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**SELF-GOVERNING REGIONS AND
DECENTRALIZATION:
Slovak experience and opportunities in Serbia**

by

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EXECUTIVE SUMMARY

This policy proposal paper will analyze regionalization in Slovakia and potential models for regionalization of Serbia based on the application of the Slovak model. In this context, regional decentralization is studied as part of the process of regionalization as a whole. Relevant pointers have been established as to the success regions' functioning and regional development, along with the advantages and disadvantages of the Slovak model. By replicating several important aspects of the Slovak model in Serbia, three possible options have been found and the advantages and disadvantages of each of them are identified. We conclude by proposing the most suitable option with recommendations of Slovak experiences that should be applied, as well as experiences that should be avoided.

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SELF-GOVERNING REGIONS AND DECENTRALIZATION: Slovak experience and opportunities in Serbia

1. INTRODUCTION

Fundamental changes in governance are necessary if Serbia is to become a member of the EU and a country with stable democratic institutions, increased investment and equally distributed regional development. When compared to other European countries, Serbia is among the most centralized. Serbia is also characterized by low levels of democracy, a poor system of governance and high levels of corruption. Decentralization is therefore most certainly going to be an important aspect in the reform process.

A general consensus exists on the process of decentralization in Serbia. However, when it comes to regional decentralization or regionalization, the situation is much more complex. Opinion on regionalization in Serbia is divided and opinions on it are directly linked to the degree of knowledge about the process. On the basis of research conducted in Serbia, however, it can be concluded that there remains great ignorance of this subject.

As Serbia is now in a similar position as Slovakia was in the mid 90's (when it comes to the topicality of governing reforms and regionalization), it is important to establish how the process of regionalization proceeded in Slovakia, who supported it and who was against it, what options were considered and why today's model was ultimately chosen (what factors influenced that decision)? It is also useful to establish whether there were any difficulties in carrying out regionalization and, most importantly, what results have been achieved (why was regionalization introduced and have set goals been reached)?

By applying the Slovak model of regionalization to find a model of regionalization for Serbia a number of options can be identified. This practical policy proposal paper points to three options and elaborates on their advantages and disadvantages. Finally, the most suitable model is proposed.

2. PROBLEM DESCRIPTION AND IDENTIFICATION OF OPPORTUNITIES

The organization of territories, governance and authority as well as the distribution of political and economic power in Serbia does not meet the developmental and democratic needs of a modern society.

Firstly, Serbia is characterized by poor governance – something which is often cited as one of the main reasons for poverty in many parts of the world. Poor governance manifests itself in huge public spending, low quality of services and weak provision and securing of conditions for development. The quality of governance in Serbia can be discussed on the basis of public surveys on public services, comparing public spending and newly created

value, and by examining reports from international and global organizations studying governance (such as the World Bank or Atlas Transformations – BTI index, etc).

Secondly, Serbia is characterized by extremely high-level corruption. This is clearly illustrated in Transparency International reports and European Commission progress reports on Serbia.

Thirdly, Serbia lacks democratic values, viewed as an opportunity for citizens to influence the shape of politics outside elections. In addition, there is plenty of so called territorial tension due to an asymmetrical system of government and tendency in the media to identify the capital city with the whole country. This leads to a feeling of discrimination among citizens in certain areas of the country. A very low standard of living and dissatisfaction connected with this territorial tension could pose a serious threat to the stability of the entire country and its society.

All of this has had some worrying consequences. Information on negative demographics, dying out of communities in the countryside, huge demographic pressure on Belgrade and Novi Sad, low income, monopolies and cartels, dysfunctional education system, weak infrastructure and high unemployment rate best illustrates the current situation and the system's poor adjustment to the real needs of society.

The primary objective is to establish a functional governing system which should lead to democratic stabilization and optimal use of potentials for development. The question is, however, which are the most suitable instruments to achieve this? Practice, as well as science and research, show that the processes of decentralization and regionalization are generally helpful in promoting democracy by limiting the ground for systemic corruption and increasing the quality of governance. Democracy is also increased by bringing authority closer to the average citizen and citizens also have greater opportunity to control that authority. Even more importantly, it allows for easier representation of interests. As regional authorities are closer to real problems and more motivated than central administration, there is potential for development and an increase in the quality of governance. Finally, decentralization and regionalization would see political power broken into a greater number of political subjects which in turn lowers the chance of systemic corruption.

Hence, there is firm evidence that decentralization and regionalization can contribute to economic growth and a country's stability. These processes, however, are complex and determined by many variables which differ from state to state. Bearing in mind that the country's progress is the goal and that regionalization and decentralization are the instruments, a suitable arrangement must be chosen. In doing this, the experiences of other countries which have undergone or are going through this process can be of great significance.

In this sense the Slovak experience can be very instructive. Present-day issues in Serbia were in focus in Slovakia in the second half of the 90's and at the beginning of the 21st century. Ten years after the implementation of regional self-government, results in Slovakia have shown both the positive and negative aspects of the process.

