

PUBLIC ADMINISTRATION AND LOCAL GOVERNMENT IN POST-COMMUNIST ERA IN BOSNIA AND HERZEGOVINA, KOSOVO AND SERBIA

Aida Zaka

PhD Candidate

Email: aidazaka@yahoo.com

ABSTRACT: *Public administration reform is one of the main elements of structural reforms in the public sector, in an effort to achieve long-term sustainability of public finance and establish a sound business environment and to increase the quality and efficiency of the public services to the citizens. Public Administration Reform is a very broad concept a very comprehensive and include process changes in areas such as organizational structures, decentralization, personnel management, public finance, results-based management, regulatory reforms, revision of the civil service statute ect. Decentralization is a very important element of the Public Administration Reform as a whole and have a high importance in the entire process. Because of this importance and the big complexity of the issue in this paper I will analyze only the decentralization and local government reform as part of Public Administration Reform. All other pillars that represent Public Administration Reform needs also a special and deep analyze as well. From the mid-1980s onwards, a wave of decentralization reforms swept across the developing world, aimed at transferring responsibilities, resources and authority from higher to lower levels of government. In April 1996, the United Nations General Assembly, at its resumed 50th session, adopted resolution 50/225 on Public Administration and Development. The resolution confirmed the vital importance of strengthening public administration. Decentralization of governance is an important part of the process. Decentralization and local governance are recognized as basic components of democratic governance as providing the enabling environment in which decision-making and service delivery can be brought closer to local people and a very important pillar of Public Administration. Decentralized governance is commonly regarded as a process of transferring powers, functions, responsibilities, and resources from central to local government and other entities on local level. From the organizational point of view, it is a process of restructuring of authority, so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of sub-national levels. Decentralized governance provides the legal, administrative and fiscal frameworks for the empowerment of people and their institutions at sub-national levels, from regional to local. The Millennium Declaration, upon which the Millennium Goals are based, recognizes democratic governance, of which public administration is a key component, as central to the achievement of these goals. Each country followed its own trajectory related to historic legacies, geographic features, political factors, and prevailing socio-economic conditions and culture. This paper presents the characteristics of Public*

Administration and Local Government Reforms in Bosnia and Herzegovina, Kosovo and Serbia. (all countries of Western Balkan) in Post-Communist Era. In Western Balkan, part of the former Soviet Union, decentralization has been part of the political and economic transformation process, after 1989/1990 from a socialist system to a market economy and had to cope with three fundamental transformations; from a centrally planned state economy to a private market economy; from authoritarian centralized rule to a pluralist democracy; and from party and state-dominated societal organization to a relatively autonomous civil society. Additionally this countries face two development challenges: first, emerged from a decade of conflict and crisis, which influenced the economic, social and political life and structures and second, delayed transition from their socialist systems presents specific significant needs regarding reforms in their economies and public administration. The methodology used is the descriptive one as well as, analyze and comparative, based on secondary empirical data. The conclusion of this paper is that during the last years it is evident a visible progress regarding local government decentralization reform in counties analyzed. This progress has also positively affected their membership status towards EU. But the progress made so far has been slow and is still far from real decentralization parameters. Burdened with ethnic and nationalist conflicts the decentralization reforms are characterized by fragmented structures with unclear division of levels and powers, and non-existent accountability mechanisms.

KEY WORDS; decentralization, western Balkan, Bosnia and Herzegovina, Kosovo, Serbia, post-communist era.

INTRODUCTION

Definition and a short historic summary of Western Balkan Countries

The Western Balkans is a geopolitical term coined by the European Union structures in the early 2000s and referring to those countries in south-eastern Europe that were not EU members or candidates at the time but could aspire to join the bloc. Originally, the Western Balkan region consisted of seven countries – Albania, Bosnia and Herzegovina, Croatia, Kosovo, FYRM Montenegro and Serbia. Croatia has joined the EU 5 years ago and for this reason usually today doesn't consider as Western Balkan country.

The geographical location of Western Balkan is important for Europe in terms of security, stability, trade and transit routes. Between 1918 and 1991, all Western Balkan countries except Albania were part of Yugoslavia. After the Second World War, similarly to most of their central and eastern European neighbors, the countries were under communist system. However, in 1948 Yugoslavia split with the Soviet Union and remained independent from major geopolitical and military blocs in Europe, becoming one of the founders of the Non-Aligned Movement. After 1950, Yugoslavia developed a unique decentralized market socialism model based on employee-managed firms. Although this did not protect the country

from macroeconomic disequilibria (high inflation, hyperinflation, large external debt and high unemployment) it allowed the creation of quasi-market institutions and market-oriented microeconomic behavior. Ex-Yugoslavia remained relatively open to the world in terms of trade and its citizens' freedom to travel. By contrast, Albania chose an very conservative model of a centrally planned economy, based on national self-sufficiency and closed to the outside world.

