europeans) and nationalists and populists
 - ✓ Top-down formal Europeanization
 - ✓ Regional cooperation and mutual learning
 - ✓ Shy administrative modernisation and hesitating decentralisation
 - ✓ Politicization and authoritarian culture
 - ✓ Legalistic approach to education of civil servants results in bureaucratic frame of reference
 - ✓ Europeanization of the system of legal protection of citizens still on its way

Local government issues

- **Territorial fragmentation**
- Widening local functions; re-focusing on the new tasks
- Development in the multi-level context
- **Search for a new legitimacy**
- Financial autonomy – central state domination, austerity & new arrangements (savings, EU funds, local management & entrepreneurship)
- Capacity building (personnel; organisational; financial; local decision-making autonomy)
- Central control – legal, institutional and functional aspects

Territorial fragmentation

| | Bosnia & Herzeg. | Croatia | Kosovo | Mace- donia | Monte- negro | Slovenia | Serbia | Total |
|------|------------------|---------|--------|----------------|-----------------|----------|--------|-------|
| 1954 | 423 | 744 | 202 | 233 | 85 | 386 | 2,107 | 4,180 |
| 1964 | 106 | 111 | 28 | 61 | 20 | 62 | 189 | 577 |
| 1974 | 106 | 105 | 22 | 30 | 20 | 60 | 157 | 500 |
| 1984 | 109 | 113 | 22 | 34 | 20 | 65 | 164 | 606 |
| 1994 | 109 | 489 | 28 | 34 | 20 | 147 | 161 | 988 |
| 2004 | 142 | 550 | 30 | 84 | 20 | 193 | 160 | 1,179 |
| 2014 | 143 | 556 | 34 | 84 | 23 | 212 | 145 | 1,197 |

Territorial fragmentation

- Inhabitants in the former Yugoslavia and Croatia (in thousands) / average local unit

| | | | | |
|------|--------|--------|-------|--------|
| 1953 | 16,937 | 4,052 | 3,936 | 5,290 |
| 1961 | 18,550 | 29,919 | 4,160 | 17,048 |
| 1971 | 20,520 | 41,040 | 4,426 | 42,154 |
| 1981 | 22,425 | 43,798 | 4,601 | 40,721 |
| 1991 | 23,528 | 41,205 | 4,784 | 42,339 |

- Average size of municipalities differs significantly

| Bosnia & Herzeg. | Croatia | Kosovo | Mace- donia | Monte- negro | Slovenia | Serbia | Total |
|------------------|---------|--------|----------------|-----------------|----------|--------|-------|
| 26,370 | 7,751 | 58,867 | 26,967 | 26,958 | 9,727 | 55,836 | |

Territorial fragmentation

- Different patterns during last 25 years
 - a) General situation: increasing numbers of local governments
 - b) Croatia (4x; 392%), Slovenia (2x; 226%), FYR Macedonia (1,5x; 147%): **fragmentation**
 - c) Kosovo (41%), Bosnia and Herzegovina (30%): **moderate increase**
 - d) Montenegro (15%), Serbia: **stability** of territorial structure
- The second tier: Croatia – 20 counties + CZ; B&H as a federation (FBH, RS, BDC)
- Considerable number of municipalities with a population **below 5,000 inhabitants** (Croatia: 71%, Slovenia 52%)
- Inter-municipal cooperation is slowly progressing (municipalities with better capacities are more cooperative)

Local scope of affairs

- Very wide scope of local affairs in the socialist period (including influence over police, a part of the Army – Territorial Defence, justice system, tax collection, etc.)
- **Centralisation** and transfer of significant part of previously local functions to the newly established central states (Croatia, Slovenia, to a degree in other countries)
- Ratification of the European Charter of Local Self-Government: Slovenia 1996, FYRM 1997, Croatia 1997, B&H 2002, Montenegro 2005, Serbia 2007, (Albania 1998)
- **Croatia** – local functions: severe centralisation during 1990; first wave of decentralisation in 2001 (to 33 cities and 20 counties only), the second wave in 2005 (to large cities and county seats; 24 of them)
- **Hesitating decentralisation** and certain distrust of local level
- Widening local functions; re-focusing on **the new tasks** (development, ecology)
- **Development in the European multi-level context**

Changing local governments in changing environment

- Changing **economic environment** because of wider NPM reforms, wars, losses, economic crises, austerity measures, etc. – focus on public services LSG delivers and their quality, introduction of performance management system, reorientation towards alternative resources (EU funds, borrowing, bonds...)
- From previous separation of governmental levels towards inter-municipal cooperation and **multi-level governance**
- From relatively autonomous functioning of each local unit towards **polycentric model**, with leading role of urban units
- Pressure towards **consolidation** in certain countries (Macedonia – 2003: from 123 to 84, Croatia)
- Still a pressure to establish **new** municipalities (Montenegro, Kosovo), an intention to introduce **polytypic** organization (Montenegro) – territorial structures have not been stabilized yet

New intentions, old problems?