Basically, all regions in Slovakia have become from 2 to 2.5 times richer during this period. In spite of that, however, there is a growing regional disparity between East and West. Without regionalization, this disparity would be even greater. By far the most developed region is the Bratislava self-governing region (the capital city, which has the country's best infrastructure and level of education, is part of an international corridor and a renowned regional brand), while the self-governing regions of Trnava, Trencin and Zilina have

accomplished the best results in their regional policies mainly because of their advantageous characteristics: they are regions which participate in the most important cross-border cooperation with the neighboring Czech Republic; regions with a developed transportation network, including the highway from Bratislava to Zilina, a good railway infrastructure, well-developed logistics centers and airports; high-grade universities and a larger number of people holding university degrees; cultural and historical links with the Czech Republic/Moravia, Vienna and Budapest; and the river Váh, most of its waters being navigable .

By replicating the Slovak model in Serbia (while taking some preexisting models in Serbia), a number of options are created. This includes the determining of regional responsibility, the status of regions, their size and the number of regions in proportion to the same parameters in Slovakia.

More precisely, the dimensions being replicated are:

1. The level (the size and number of regions); if the level is NUTS 3, a greater number of smaller regions is created and vice versa for NUTS 2
2. Responsibilities and status
3. The dominant role of the largest cities, emphasizing the size of a city according to its population and economic factors
4. Regional potentials along with existing capacities for development

This approach generated three possibilities:

The first option is use of the existing statistical regionalization of Serbia at NUTS 2 level and replicating the Slovak model. It is clear that regional potential for development, existing developmental capacities, size and physical characteristics are not being replicated here, but primarily responsibility and status.

The second option is the most "faithful" (has the largest number of replicated elements) replication of the Slovak model in terms of **the number of regions, size, level, status and responsibility, and the dominant role of the largest cities**. In this case there would be a greater number of smaller self-governing regions (11, without Kosovo) which would operate at NUTS 3 level, based on the EUROSTAT standard.

The third option is a model created by replicating the Slovak model in terms of **responsibility and status, regional potential for development and existing developmental capacities**. A model of 6 self-governing regions is created (without Kosovo) at NUTS 2 level.

Each option has its advantages and disadvantages which are to be elaborated upon. Finally, the most suitable option for Serbia will also be presented and explained.

3. POSSIBLE OPTIONS

The elaboration of options will be based on knowledge and experience of successful functioning of regions and regional development gained through research. After processing information acquired in Slovakia several conclusions were reached:

- The main factor for success of regionalization is **high quality infrastructure** (above all transport infrastructure – highways which facilitate regional development) and **levels of education** (the number of people with a university degree from high-grade universities in the region, and high levels of investment in research and development).
- The problem of regional centralization has been identified, which means that the city as a regional center is making progress while other parts of the same region are significantly underdeveloped.
- The need to introduce LAU1 level and the importance of micro-regional development
- It has been determined that the borders of regions were created politically and that an economic and managerial approach is lacking
- In Slovakia, possible future modifications are being considered towards a far greater role of NUTS 2 and LAU 1 level
- A clear tendency has been observed to a more fiscal decentralization
- The importance of timely and systematic work with individuals with university education on a national level in partnership with regional and local self-governments can be used to define and support the execution of a regional operations plan (ROP) and accompanying system operations plan in different fields.

3.1. The First Option – Using the existing statistical regionalization at NUTS 2 level and replicating the responsibility and status of regions

This option proposes that Serbia be composed of 4 self-governing regions (without Kosovo). These regions are Vojvodina, Belgrade, Sumadija-West and Podunavlje-South. Since the regions could not make legal decisions (i.e. pass laws) they would indisputably be regions below the level of autonomous provinces/regions, according to European experience.

Starting with the premise in this research that there is a great need for educated human resources and corresponding transportation infrastructure to facilitate effective functioning of regional self-government and its development, it can be concluded that these regions would meet the conditions. Novi Sad, Nis and Kragujevac are already university centers, have good infrastructure and are well-connected to key corridors. This means that the Slovak scenario in which some regions fall behind would be avoided.

This model has some serious disadvantages, however. The first disadvantage is that regions are quite cumbersome and there is little possibility of creating precise development plans that could address issues from all parts of a region. Secondly, because of the size of the regions and the distance from university centers and highways, many towns and areas would still remain in the same environment and that would hardly contribute to any development. There is therefore a danger of creating centralized regions or the risk of regional city centers growing while the rest of the region continues to struggle with poverty. In terms of democratic values, this option does not give good results as a gap in power between the regional authority and the common citizen is maintained. Finally, it is not rational to create large NUTS 2 regions that would use European funds. It is much more rational to have as many smaller NUTS 2 regions as possible, since the funding allocated to an EU member state would then be significantly greater.