The disintegration of the Yugoslav Federation signified the commencement of a rather difficult period for its former federal units. The establishment of new independent states, starting in 1990s was accompanied by the attempts at transition from the planned to market economy as well as from the one-party to multi-party system. The independence paid by numerous war sacrifices left long-standing consequences on the development of the whole region. Most of its successor states suffered from violent ethnic conflicts, which impacts the entire region in terms of war damage, human suffering, disrupted trade links, refugee flows, sanctions, organized crime and so on. The series of civil wars in the region, which lasted throughout the 1990s, was stopped after many years only by the intervention of United Nations and North Atlantic Treaty Organization (NATO) forces. Politics in those communities continues to be dominated by nationalist sentiments. As a result, the international community must continue its peacekeeping mission and state-building support more than 20 years after the end of the war in ex Yugoslavia countries.

Serbia and five EU member states (Cyprus, Greece, Romania, Slovakia and Spain) still nowadays do not recognize Kosovo as an independent state. Internally, Kosovo has failed to build peaceful relationships between the Albanian majority and Serbian minority, and its domestic stability relies on international peacekeeping forces. Bosnia and Herzegovina, where the civil war was brought to an end by the Dayton Agreement in 1995, is a very loose two-tier confederation of three ethnic communities that is hardly manageable at the central. Greece disputes Macedonia's country name and this conflict has frozen the country's EU and NATO accession process for more than decade. Internally, Macedonia has suffered periodically from ethnic tensions between the Macedonian majority and the Albanian minority.

The characteristic of (de) centralization in Communist Era

The Communist regimes were institutionally characterized by the omnipresence of a totalitarian State which, in order to serve the Communist Party as an instrument of centralized rule, encompassed the state-run economy and also permeated the entire societal sphere. State administration was made up of a political and administrative apparatus which, following the doctrine of the unity of state power and so-called democratic centralism, was organized and ruled in a strictly centralized, hierarchical and top down manner. It did not allow any autonomy at the subnational levels and prevented the emergence of any independent economic and societal organization. Under these circumstances, local authorities were hardly more than the extended arms of the central government. Accountability of the local and regional administrative bodies to the local elected councils was perfunctory, as their collective

territorial responsibilities for their respective units were superseded by sectoral fragmentation. The elected assemblies were created more by nomination than by veritable elections. Although elections were held regularly and a democratic facade was maintained, they were in reality a more or less formal affair; more a manifestation of political loyalty than the exercise of voters choice. Real decision-making power resided with the Communist Party bureaucracy. Territorial governments, their functionaries and personnel were under the permanent control of the Communist Party bodies, which instructed them how to act on important and politically sensitive issues and which could intervene at any moment in the decision-making process.

But this centralized model it was not the model of ex-Yugoslavia. The past decentralization experience (during 1974-1991) of the federal state it was really a experience of the extended self-administering system and extremely developed neighborhood system, where the direct involvement of citizens was a reality. This system was characterized with high level competencies of even national defense and economic regulation. Financially speaking, LGUs had almost complete autonomy

Bosnia and Herzegovina BiH

Postwar Bosnia and Herzegovina (BiH) is undergoing at least a threefold transition: from conflict to peace, from communism to democracy and a market economy, and from membership in a federation to independent statehood. The legacy of the war significantly complicates the country's transition in comparison to neighboring countries. Regardless of numerous reforms some progress has been made in modernizing the legislative framework of decentralization, without deep changes in the structure system.

The last pre-war municipal elections were held in 1990 and during the war some internally displaced municipal council members established "municipalities-in-exile" during the war.

Bosnian conflict, ethnically rooted war (1992–95) in Bosnia and Herzegovina, a former republic of Yugoslavia with a multiethnic population comprising Bosniaks (Bosnian Muslims), Serbs, and Croats. After years of bitter fighting that involved the three Bosnian groups as well as the Yugoslav army, Western countries with backing by the North Atlantic Treaty Organization (NATO) imposed a final cease-fire negotiated at Dayton, in 1995. The agreement as well as subsequent and continuing negotiations are to settle the repatriation of refugees representing displaced and ethnically cleansed persons of each ethnic group¹. No municipality, village, city or settlement in Bosnia at the end of 1999 had a truly permanent population, since refugees from the war have not all returned, the ethnic composition of most areas changed dramatically during the war. Municipal elections were delayed several times and were hard to certify in the ethnically cleansed areas, where prewar electoral rolls were manipulated to mask the extent of ethnic cleansing. Municipal and general elections are scheduled for April 2000, contingent upon the implementation of a new election law.

