

DECENTRALIZATION IN A FUNCTION OF REGIONAL DEVELOPMENT IN SERBIA

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Abstract

Decentralization is a question of sovereignty of citizens, human rights and freedom since it is concerned with each individual's right to actively participate in creation of public politics and making decisions that impact his everyday life but also the possibility to plan his children's future. Decentralized government is in position to be much better and more completely informed about condition, needs and aspirations of citizens and to reply more efficiently to those needs, creating in this way favourable conditions for development of society. Therefore, the main goals of decentralization are increasing levels of public service efficiency and effectiveness, as well as encouraging local and regional economic development. Decentralization has advantages and disadvantages, which are going to be presented in the paper. Advantages will dominate over the disadvantages, only if there is found and carefully implemented the right form of decentralization, which needs to be adjusted to a particular country. In other case decentralization will be a bad solution for citizens and serve to people who are against it. In the process of decentralization it is necessary to recognize capacity and potential of local community and region for starting integration from the highest level of government. Only acceptable model of decentralization is to give bigger authority and budget for local government where they can be more efficiently used and can solve problems of citizens better from the central authority, and not just transferring the part of central authority to regional level. To speed up the process of decentralization, the key point is to obtain the support from citizens and political elite through organized participation of local authority which will help the central authority to better understand that decentralization will increase the functionality of state organization from one side, and from the other, to make public believe that decentralization is the process which will make life better for all citizens of Serbia.

Decentralization of Serbia is not a new subject. It has been spoken about for a long period of time, and since 2000, decentralization is often prioritized in political programs of democratic government. However, until 2009, decentralization process was conducted by sectors and fragments, without any coordinated access and institutional mechanisms for managing decentralization. Leading by the need for clear vision and strategic commitment about this question, in March 2009, Serbian government created an institutional framework for making and implementing Decentralization strategy. Governmental bodies, which are in charge of making this strategic document, were established and their responsibilities, composition and operation were defined.

The aim of this paper is to indicate how much decentralization is important and necessary for further development of Serbia, and also to indicate on its close connection with regionalization. Furthermore, the concept and forms of decentralization, as well as its advantages and disadvantages will be highlighted. Local government will be pointed out as the most important

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way of decentralization and state approximation to citizens. At the end, it will be discussed about achieved level of decentralization in Serbia.

Key words: *decentralization, regional development, local government, central government, democracy*

Introduction

Decentralization in organizational sense means managing the organization from more centers. It stands for a system in which certain organizational units and authorized individuals are relatively independent in conducting a specific group of tasks and businesses. Therefore, decentralization represents the delegation of authorizations to the lower units which enjoy some level of independence regarding the time when the task will be performed as well as the selection of necessary means. The most important form of decentralization is the local government, but there are also regional, city and municipal decentralization.

Decentralization is at the same time a way to meet the market economy and market rules. Without decentralization and local community affirmation, entrepreneurs and economic structures exponents do not have relevant information, or access such information very late, so as to more seriously consider market positioning of local specificities, and more importantly, to activate on the market and realize local potentials. Decentralization is also a process of one society's democratization. Without decentralization it is impossible to develop democratization process, especially with all disadvantages of indirect democracy, where citizens' representatives often come into position to put their interests before the interests of those who elected them. Decentralization makes it possible to efficiently resolve the problems that follow democracy development. Regionalization is an integral form of decentralization process, and as a such it represents a manner for citizens to more efficiently realize their common interests than on the lowest forms of centralized authorities.

This work will encompass the concept of decentralization, its forms, advantages and disadvantages, and also the idea of local government as the most important decentralization form. Furthermore, it will highlight how much decentralization is important and necessary for the further country development. A special attention will be drawn to decentralization process in Republic of Serbia.

The concept of decentralization

Development history of human living organizing forms is characterized by continuous cyclical interchange of centralized and decentralized types of society regulation. Decentralization is the antipode of centralization – another form of organizing the work of state agencies. The idea of centralized state implies that all public works are coordinated from one centre, ensuring the unity in the management. This type of organizing is symbolically presented as a pyramid, with decision making and management functions on the top. This construction, however, has just a theoretical importance since it is practically infeasible and nowhere exists in its absolute form.

Contrary to centralization, decentralization refers to increasing authority of the lower, peripheral state agencies and non-governmental organizations, whereas those institutions remain subordinated to the higher authority levels. Decentralization is an institutional process representing the transfer of authority and responsibility for public functions from the central to other power levels (Lai and Cistulli, 2000, p. 2). Under decentralization, responsibilities such as planning, management, and resource raising and allocation may be transferred from central government to:

1. field units of central government ministries or agencies;
2. subordinate units or levels of government;

3. semi-autonomous public authorities or corporations;
4. area-wide regional or functional authorities; or
5. organizations of the private and voluntary sector.

