

William Bartlett, Sanja Maleković and Vassilis Monastiriotis, Eds.

Decentralization and Local Development in South East Europe

Studies in Economic Transition, Palgrave Macmillan, Basingstoke, UK, February 2013, ISBN: 978-0-230-35563-7

Decentralization and Local Development in South East Europe provides a very useful and interesting analysis of the impact of policies of decentralization and regional development in several post-communist countries in South East Europe (SEE). The Research Programme “Decentralization and Regionalisation in South East Europe: Political, Economic, Social, and International Relations Aspects” is initiated by LSEE with the support of the Latsis Public Benefit Foundation. The book is an edited collection of research papers by leading scholars from around the region. Many of them were originally presented at a conference organized as part of the research project by LSEE and IRMO in Zagreb in May 2010.

In the fourteen chapters of this book, sixteen authors from different disciplines discuss various issues of decentralization and local development, decentralization in ethnically divided societies, implementation deficits and spatial inequalities. It represents a very good example of a multidisciplinary approach and brings together researchers from different disciplines and geographical origins engaged in economic, political, legal and administrative aspects of decentralization and regional development.

The editors, Will Bartlett (London School of Economics and Political Science, UK), Sanja Maleković (Institute for Development and International Relations, Zagreb) and Vassilis Monastiriotis (London School of Economics and Political Science, UK), divided the book into five parts. In the introductory chapter they give a brief overview of the decentralization process in formerly centralized countries: Albania, Bulgaria and Romania. In former Yugoslavia, the successor states recognized the importance of decentralization legislation after the democratic changes, which led to a greater commitment to the consolidation of democracy. The EU

enlargement and accession processes had a great influence on the process of regionalization in both the EU member states in the region (Bulgaria and Romania) and the countries of the Western Balkans. Through this edited collection of research papers, the editors indicate that decentralization as a policy instrument is often seen as making an important contribution to the mobilization of local resources for economic development. Yet, its impact is important but not decisive in promoting local economic development in SEE. The editors emphasize how decentralization often failed to remove the element of political interference and political connectedness of the state and the new business elites. Their observations indicate several potential solutions in response to the aforementioned drawbacks. Emphasis is placed on greater empowerment of the local level of government through enabling and supporting intermunicipal cooperation and the development of cooperation between the public and private sector at the local level.

Part II addresses the role of decentralization in promoting local economic development in SEE. In this part, attention is given to the relationship between decentralization and economic growth and the promotion of political freedom in the transition countries of SEE. Dallago in his chapter analyzes potential threats for the sustainability of transformation, pointing out some cases in the Balkans where local development led to a segmentation of territory, society and the economy. Jurlina Alibegović presents an analysis of decentralization reforms and their effects on the regional and local development process in Croatia that initiated a partial decentralization of its public functions in 2001. In the following chapter, Bartlett and Šišević focus on the less developed North East region of Montenegro. In their analysis, the authors investigate the effects of decentralization policies on the development of municipalities within the context of deindustrialization, which led to widespread unemployment and closed factories.

Part III discusses the role of decentralization in ethnically divided societies and its usage as a tool of peace building and conflict reduction (the Dayton Peace Agreement, the Ohrid Framework Agreement and the Ahtisaari Plan). There are different views as to whether decentralization can be successful as an effective way to the resolution of ethnic conflict

and its sustainability or if it might promote discrimination against minorities.

Several chapters discuss how the structure of local government can be a crucial factor in resolving conflict, because the strengthened cooperation between political and economic factors can result in a faster recognition of the needs and interests of the local community. The case of Bosnia and Herzegovina is analyzed by Bojčić-Dželilović who aims to map the process of decentralization. The author is of the opinion that regardless of numerous reforms some progress has been made in modernizing the legislative framework of decentralization. Yet, lack of political consensus and commitment for effective public services delivery negatively affects the most vulnerable groups. In the following chapter, Burema provides a summary of the historical context of decentralization in Kosovo and its role as a potential mechanism for resolving some of the ethnic differences. Through his analysis, focused on the Kosovo Serb community, he discusses the factors of potential danger to the success of decentralization as a mechanism for defusing ethnic tensions. Chapter VII provides a comparative analysis of two cases previously discussed: the experience of post-Dayton Bosnia and Herzegovina in comparison to that of post-independence Kosovo. Srzić in this chapter argues that the existing models of decentralization in both Kosovo and Bosnia and Herzegovina have caused deadlock, a serious obstacle to economic development and to ethnic conflict resolution.

Decentralization has several potential drawbacks, such as weak administrative capacity of local governance, corruption and elite capture. Part IV of this book presents a number of case studies that address the problem of an absence of administrative capacity at the local level and the difficulties of overcoming the problems that local governments are facing in responding to the needs of local economic actors.

Matiuta compares key elements of the legal framework governing decentralization in Bulgaria and Romania with a focus on those factors that led to weak administrative capacity, the problem of human resources, corruption and central political interference in the activities of local public administration. In her chapter, Gjini examines the integration of administrative and fiscal decentralization in Albania and provides a

critical review of the main obstacles related to the implementation of decentralization. She underlines the need for a greater political commitment, a new institutional design, effective coordination and devolved fiscal responsibilities in order to realize and succeed in decentralization reform. Kolin provides an analysis of social sector reform in Serbia and seeks to identify and explain the numbers, types, regional distribution, activities and functions of third sector entities focusing on civil society organizations dealing with the provisions of social services. She emphasizes that the crucial problem in Serbia's less developed regions is the weak capacity of local public administration and a lack of financial resources, which leaves a wide range of beneficiaries in need out of reach. In chapter 11, Mijačić provides an overview of the strategic planning process of local economic development in Vojvodina and presents the results of field research on the subject of the extent to which strategic planning contributed to the dialogue between public and private sectors. Risteka assesses how the decentralization process affects policy entrepreneurship at the Macedonian local level since the decentralization reform of 2005 and examines local policymakers' potential to engage in policy entrepreneurship in the social sector, especially in childcare services.

The last part of the book provides empirical evidence on the relationship between decentralization and spatial inequalities in three countries in SEE: Croatia, Serbia and Bulgaria. Monastiriotis investigates the extent and evolution of spatial disparities in Serbia and Bulgaria and identifies significant differences in the patterns of spatial inequality of two countries that are relatively similar in size and level of development, but with different positions in relation to EU accession and at different points in the transition process. In chapter 14, Bičanić and Pribičević examine the presence of regional disparities and seek to identify the reasons and barriers that hinder their reduction. They use an updated version of the same database from an earlier paper but instead of concentrating on the county level they take the NUTS2 level as the basic unit of their analysis. The focus is on Croatia's shocks and trends from a spatial point of view during an almost 40-year period.

The essential aims of decentralization are removing the power of the central state, providing support to local economic development and

contributing to the creation of a competitive market economy. Taking all abovementioned facts into account, one may conclude that besides a positive impact, decentralization has several potential disadvantages; worsening of the efficiency of public administration due to the lack of administrative capacity and widening spatial disparities. This book draws attention to the persistence of such drawbacks in a region that calls for dynamic economic growth, strengthened social welfare and for the sustainable continuation of peaceful conflict resolution.

In sum, this book is of great importance and can be highly recommended as a valuable source of information to researchers interested in further research on the impact of decentralization in South East Europe and to the design of appropriate policies that could contribute to the consolidation of democracy, and the improvement of local economic and social development.

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