¹ United Nations, General Assembly (Security Council) (1995) “ *General Framework Agreement for Peace in Bosnia and Herzegovina*”, Dayton - USA, 14 December 1995.

The first laws on local government were adapted during 1995 – 1999, but it was Bosnia and Herzegovina membership in Council of Europe in 2002 that marked a milestone in regard of decentralization.

The adoption of the new set of local government laws, in Republica Srpska in 2004 and in Bosnia and Herzegovina Federation in 2006 marked a new phase in decentralization reform in BiH.

In response to the war, Bosnia and Herzegovina Federation created many new municipalities, which increased the total number by almost half and fragmented many into sizes that may be too small for efficient service delivery.

More than forty new municipalities were created; some pre-war municipalities lost territory or were divided, many new municipalities were a “*Mjesna Zajednica*”² of the parent municipality that was split off. Most new municipal boundaries reflect changes in ethnic composition. Municipalities were divided between the Bosnia and Herzegovina Federation and Republica Srpska, and local governments with ethnic minorities became new municipalities. Basic administrative structures in Bosnia and Herzegovina are fragmented over the five levels of government: municipal, cantonal, entity, Brčko District and state levels³.

4

Governments in the two entities – the Federation of Bosnia and Herzegovina and the Republika Srpska – are responsible for the bulk of services, including internal affairs, economy, environment, social and health policies, justice, and direct taxation. The state-level authorities have responsibility for foreign policy, foreign trade, defense, customs policy, monetary policy, immigration, refugee and asylum policies, international and inter-entity law enforcement, communications, air traffic control, and payment of international financial obligations. The state has assumed further responsibilities for indirect taxation and the regulation of police, intelligence, judicial, and prosecutorial bodies, following a transfer of responsibilities from the two entities. This transfer of authority is frequently criticized by politicians in the RS and undermined by their entity government. The RS rejected of any even minimal, transfer of competences to the state level, combined with a refusal to coordinate or harmonize entity policies, seriously impedes the effective and efficient provision of basic services to citizens

Local Government Both entities in Bosnia (the Republika Srpska and the Federation of Bosnia and Herzegovina) are organized into municipalities as the basic local government unit. In addition to a federal level of government and local governments, the Federation entity contains ten sub-national units called cantons. They have their own legislature, basic

² Local community

³ European Bank for Reconstruction and Development (2014), “*Commercial Laws of Bosnia and Herzegovina*”, August 2014, pg 2-4.

⁴United Nations / DESA (2003) “*Bosnia and Herzegovina – Public Administration/ Country Profile*”, New York – US, December 2003, pg 2,5 & 7.

laws (constitutions) governors and ministries.

The Republika Srpska has a centralized administrative structure and Ministry of Local Self-Government to regulate and co-ordinate 64 municipalities. The Federation does not have a Ministry, but a Law on Local Self-Government, which forms the basis for the 10 canton laws that together with taxation and regulatory powers should coordinate 73 municipalities within the entity. Local government legislation in the entities and consequently cantons is derived from the state Constitution that essentially devolves all issues related to local self-government to the lowest possible level.

Under an arbitration ruling in 1999, the district of Brcko has a separate status from the two entities. The Federation and the Republika Srpska technically share sovereignty over the area, however, in March 2000 the High Representative formally established the institutions of the district, including its own Parliament, Constitution, and budgetary independence.

The decentralized state structure carefully balances political/ethnic interests. The national government remains weak.

FBH cantons have their own diverse organizational structures. Ten highly autonomous cantons—a legacy of protecting ethnic homogeneity—have fully fledged legislative and executive structures; the canton heads are elected by a majority of the cantonal Assembly from candidates nominated by legislators. The main organizational units of cantons are ministries. Each canton has its own legislation, regulation, decrees, administrative decisions that might affect the municipal level. Cities are an additional structure in urban governance. Cities have their own budgets, financed by own revenues, shared revenues, and grants from cantons in the Federation or Entity in Republika Srpska. There have been cases where the administrative relationship between cities and municipalities was not always clear and remained to be settled by politics or the judiciary. BH Municipalities had a history of self-governance. In the former Yugoslavia, municipal governments had significant functional autonomy.