3.2. The second option: Replicating the Slovak model in terms of the level of regions, size, responsibility, status and the dominant role of major cities (Subotica, Novi Sad, Sremska Mitrovica, Zrenjanin, Sabac, Belgrade, Smederevo, Cacak, Kragujevac, Nis and Leskovac)

Taking into consideration the aspects mentioned in the subtitle, Serbia would be divided into 11 self-governing regions (without Kosovo) at NUTS 3 level. This model bears most resemblance to the one introduced in Slovakia. However, taking into account the Slovak experience, there are several serious disadvantages to this.

Firstly, many regions would not have the necessary capacity for effective development. Secondly, the size of the region does not meet that of larger regional projects which are to be financed by the EU. In addition, Slovak experience indicates that there are huge problems when it comes to the coordination of self-governing areas so as to cover the NUTS 2 territory and access EU funds. Given our political culture (a new cultural model and public political culture are needed) this would also be a problem.

Thirdly, this model is somewhat unreasonable since the representatives of Vojvodina would never agree on dividing the province into smaller self-governing regions.

3.3. The third option: Replicating the Slovak model approximately in terms of size, responsibility and status, as well as the regional potential for development and existing developmental capacities



The third model represents, apart from replicating responsibility and status, a replication based on the approximate size (new NUTS 2 regions are closer to larger NUTS 3 regions in Slovakia in terms of size) and regional potentials for development and present developmental capacities. This means that Serbia would be divided into a number and size of regions proportionate to sizes and capacities for regional development of regions in Slovakia (positive experiences of self-governing regions of Bratislava, Trnava, Trencina and Zilina) and into two currently already dominant regions: Belgrade and Vojvodina. Besides the status and responsibility of regions (which are the same in all three proposals), the crucial factors in creating the regions in this instance are regional potential for development and existing

developmental capacities. By applying this method, 6 self-governing regions would be created (not including Kosovo), and registered as NUTS 2 regions.

The advantages of this model are the optimal size of regions from the aspect of European projects and generally from the aspect of regional management and development planning.

However, similarly to the previous model, a major disadvantage of this approach is that two regions would not have enough developmental capacity: the west (Zlatibor-Macva) and east (Podunavlje-Timok) region. In this case, centers that should act as a backbone to regional potential and an apolycentric axis of development (Uzice and Zajecar) are neither strong university centers nor centers with good transportation infrastructure. Bearing in mind the Slovak experience and their model, it is perfectly clear that these two regions would share the fate of the Presovsky region and that following the regionalization process a stagnation would ensue, in contrast to other regions with already well-established centers (Belgrade, Novi Sad, Kragujevac and Nis).

4. CONCLUSION AND RECOMMENDATIONS

It is first necessary to establish a foundation for state efficiency in relations between central and regional levels. Limits on the number of ministries (maximum 15), regional secretariats (maximum 14) (based on strategic regional policies), and number of employees should also be set to define standards for work in administration.

After the describing the models and elaborating their advantages and disadvantages, it is important to note which is most suitable i.e. closest to the ideal model. Some of the characteristics of the ideal model are: the corresponding size of the region, its borders based on economic and developmental resources and potential, suitability of infrastructure and high quality university centers, and decentralized regions (a good balance between regional and micro-regional development).

By applying these characteristics to the described models, the conclusion drawn is that the Third Option meets these conditions most closely, i.e. it has the fewest disadvantages. The disadvantages of this model are currently insufficient developmental capacities and connection potentials in the two mentioned regions. Namely, the regional centers of Uzice and Zajecar do not have adequate road infrastructure (no highway) and they are not suitable university centers. The remaining regions, all things considered, have satisfactory "starting positions." This ultimately leads to the following conclusion: **from the three models for Serbia the most adequate solution is the Third Option, however, the process of regionalization would be carried out in two stages.** During the first stage, responsibility would be transferred **from two to the four new regions**, with regional centers in Nis (Nisava-Jug self-governing region) and Kragujevac (Sumadija-Pomoravlje self-governing region). At the same time, the construction of the Belgrade-Pozega-Uzice and Paracin-Zajecar highways is necessary, along with support for construction of a network of high quality faculties (4 to 6) in these two cities (and other larger cities in the regions). Only after these conditions have been met, together with regional spatial (and comprehensive) planning with the work of a regional development agency and the positioning of industrial zones along these corridors (within 5 years) can regionalization be carried out in its entirety, and all the planned work could be then transferred to the Podunavsko-timocki and Zlatiborsko-macvanski regions as well. From a legal perspective, it would be necessary to amend the Constitution to enable regionalization (the self-governing region as a constitutional category). From a functional and organizational perspective, and

because of the flexibility of the system, the regions should be defined by law (the law on self-governing regions). In addition, Vojvodina would be constitutionally defined as a traditional multicultural self-governing region while Belgrade would be defined as a metropolitan city-region.

Even with all these conditions met, however, there is still one threat to strong regional development - the centralization of regions. Thus, it is of utmost importance to anticipate decentralization (in a more narrow sense) or the active implementation of LAU 1 and LAU 2 levels -of municipalities in Serbia (micro-regional communities) and smaller community units (with the administrative encumbrance of two employees per 1,000 people, LAU 1 and LAU 2 levels combined, while the office at LAU 2 level would have two employees).