With decentralized system authorities are better informed about the condition, needs and aspirations of citizens and can therefore better and more completely respond to those needs, creating this way a positive climate for the overall society development. Therefore, the main decentralization goals should be increasing the level of efficiency and effectiveness in providing public services, as well as encouraging local and regional economic development. Regionalization represents an integral part of decentralization process. It overcomes inefficiency problems of centralized state by transferring a part of state jurisdiction to regional level. Regionalization achieves the right effect if emerges as an integral part of local authority development process and if recognizes regional interests of particular municipalities. Decentralized and regionalized country is the one in which any individual is given the opportunity to actively participate in public policy creation and making decisions that affect his everyday life, as well as the possibility to plan his children's future. The probability of such participation is greater if decisions regarding the quality of life are made on such authority level which is the closest to the citizens.

There are various motives for decentralization. In Eastern European countries (EEC) rigid and centralized dictatorships and planned economies required decentralization when trying to implement market democracy under the existing legal framework. In Latin America decentralization was introduced to strengthen democracy after the collapse of dictatorship (Čorbić, 2010, p. 2). European countries are now more decentralized than they were a few decades ago. Naturally, there are huge differences among them in the level and type of decentralization. The only exception of decentralization in Europe is the European Union, which encourages decentralization of its member states while at the same time centralizes its policies in Brussels. There is a pressure on governments worldwide to give the regions administrative power and fiscal resources.

Economic and political crisis may initiate large decentralization processes, especially after the collapse of authoritarian and centralized regime. In the last two decades this was the case in Russia, Indonesia and the Philippines, which were affected by deep crisis and far-reaching institutional and political changes. Democratic reform in all three states was supported by increased regional autonomy.

Advantages and disadvantages of decentralization

Decentralization is not an unambiguous process. It offers some advantages but at the same time brings certain risks. The main decentralization advantages are the following:

- Central authorities can not possess such a good information about local issues as local authorities can.
- The convenience of local elections over central assignment of officers comes from the local electors' interest in what local officers do, because they have a power to elect or replace the officers.
- States were and remain too complex to be successfully managed from one single center.
- There is no need to conduct an array of policies uniquely for a particular territory because its problems are various. Some areas are mountainous, other lowland, some rural, other urban, some densely while other thinly populated, some with animal husbandry predominance and other with services, etc. Diverse areas therefore require different packages of public policies and not one centralized policy. Decentralization enables lower authority levels to obtain those public policies and services which are the most needed.

- Fiscal decentralization ensures independence and security of local finances, and also encourages more responsible behaviour of local authorities. It also makes it easier for local power units to obtain financial resources (Prokopijević, 2010, p. 6).
- Decentralization enables better decision-making processes for minority groups. The word is about small minority groups which are negligible on the state level.

Besides those mentioned, there are certain decentralization advantages which however do not have universal importance. Decentralization enables adaptation of policies to local needs and prevents the excessive uniformity of state life. It is an important factor of legal-political order democratization in one country. Decision-makers are closer to decision subject, especially in case of territorial decentralization; easier and simpler decision-making activities are better directed because of simpler organization of subnational administrative authorities. Also, detecting mistakes is easy and fast – the result of bigger transparency of the work conducted, and simpler communication between higher and lower levels.

Decentralization disadvantages:

- There is no sense for decentralization if it is not followed by a reform, because a weak management is just condescended to the lower level.
- Decentralization increases inefficiency, corruption, and local taxes. Principally, it is easier to have competent central than local administration. When it comes to corruption, there is no unambiguous evidence.
- Local authorities very often overcome problem of financial shortages by increasing local taxes. It happens also that raising finance through property tax is not enough so they decide to increase a tax on firm's existence, affecting mostly the small entrepreneurs.
- Decentralization, especially the fiscal one, may lead to uncontrolled borrowing. It is therefore important to have precise rules for authority units' borrowing both on central as well as on local level (Prokopijević, 2010, p. 6).
- Decentralization indeed increases administrative apparatus especially if political parties try to employ its members through such administrative apparatus.
- There is one more disadvantage, namely, if some details are neglected, decentralization may lead to excessive fragmentation leading further to increased costs.

Forms of decentralization

There are various decentralization forms, such as political, administrative, fiscal and market decentralization.

Political decentralization stands for a transfer of authority to regional bodies, and is connected with the increasing power of citizens and their public representatives in decision-making process.

Administrative decentralization represents a transfer of responsibility for planning, financing, and managing certain public functions from central to regional or functional authorities, field units of government agencies, subordinated authority levels or units, semi-autonomous public corporation or authorities. There are three ways to implement administrative decentralization:

- Dispersion refers to widening the jurisdiction for decision making, fiscal, and management responsibilities between different levels of central authority. It is considered as the weakest form of decentralization because it moves responsibility from one officer to the other.
- Delegating is a transfer of responsibility for decision making and public functions administration from central authority to semi-autonomous organizations, which are controlled by the central authority, although not completely.