Conflict legacies are reflected in current municipal structure. Municipalities vary widely in size, population, and resources. Population size ranges from a “micro” municipality with around 60 inhabitants, to Banja Luka with 225 123 inhabitants.⁵

The situation in Bosnia and Herzegovina is very specific with regard to governance issues: On the one hand, decentralization efforts are being brought to the local government units, on the other hand, the process of centralization is continued by the central state entities. It

⁵ Bojicic-Dzelilovic, V (2011) “Decentralisation and Regionalisation in Bosnia – Herzegovina: Issues and Challenges”, *LSEE Papers on Decentralization and regional Policy*, Nr 2, July 2011, [Vaduz](#), [Liechtenstein](#), page 15.

established a highly decentralized, fragmented state with weak central state institutions and two sub-state entities:

*Bosnia and Herzegovina is at an early stage with the reform of its public administration and noprogess has been achieved in the past year. A country wide public administration reform strategy is being developed and remains to be adopted. Further fragmentation of civil service in the Federation entity and at cantonal level increased the risk of politicisation.*⁶

Kosovo

Formal structures of local administration in Kosovo are inherited from the Socialist Federal Republic of Yugoslavia where local authorities exercised formal municipal functions as an extended arm of national government control. Institutional legacy has been continuously identified by both domestic and international agencies as a challenge in state administration. Following the setup of broad international presence in Kosovo in 1999 after the conflict situation, local government has been subject to a range of reform strategies over the years with several overlapping and others even contradicting each other.

Since its deployment in June 1999, the UN Mission to Kosovo [UNMIK] and other organizations have focused intensively on enhancing the quality of local governance. The UN Mission in Kosovo abolished former Yugoslav structures and re-established 30 municipal authorities with a European-based legal framework, based on the Regulation 2000/45 on Self Government of Municipalities in Kosovo⁷. Despite initial de jure devolution of rights to local authorities, several competences were recentralized soon after by the UNMIK administration. A significant factor in developments of local politics was the establishment of local provisional institutions through the appointment of the strongest political parties in a non-legitimate process.

This occurred until the first elections took place. Choosing local ‘partners’ was under the discretion of international staff. The election boycott of the Serbian community further diminished the potential of the central government to implement local government reforms.

Regulations on local competences and intergovernmental relations changed frequently making an exploration of the legislation and policies a challenge. Local government reform, addressed in 2003/2004 with the Standards for Kosovo policy, aimed to introduce local governments to benchmarks of good governance through measures of democratic institutions, rule of law, local development and integration of minorities. The following Framework for the Reform of Local Self-Government in 2005 did not result in diminishing the disparity between central and local interests and local governments were largely evaluated to fail in achieving standards of good governance.

⁶ European Commission (2018) “Key findings of the 2018 Report on Bosnia and Herzegovina”, Brussels, April 2018, file:///C:/Users/annax/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/MEMO-18-3408_EN%20(1).pdf.

⁷UNMIK (2000) “Regulation 2000/45 on Self Government of Municipalities in Kosovo”, 11 August 2000, Article 10.2

One of the principal advancements towards democratic local governance was Regulation No. 2007/27 “On Municipal Elections“ enabling the direct election of Mayors in municipalities. Annex III on Decentralization, of the Ahtisaari Comprehensive Status Proposal ensured a ‘final’ push for political, administrative and fiscal decentralisation. The significance of the new legal framework adopted in 2008, (after Kosovo Independence 17 February 2008) and the elements of power devolution were undermined by the political clashes between Albanians and Serbs and became more apparent to municipalities only recently as municipalities began to fully operationalise their aspirations of more competences. The structure of local governments in Kosovo is similar to the neighboring countries of the former Yugoslavia and to Bulgaria, Poland. Outside Prishtina the former 29 Kosovar municipalities covered dozens of villages and sub-municipal units. There were 1,412 villages, thus one local government spread over 47 villages (geographical units) on the average; with the total of 453 sub-municipal governments.⁸

While the local self-government system remained unchanged legal regulation of issues related to decentralization and advancement of administration and municipal government in Kosovo may be divided into three periods, such as:

Period during which municipalities were administered under Legal Regulations from UNMIK Administration, with a certain Municipal Administrator (UNMIK Regulation No.1999/14 and UNMIK Regulation No. 2000/45);

Period during which municipalities were administered under Legal Regulations from UNMIK Administration, but without International Municipal Administrator (UNMIK Regulation No. 2003/11 and UNMIK Regulation No. 2007/30);

and Period of local self-government according to the laws issued by the Assembly of the Republic of Kosovo (Law on Local Self-Government/2008 and revised continuously, 2013, 2015),

With the adoption of Regulation 2007/27 on Local Elections in Kosovo, became the first step towards local government reform. According to this regulation, citizens were entitled to directly vote their candidate for the mayor. Later some other changes were done in on the organization and functioning of local self-government, it strengthened the position of the Mayor as the highest executive. Reform of local government in Kosovo became a prominent issue in October 2002, when the then Special Representative of the Secretary-General of the United Nations, Michael Steiner, promised to decentralise local government structures in the hope of encouraging the Serb community to take part in local elections. One of the dominant issues challenging decentralisation reforms concerns the ethnic factor in Kosovo which ‘tainted’ any attempts to promote a solely administrative understanding of the reforms.

