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## INSTITUTIONALIZATION OF REGIONAL POLICY AND THE REGIONAL INSTITUTION SYSTEM IN SERBIA

**Abstract:** This study summarizes aspects of Serbian regional policy with special focus on regions and the development of the regional institutions. The study emphasizes the importance of the issue in the Republic of Serbia in 2010, with the ambition to join the European Union. With the enactment of the new Law on Regional Development and the legal framework five NUTS 2 regions were created. The Ministry of Economy and Regional Development is responsible for the institutional coordination of the regional policy. Regional Development Agencies are at the intermediate level of institutional hierarchy. After the regionalization of Serbia, the Autonomous Province of Vojvodina remained a whole and unified NUTS 2 region with complex and developed regional institutions.

**Key words:** NUTS regions, regional policy of Serbia, institutions of regional policy, Autonomous Province of Vojvodina.

### 1. INTRODUCTION

Serbia is striving to meet the international expectations of the European Union while regionalizing the country. The establishment of the regions evokes serious arguments among the political elite. The mainly ethnocentric-nationalist oriented Serbian politics argue for the preservation of territorial integrity (as well as their own political power) while attributing a marginal role to regions. The Serbian public – but primarily those people who have experienced the traditions of the regional autonomy and the regional political elite – fight for the expansion of the Autonomous Province of Vojvodina's (APV) jurisdiction. The rationally and objectively thinking

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public, the political and academic elite are fully aware of the link between economic development and regional self-organization, the huge regional disparities and the probable and already present consequences of centralization around Belgrade.

In this study we will summarize the legal documents regulating and institutionalizing regional policy published during the period 2007–2011 with the aim of providing a general description of the Serbian regional policy. We will also summarize the main characteristics of regional disparities in Serbia. In the analysis, the APV's regional characteristics, institutional solutions will be emphasized, because in our opinion Vojvodina plays an essential part in the Serbian regional development efforts.

## 2. NUTS REGIONS IN SERBIA AND THEIR LEVEL OF DEVELOPMENT

Institutionalization of Serbia's regional policy started in 2007. The *Regional Development Strategy of Republic of Serbia 2007–2012* is the first document on regional development, which defines the country's development priorities. The Law on Regional Development (LRD) was responsible for creating the legal framework and policy for regional development in 2009 (modified in 2010), and the regulation on NUTS<sup>1</sup> regions was also implemented in 2009 (modified in 2010).

After long discussions and several modifications, eventually 5 regions (five NUTS 2 and thirty NUTS 3)<sup>2</sup> were established in Serbia in 2010 (figure 1).

According to the law these regions (*region* – NUTS 2) and counties (*oblasti* – NUTS 3) are such functional territorial entities which entail planning and the execution of regional development policy. They are responsible for economic and social development, rural development, balanced development between villages and towns, as well as for the operation of the regional economic system and spatial planning, and the initiation of international and cross-border cooperation. In legal (Serbian) phrasing:

[...] the region and county-area are not administrative territorial entities and they do not have autonomy, they are statistical-functional territorial entities which consist of units of local governments situated in their territory (4th paragraph, LRD, 2009, p. 3).

Creating the regions has led to revealing highly visible regional disparities. These new territorial units have no autonomy in regional management (the new law does not give or imply these powers either), so the regions will not be able to decrease the differences in development on their own, thus will not be able to support the long term economic and social development of the country.

<sup>1</sup> Nomenclature d'unités territoriales statistiques – Nomenclature of Territorial Units for Statistics.

<sup>2</sup> The official NUTS 2 regions in Serbia are the following: Region of Vojvodina, Belgrade Region, Šumadija and West-Serbian Region, South- and East-Serbian Region, Kosovo and Metohija Region. *Uredba o nomenklaturi statističkih teritorijalnih jedinica* (2009, 2010, pp. 9–11).



Fig. 1. NUTS 2 and NUTS 3 regions in Serbia, 2010

Source: *Uredba o nomenklaturi statističkih teritorijalnih jedinica* (2009, 2010, pp. 9–11)

In Serbia the regional disparities are enormous even by European standards (Komšić, 2009, p. 76) which can exacerbate (Lilić, 2009, p. 17), or traditionally remain stable along a North-South axis (Nikolić, 2009, pp. 54–56). Comparing the levels of development of Serbian macroregions it can be stated that all have GDPs below the average EU GDP: Belgrade 50%, Vojvodina 37.1%, while Central-Serbia 21.1% of the EU average (according to 2005 data) (Nikolić, 2009, pp. 54–56). The ratio of regional disparities is 1:7 (districts – *okrug*) and 1:15 (municipalities).