- Support to economic and social **development** – municipalities have to deliver and support, not just to „function”, not just to politicise, not to administer
- More **integrated, cooperative** model of functioning within the public sector, both vertically (inter-level cooperation) and horizontally (inter-municipal cooperation)
- **Urban** units take the leading role, because they have better capacities – opportunity to universities etc.
- **Problems:** poor democratic legitimacy, non-transparent management, strong perception of corruption, low financial autonomy, weak local organizational and personnel capacities, control schizophrenia

Search for a new legitimacy

- Under general criticism about non-responsive political systems and more specific criticism about weak, insignificant role of local governments, countries in the region are searching for new forms of strengthening local democratic legitimacy
- Several traditional forms are legally provided for:
 - a) Referendum
 - b) Citizens' initiative
 - d) Sub-municipal governments (small territorial communities, city districts)
 - e) Occasional consultative meetings
- Sub-municipal forms are well-known in local governance practice (territorial communities, territorial committees, etc.); consultative meetings are rooted in tradition, but not frequently used (research in Croatia, 382 researched units: not used in 77% of units; other units reported 284 consultative meetings in 20 years); other forms such as local referendum and citizens' initiative are rarely used (Croatia: only 15 referenda; 11 citizens' initiatives)
- Open local government concept: various measures and institutions for improving access to local governments' information, financial and overall transparency, ethical standards in local politics, etc.

New forms of citizens' participation

➤ a) Direct election of mayors

- Slovenia 1994; FYRM 1996; Montenegro 2003 (only in the two election periods); B&H 2004; Serbia only in one election period (2004-08); Kosovo 2007; Croatia 2009 – political democracy and managerial efficiency; but serious possible negative consequences (eg. mayors of Zagreb, Ljubljana, etc)
- Stronger competences, firmer leadership of municipalities (Slovenia)

➤ b) Recall referendum

- Has to ensure influence of citizens over mayors' way of leading municipalities
- Different legal regulations, but mainly not effective mechanism (not a single mayor was recalled in Croatia in the 2009-2015 period; only three possible terms for instigating recall procedure during the mandate)

➤ c) Independents

- Local list competing for the seats in councils, or local candidates for mayors
- Proposed by the groups of voters, not by political parties
- Moderate support (Slovenia, Croatia – about 20%), but different success (in Croatia 20% of voters' support results in about 10% of seats in local councils and about 8% of mayoral positions; in Slovenia candidates for mayoral positions have much better results)

New forms of citizens' participation

- d) Quotas for minorities (minority representation)
 - Frequently – quotas for national minorities, and gender representation
 - For example, about 310 special minority councils and 230 minority representatives in Croatia (7,7% share of all national minorities in total population)
- e) Youth councils
 - An answer to general decline in youth political participation
 - Croatian youth councils established on the basis of the 2007 Law, as a kind of consultative bodies of local councils
 - Purpose: to attract young people to participate in local public life
 - About 200 councils with about 2,000 members (better practices in cities and towns, significantly worse in smaller municipalities)
- f) Other forms: public consultations, participative budgeting, strengthening local civil sector, development partnership bodies, etc.
 - Interesting example of plena (plenum) in B&H from February 2014 (till summer 2014) – form of direct democracy with the purpose to influence, recall, command over, local and cantonal executives and representative bodies

Financing local autonomy

| | Bosnia & Her. | Croatia | Kosovo | Mace-donia | Monte-negro | Slovenia | Serbia | Year |
|--------------------|---------------|---------|--------|------------|-------------|----------------|--------|--------|
| Gov.exp. % GDP | 49.2 | 42.5 | - | 31.3 | 43.8 | 49 | 45.2 | (2014) |
| L.exp. % GDP | - | 6.8 | 8.4 | 5.6 | 3.9 | 9.6 (2012) | 5.7 | (2011) |
| L.exp. %GGEExp. | - | 16.6 | 48.6 | 20.4 | 8.5 | 19.5 (2012) | 13.7 | (2011) |
| L.rev. % GDP | 5.1 | 4.5 | 7.1 | 5.6 | 6.5 | 6.2 | 5.6 | (2010) |
| L.rev. % Pub.r. | 11 | 12 | 25 | 17 | 15 | 15 | 14 | (2010) |

Issues for discussion

- ❑ Unclear role of local self-government in the national settings – **what are the goals**, why is LSG needed?
- ❑ Central states have been strengthening and spreading their local branch offices (**deconcentrated** state), but what is the situation with local governments?
- ❑ What about **regionalism** and regional government; regionalism as a politically dangerous movement?
- ❑ Need to build **partnership in wider European space** – what about capacities?
- ❑ **Urban** units as the possible drivers of change and development?
- ❑ Entrepreneurship and management; but what with **transparency, good governance, and social services**?
- ❑ How to improve both, local democracy and local **professionalism**?

Conclusions

- ❑ Reliability of data; different methodologies; defective and **inconclusive official statistics**
- ❑ **Lack of scientific researches** (lack of funds); lack of scientifically based comparison – focusing efforts and research money on this part of Europe is necessary
- ❑ Despite partly common tradition of local self-government, countries in the region differ significantly **in certain issues** (territorial arrangements and division of tasks and functions among governmental levels)
- ❑ There are **many similar influences and commonalities** of the local government systems in the region – opportunity for mutual learning and exchanges
- ❑ Crisis is a chance, but can **deteriorate local autonomy** to irreparable degree – decentralization is needed