Kosovo Serbs living south of Ibër/Ibar river in Mitrovica, are scattered in different municipalities and have surpassed the big ethnic divide in recent years. The Serbian

⁸ Hajnal, G and – G.Péteri (2010) “Local reform in Kosovo”, *Final Report*, Pristina: Kosova Foundation for Open Society , February 2010, page 33.

community and the Serb political parties, under significant pressure from Belgrade, in the North have so far resisted integrating with Kosovo institutions. Parallel structures have decreased significantly after the international financial crisis of 2008, the Serbian government funds healthcare, education services in a number of Serb majority areas . After Kosovo's declaration of independence in 2008, Kosovo Serb leaders in the North began setting up their own local institutions, including a parliament.

Political developments in 2010 brought about a “Strategy for the North of Kosovo” by the International Civilian Office in Kosovo aimed at opening a Kosovo government office in an ethnically mixed neighbourhood in the north. Serbia and local Serb leaders strongly rejected the plan which lacked broad international support from EU headquarters and the International Steering Group.

Following Kosovo's Declaration of Independence, despite the powerful backing of decentralisation policies by the international community, local governance remains weak. The central government dependency on financial and technical assistance of international agencies diminished its power and authority to drive change towards new governance at the local level. Local administrations are weak, dependent on central government financing and often confused over the ever changing legal framework and its impact on their responsibilities and competencies. The difficult challenge remains to reconfigure the state's role at all levels of governing and to establish improved links between the centre and local levels as well as between citizen and state institutions.

Nevertheless, fiscal decentralisation is yet to be adopted in practice as municipalities continue to be deprived of full financial support for enhanced competences they obtained through decentralisation. Weak collection of taxes has maintained a strong motive for central government to withhold releasing full fiscal authority to local decision-makers⁹.

Serbia

During the socialist period, strong autonomy of local units was established in Serbia, as a characteristic of all republics of ex Yugoslavia. However, in the first decade after the collapse of the SFRY, local autonomy was undermined by the strong centralistic state politics that considered local level issues unimportant.

After the breakdown of the Socialist Federative Republic of Yugoslavia (SFRY)¹⁰, two main phases, each with two sub-phases, regarding the position, the role and the development of

⁹ European Commission (2018) “*Key findings of the 2018 Report on Kosovo*”, Brussels, April 2018, file:///C:/Users/annax/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/MEMO-18-3404_EN%20(1).pdf.

¹⁰ Serbia was a part of the Federal Republic of Yugoslavia together with Montenegro from 1992 to 2003 and the State Union of Serbia and Montenegro from 2003 to 2006. The latter fell apart after the referendum held in Montenegro in 2006, when each of the states became independent

public administration in Serbia, can be identified. The first one began in 1990 and ended in 2004, when the Public Administration Reform Strategy was adopted. It can be divided into two sub-phases: the period of repression, which ended with the breakdown of Milosević's regime in 2000, and the period of re(dis)orientation between 2000 and 2004. The second phase started with the adoption of the Public Administration Reform Strategy and can be called the phase of reformation. Its first sub-phase finished in 2008 with expiration of the Action Plan 2004–2008 for the implementation of the Public Administration Reform Strategy and adoption of the Action Plan 2008–2012 when the second sub-phase was launched.

During the 1990s, Serbia was confronted with hyperinflation as well as with economic, political and military sanctions caused by its politics towards the neighbouring countries. The role of public administration in that period was reduced to the execution of decisions issued by political bodies in the country. The issue of public administration reform was not part of the political agenda because public administration conducted its role effectively – it was the role of an instrument in the hands of the then Serbian president, S. Milošević. Milošević's regime fell after massive demonstrations in October 2000.

The first Law on Local Self-Government in Serbia in 1999 was characterized by centralist tendencies that led the further strengthening of the central government in relation to the local government. Serbia started the new century with transition from a significantly repressive system of governance to the new, pro-European political orientation. However, the transition did not happen quickly and easily. The Law on Local Self-Government in 2002 regulated all the issues of vital importance for the functioning of the local government, as well as strengthening the decentralization process. However, many solutions (e.g. issue of relation between the Assembly and the Mayor / Municipality president) caused confusion and problems in practice, so the functioning of local authorities was difficult.