- Devolution refers to high local autonomy and responsibility. Local authorities are given a clear and legal geographic border inside which they conduct public functions.

Fiscal decentralization stands for transferring to the local authority and private organizations the following: resources for making decentralized decisions, as well as the power and authority for generating revenues.

Market decentralization includes privatization and deregulation.

Local authority as the most important form of decentralization

Many authors consider a local government as the only real decentralization. Local government is today often defined as an arranged system of local government rights' realization, through which citizens and local units directly and by their freely elected representatives manage public works, which are directly connected to the interests of local population, disposing with own sources of public revenues and acting according to the principles of constitutionality and legality (Vučetić and Janićijević, 2006, p. 31). Decentralization helps citizens conduct works important for their community through institutions. It is also clear that problems connected to the basic subsistence and living conditions can be firstly noticed in such a primary social community. Local government development refers to the level of decentralization and democratization of the central authority, including the degree of its respect and ability of citizens to face surrounding problems. Nevertheless, the term local government should be distinguished from local community which refers to the wider environment in which local government operates.

The main goal of local government is the establishment of its active role as leader and coordinator of local development. To achieve this goal there is a need for personnel and material capacity of local government organs so as to independently overtake new responsibilities. Material capacity is ensured through fiscal decentralization and creating constitutional and legal works for ensuring the existence of local governments' own property. Regarding organs' personnel capacity, the Ministry of state administration and local government should provide all necessary help in analyzing the capacities of local authorities and creating plans for their enlargement.

Development of local economy should be based on sustainable usage of available natural resources. The main task of local governments in local economy development process is the creation of strategies for local economic development and employment, as well as the construction and strengthening of institutions to support creation and implementation of those strategies.

Contemporary local government should have the following characteristics: multi-functionality (tightly connected to the idea of self-sufficiency), discretionary authorisations (connected to the capacity of local governments for innovation), authorization for independent taxation, and representation (the only authority institution, besides the parliament, which is the subject of direct periodical legitimising by electors).

The principle of subsidiarity

When the word is about decentralization, there holds and needs to hold the basic principle of subsidiarity. It refers to authority transfer from higher to the lower organs. Namely, what local units can do more efficiently and effectively there is no need for such a work to be conducted by wider territorial units or state itself (Vučetić and Janićijević, 2006, p. 34). It means that anything that can be better done at a lower authority level should not be the task for a higher level of authority. Citizens must learn that they can now themselves (or via their directly elected

representatives) conduct the activities which were previously realized by the wider organizational structures. Such activities involve borrowing, privatisation of certain works, establishment of public private partnerships, and so on. However, there are specific authorities that can not be the subject to decentralization. These include defense, internal security, monetary policy, etc., which are the state affairs by their nature.

Decentralization in Republic of Serbia

Serbia is the most centralized state in Europe. Decentralization, in case of Serbia, represents the main unsatisfied need of its citizens. However, a reform of economic, social, and political system was initiated in 2000. Many laws were introduced to regulate in a new way different areas (modernization, democratization, and decentralization) including the new Constitution in 2006. Reforms have initiated decentralization of power by delegation of authority, responsibility, and resources from republic to local levels in many areas. Successful reform requires a development of complete local authorities network (multilevel, partnerships, and the principle of subsidiarity), strengthening local government regarding jurisdiction, finances, and the overall resources and potentials, as well as development of partnership between central and local authorities.

The key legal and normative framework for regulating the performances of local organs is the Local Government Law adopted by Serbian Assembly in 2002, including local authorities' statutes implemented according to this Law (Đorđević, 2008, p. 106). Local Government Law has initiated decentralization by ensuring a wide original jurisdiction for local authorities. Local authorities have a classical set of jurisdictions which also exists in other European countries. Therefore, the jurisdictions of municipalities include: public utilities (supply of electricity, gas, water, drainage, waste cleaning and depositing), local transportation, roads, vehicles and signalisation, planning and construction, residence, children's care, primary schools, basic health care, social services, culture, information, sport, recreation, green areas, ecology, supporting economic development, etc.). Unfinished part of the process is a transfer, through sectoral laws, of those jurisdictions from republic to local authorities. For many areas it is considered that „sudden decentralization“ may be dangerous, so there is a tendency to gradually transfer responsibilities and increase capacities of local authorities.