Unequal development of Serbian municipalities and towns required gradual transfer of public competences to the local level. Weak local units were not able to carry the burden of extended scope of activities and that caused the opposite effect, i.e. strengthening of centralisation. After the Montenegrin secession, Serbian state administration required reorganisation.

Decentralization of power and local government reforms took place seriously for the first time in the political agenda of Serbia in 2004 as one of the six main reform principles of the Public Administration Reform Strategy 2004–2008, enumerated as follow; decentralization, depoliticization, professionalization, rationalization, and modernization¹¹. The conditions thereof were established in 2006, after the constitutional changes had taken place. The new Law on Local Self-government (2007), the Law on Local Elections, the Law on Territorial Organization, and the Law on the Capital City have all been adopted. However, the creation of a stable legislative basis was just the initial part of the reform, insufficient for the

¹¹ Džinić, Jasmina (2011) "Public Administration Reform in Serbia", *Croatian and Comperative Public Administration, Vol 11, Nr 4*, Zagreb: Croatia, Institut for Public Administration and Faculty of Law of the University of Zagreb, page 1079.

completion of decentralization process. The new Constitution has created the basis for local units to become property owners, which is a precondition for strengthening their financial autonomy. The National Assembly has ratified the European Charter of Local Self-government in 2007 whereby it has taken over the obligation to provide resources for execution of the self-government scope.

According to the Law on Territorial Organization of the Republic of Serbia (no. 129/07 and 83/2014), the territorial organization of Serbia consists of municipalities, cities, the city of Belgrade as a territorial unit, two autonomous provinces of Vojvodina and Kosovo-Metohia, as a form of territorial autonomy. Serbia has a total of 174 local government units, including 150 municipalities, 23 cities and the city of Belgrade with 17 municipalities¹². In fact there are 122 municipalities and one autonomous province after year 2008, when Kosovo declared its independence. Despite this reality, Serbian law still treats Kosovo as an integral part of Serbia (officially the Autonomous Province of Kosovo and Metohija). In the Brussels Agreement in 2013, Serbia agreed to disband its parallel municipal institutions in Kosovo, while the authorities of Kosovo agreed on creation of the Community of Serb Municipalities¹³. However, both parties acted slowly to put this agreement in power.

Municipalities have their own property (including public service companies) and budget with at least 10,000 inhabitants¹⁴. Only the cities officially have mayors, although the municipal presidents are often informally referred to as such. Cities are another type of local self-government. The territory with the *city* status usually has more than 100,000 inhabitants, but is otherwise very similar to municipality¹⁵.

In the last ten years, the legislation relating to local government has qualitatively changed. The legal regulations and the practical experiences at the local level, showed that the strengthening of local government is not only the extension of jurisdiction, but also the financial autonomy and the use of their own resources in order to stimulate socioeconomic development.

But in the same time in Serbia, a disproportion in the development of local government units is present, as well as the process of deepening the present differences. The disproportion can be seen in the high concentration of population and industry in several cities and in demographic and economic stagnation in the other parts of the country. The slow process of the decentralization and the legal framework that prevents disposition of the property, make a deeper gap between the rich and the poor local government units

¹² OECD ed.UCLG (2016) "*Serbia Unitary Country*", Study, Serbia: Belgrade, October 2016, <https://www.oecd.org/regional/regional-policy/profile-Serbia.pdf>

¹³ PM Office of Kosovo ed.PM Office of Serbia (2013) "*Serbia/Kosovo: The Brussels Agreement*", Brussel April 2013, file:///C:/Users/annax/OneDrive/Desktop/Turkey/Serbia/Serbia%20-%20Kosovo%20Agreement%202013.pdf.

¹⁴ OECD ed.UCLG (2016) "*Serbia Unitary Country*", Study, Serbia: Belgrade, October 2016, <https://www.oecd.org/regional/regional-policy/profile-Serbia.pdf>.

¹⁵ *ibid*

Serbia can be noticed in the dualism: Belgrade agglomeration - the rest of the country. Negative economic, demographic and infrastructural consequences of a rapid population growth of the Belgrade metropolitan area, as the main phenomenon of the centralization, are more and more present.

Fiscal decentralization often does not follow the transfer of competencies from the national level (and, in case of Vojvodina, provincial level), which affects effective operations of cities and especially (smaller) municipalities in Serbia.

Besides all of the problems above, EC in the last progress Report states: *Serbia is moderately prepared in the area of **public administration reform**. Some progress was achieved in the area of service delivery and with the adoption of several new laws. Serbia needs to implement its reform targets, professionalise and depoliticise the administration, especially regarding senior management positions, and ensure systematic coordination and monitoring of the public financial management reform programme 2016-20. Serbia's ability to attract and retain qualified staff in the administration dealing with EU issues will be crucial¹⁶.*

The process of integration in the European Union

The opportunity for Euro-Atlantic integration was offered to Western Balkan countries in 1999 in the aftermath of the Kosovo conflict. A cooperation agreement, the Stability Pact for Southern and Eastern Europe, was put in place in June 1999. This was an EU initiative but other countries (the US, Canada, Japan, Russia, Turkey, Norway and Switzerland) and a number of international organisations, were also involved. The pact had three major pillars – democracy, economy and security – and it opened the Stabilisation and Association Process (a first step towards potential EU membership) for the Western Balkans region. The Stability Pact was replaced by the Regional Cooperation Council in 2008.¹⁷ In the early and mid-2000s, the prospect of EU accession and the global boom facilitated rapid economic recovery and boosted economic and institutional reforms in the region.

The region it was able to apply for EU membership only after re-establishment of peace and for some of ex Yugoslavia's countries like Kosovo, BiH, Serbia, FYRM it was a very long way.

The potential eligibility of the Western Balkan countries to become EU members was confirmed by the Thessaloniki EU summit in June 2003. The European Council expressed '... its determination to fully and effectively support the European perspective of the Western Balkan countries, which will become an integral part of the EU, once they meet the established criteria' (Council of the European Union, 2003). Subsequently, Stabilisation and Association Agreements, which also include provisions for a Deep and Comprehensive Free

¹⁶ European Commission (2018) "Key findings of the 2018 Report on Serbia", Brussels, April 2018, http://europa.eu/rapid/press-release_MEMO-18-3406_en.htm.

¹⁷ See <http://www.rcc.int/home>

Trade Area (DCFTA), were negotiated, signed and ratified by the EU and Western Balkan countries.

Bosnia and Herzegovina; Stabilisation and Association Agreements entered into force in 2015 and one year later in 2016, the country presented the application for EU membership. Still has the status of “potential candidate country”.

Kosovo; Stabilisation and Association Agreements entered into force in 2016 and in the same year the country presented the application for EU membership. Still has the status of “potential candidate country”.

Serbia; Stabilisation and Association Agreements entered into force in 2013 while a year ago in 2012 the country obtained EU candidate status, The formal opening of accession negotiations with Serbia started on 29 June 2012 and the country received confirmation regarding opened membership negotiation on December 2017 on 12 chapters of the *acquis communautaire*.

CONCLUSION

During the last years it is evident a visible progress regarding local government decentralization reform in countries analyzed. This progress has also positively affected their membership status towards EU. But the progress made so far has been slow and is still far from real decentralization parameters. Burdened with ethnic and nationalist conflicts the decentralization reforms are characterized by fragmented structures with unclear division of levels and powers, and non-existent accountability mechanisms.

Bibliography

- Bojicic-Dzelilovic, V (2011) “Decentralisation and Regionalisation in Bosnia – Herzegovina: Issues and Challenges”, *LSEE Papers on Decentralization and regional Policy*, Nr 2, July 2011, Vaduz, Liechtenstein.
- Džinić, Jasmina (2011) “Public Administration Reform in Serbia”, *Croatian and Comperative Public Administration, Vol 11, Nr 4*, Zagreb: Croatia, Institut for Public Administration and Faculty of Law of the University of Zagreb.
- D. Miloš Sprčić and I. Wilson (2007) “The development of the corporate bond market in Croatia,” *EuroMed J. Bus*, Vol. 2, Nr. 4, Sep. 2007.
- Estrin, S. and M. Uvalic (2016) ‘Foreign direct investment in the Western Balkans: what role has it played during transition?’ *Comparative Economic Studies*, Volume 58, Nr 3, June 2016.
- European Commission (2012) “*Progress Report for Albania*”, Brussels, 10.10.2012.
- European Bank for Reconstruction and Development (2014), “*Comercial Laws of Bosnia and Herzegovina*”, August 2014.
- European Commission (2018) “*Key findings of the 2018 Report on Albania*”, Brussels, April 2018, file:///C:/Users/annax/Downloads/MEMO-18-3403_EN.pdf.
- European Commission (2018) “*Key findings of the 2018 Report on Bosnia and Herzegovina*”, Brussels, April 2018,