However, decentralization and reform of local government are not conducted consequently and completely. One of the main reasons lies in the fact that reforms in this area are directly conditioned by the progress of reforms in other areas (reform of central authority and public administration institutions, fighting against the corruption, regionalization of the country, etc.). Nevertheless, the basis for local governments' demand regarding restitution of municipal property has been created, and as a result local governments have gained the right to have their own property. The general problem with this area regulation arises from the lack of adequate sub-legal regulation and institutional instruments for the implementation of legal acts. Undefined institutional framework has contributed to insufficient connection between municipalities and districts when deciding upon development initiatives, information flow, and harmonisation of national, regional, and local development goals and priorities. Another reason for weak results of decentralization process is connected to internal administration weaknesses on the local level and its insufficient capacity for reform implementation.

According to the survey conducted during October and November in 2009 by non-government organization “Diferencija” from Niš, attitudes of citizens in Central Serbia regarding the political relations are quite different from citizens in Blegrade or Vojvodina (Decentraliyator Journal, 2010, p. 22). A central topic of this survey was the attitude of citizens from different regions towards the idea of regionalization. The survey results show that one third of examinees has affirmative attitude towards new autonomous provinces formation and high level of decentralization, while 40 % supports decentralization but is against new autonomous provinces. Around 10 % of citizens are strongly against both decentralization as well as new autonomous

provinces creation, perceiving this process as breaking the state, while 13,3 % are neutral. This survey has shown that citizens of Vojvodina, more than citizens from other regions in Serbia, show understanding for contemporary, democratic territorial regulation which refers to high level of decentralization and regionalization. On the other hand, citizens from Central Serbia show the least understanding, including a worrying percent of people who consider this measures as separatist. Namely, Vojvodina has the major portion of citizens with affirmative attitude toward new autonomous provinces creation and high level of decentralization (45,5 %), while some smaller portion refers to those supporting decentralization and opposing to new provinces (38,2 %). Only 1,8 % of examinees from Vojvodina are against both, decentralization and creation of new autonomous provinces, while 14,5 % are indifferent. One third of examinees from Belgrade supports decentralization and regionalization of Serbia, but the higher percent consists of those who favour just decetralization without new provinces (44,5 %). Around 7 % of the capital residents are against those processes, and 15,5 % are without the attitude. Decentralization and regionalization ideas have the least support in Central Serbia where only one forth of examinees have a positive attitude. However, around 40 % would support decentralization without new provinces; more than one fifth of examinees had a negative attitude toward those processes, while 10 % are indifferent.

Decentralization and regionalization of Serbia, as a question of European future for this country, should be enabled by using more efficiently political and administrative capacities and transferring authorities to the lower power levels and smaller communities. That should facilitate the work of central authority and contribute to regional development, strengthening the country as a whole. Financial and economic crisis suggest that globalization and centralization are not always able to protect development. State decentralization and regionalization may serve as an incentive for the municipal, regional and cross-border cooperation, which is in the period of global financial crisis enabled by implementation of alternative strategic ways for attracting domestic and foreign investors.

Conclusion

Centralization and decentralization are immanent relations and states of supremacy and subordination, because sustainable can be only that, what is formed as a hierarchically arranged order. Absolutely decentralized state, in which all governmental taks are conducted on the level of self-governing cells, is an ideal which is impossible to achieve. Therefore, while analysing some state arrangement, it should be never asked whether a country is decentralized or not, but to what extent it is decentralized or is not. When deciding if a country is rather centralized or decentralized, we need to consider which subjects bear the main part of governing tasks.

Accordingly, what decentralization brings in itself is that a state which is decentralized certainly can not be totalitarian. Surely, a state which is decentralized can not be less responsible for its citizens than a centralized one. A decentralized state can not be as corrupted as a centralized one. And a decentralized state can not be less stable than a centralized one (Čanak, 2010, p. 7). In a decentralized state problems arising in some area should be solved at that place and not raised to the highest level of authority. This is the reason why decentralized state is, according to the definition, better, more stable, less corrupted, with more jobs, and more energy for market game, than a centralized one. Each democratic country strives for decentralization, namely, to dismount power and decision-making on the level which is much closer to the citizens than in a case of a centralized state.

The only acceptable concept of decentralization refers to delegation of higher authority and resources to local governments where they more efficiently can solve citizens' problems than centralized authority, and not by simply transferring the state power to the regional level. In order to accelerate the process of decentralization, it is of the key importance to obtain the public and political elite's support. This can be achieved through organized engagement of local governme-

nt's units to convince the central authority that state functioning will be improved by decentralization process, as well as to assure the public that living conditions are going to be better.

At the very end, it is worth mentioning that Serbia with its Constitution from 1888, which introduced parliamentary order, already had incorporated a regional concept with self-governing districts representing a middle authority level, and that districts were functioning over Assembly with formed bodies and their jurisdictions in economy, finance, transport, education, health care, and other areas. Therefore, Serbia can not be regarded as a country which does not have roots of regionalization in its constitutional and legal tradition. What Serbian society needs to do is to modernize its political system according to European values and standards.

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