- file:///C:/Users/annax/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/MEMO-18-3408_EN%20(1).pdf.
- European Commission (2018) “*Key findings of the 2018 Report on Kosovo*”, Brussels, April 2018, file:///C:/Users/annax/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/MEMO-18-3404_EN%20(1).pdf.
- European Commission (2018) “*Key findings of the 2018 Report on the former Yugoslav Republic of Macedonia*”, Brussel, April 2018, http://europa.eu/rapid/press-release_MEMO-18-3405_en.htm.
- European Commission (2018) “*Key findings of the 2018 Report on Montenegro*”, Brussels, April 2018; http://europa.eu/rapid/press-release_MEMO-18-3409_en.htm.
- European Commission (2018) “*Key findings of the 2018 Report on Serbia*”, Brussels, April 2018, http://europa.eu/rapid/press-release_MEMO-18-3406_en.htm.
- EC (2018) “*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*”, Strasbourg, February 2018, https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf.
- Fouere, E. (2017) ‘Western Balkans and the EU: Still in stand-by’, Commentary, Italian Institute for International Political Studies, 10 July, available at <http://www.ispionline.it/en/pubblicazione/western-balkans-and-eu-still-stand-17166>.
- Hajnal, G and – G.Péteri (2010) “Local reform in Kosovo”, *Final Report*, Pristina: Kosova Foundation for Open Society, February 2010.
- Hunya, G. and M. Schwarzhappel (2016) “FDI in Central, East and Southeast Europe: Slump despite Global Upturn”, *FDI Report 2016*, The Vienna Institute for International Economic Studies, Vienna. Available at <https://wiiw.ac.at/slump-despite-global-upturn-dlp-3899.pdf>.
- IMF (2017a) ‘Albania: 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Albania’, IMF Country Report No. 17/373, International Monetary Fund, available at <http://www.imf.org/~media/Files/Publications/CR/2017/cr17373.ashx>
- IMF (2017b) ‘Former Yugoslav Republic of Macedonia: 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for the Former Yugoslav Republic of Macedonia’, IMF Country Report No. 17/354, International Monetary Fund, available at <http://www.imf.org/~media/Files/Publications/CR/2017/cr17354.ashx>.
- Law (8653/2000) “On the administrative-territorial division of the units of local government in the Republic of Albania”.
- Law (115/2014) “On the administrative and territorial units of local government in the Republic of Albania”.
- Ministria për Çështjet Vendore (2014) “*Administrative and Territorial Reform*”, General Report to the Committee on Administrative and Territorial Reform, Tirana, April 2014.

- Muk, Steve ed al. (2012) “ State Administration reform in Montenegro – Between ambition, plans and real possibility”, *Institute Alternative*, Podgorice – Montenegro, December 2012.
- OECD ed.UCLG (2016) “*Montenegro Unitary Country*”, Study, Montenegro: Podgorica, October 2016, <https://www.oecd.org/regional/regional-policy/profile-Montenegro.pdf>.
- OECD ed.UCLG (2016) “*Serbia Unitary Country*”, Study, Serbia: Belgrade, October 2016, <https://www.oecd.org/regional/regional-policy/profile-Serbia.pdf>.
- Parliament of Kosovo (2007) “Regulation No. 2007/27 “On Municipal Elections”, Pristina, Kosovo.
- PM Office of Kosovo ed.PM Office of Serbia (2013) “*Serbia/Kosovo: The Brussels Agreement*”, Brussel April 2013, file:///C:/Users/annax/OneDrive/Desktop/Turkey/Serbia/Serbia%20-%20Kosovo%20Agreement%202013.pdf.
- Sejdini, K.Miranda (2016) “An overview of the reformed local government in Macedonia”, *Business and Economic Research, Vol. 6, No. 1*, Las Vegas : Macrothink Institute, May 2016.
- United Nations, General Assembly (Security Council) (1995) “*General Framework Agreement for Peace in Bosnia and Herzegovina*”, Dayton - USA, 14 December 1995.
- United Nations General Assembly, (1996) “Resolution 50/225 on Public Administration and Development”. New York, United States, April 1996.
- UNMIK (2000) “Regulation 2000/45 on Self Government of Municipalities in Kosovo”, 11 August 2000.
- United Nations / DESA (2003) *B“Bosnia and Herzegovina – Public Administration/ Country Profile*”, New York – US, December 2003.
- World Bank (2017) “Western Balkans: Revving up the engines of growth and prosperity”, *World Bank Group*, Washington DC, available at <https://openknowledge.worldbank.org/bitstream/handle/10986/28894/ ACS22690.pdf>.