According to the economic and social inequalities within these regions, we would like to present the massively fragmented picture of territorial development in Serbia (based on Winkler and Takács, 2012). The socio-economic situation on the municipality level (LAU-level) has been measured within the newly installed NUTS regions, defining the Index of Socio-Economic Pressure.<sup>3</sup>

<sup>3</sup> Based on 5 indices factors (Index of Population, Economic Index, Index of Work and Infrastructure, Index of Preschool Education and the Index of Medical Care, grouping 25 socio-economic variables, based on secondary statistical dataset; in 161 examined municipalities, without data about Kosovo) was composed a cumulative index to depict regional disparities.

Table 1. Regional development indicators of Serbian NUTS 2 regions, 2007–2009

NUTS 2	Territory (km <sup>2</sup> )	Population (000)	Population/km <sup>2</sup>	Per 1,000 inhabitants					GDP <i>per capita</i> (000 din) (2009)	Net personal income (din) (2009)	Housing (ownership) /1,000 km <sup>2</sup> (2008)	Recently constructed roads (%) (2007)
				employed (2009)	self-employed in own business/worker (2009)	unemployed (2009)	students in higher education (2009)	with higher education degree (2009)				
Republic of Serbia	88,358	7,350	83.2	257	67	99	32	5.5	385	31,733	215.6	63.8
Vojvodina Region	21,506	1,979	92	252	69	99	28	6.2	366	31,203	186.5	88.7
Belgrade Region	3,227	1,621	502.3	379	87	57	74	11.9	690	39,862	2,355.4	75.6
Šumadija and Western Serbia Region	26,483	2,066	78	213	69	118	15	2.3	275	26,600	175.5	60.5
Southern and Eastern Serbia Region	26,255	1,684	64	200	51	116	17	2.3	243	26,085	138.5	63.6
Kosovo and Metohija Region	10,887	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: own elaboration based on statistical data of *Opštine u Srbiji* (2008, 2010)

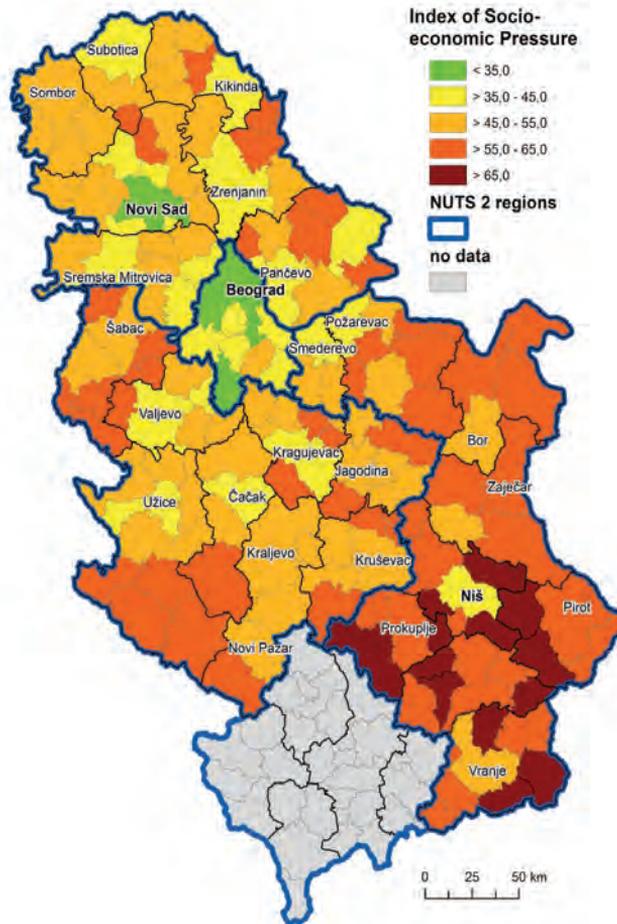


Fig. 2. Index of Socio-Economic Pressure of Serbia, 2009

Source: Winkler and Takács (2012)

According to the indicators of regional development – in regional comparison (table 1 and figure 2) the Belgrade region is the most developed (concentration of industry, number of flats owned, number of highly educated people, number of employed, the average income levels, with enormous demographic pressure), while the other regions decline economically and socially. The Vojvodina region today is a well-developed region within the Republic of Serbia, however, Vojvodina's development is far from being homogeneous, the Novi Sad and its zone attractive are well-developed. Serbia's most underdeveloped NUTS 3 region is the South-(Raška), and East-Serbian regions (Bor, Majdanpek former industrial zones). There are noticeable directions of development: north-south axis, central-peripheral and an overwhelming rural and urban discrepancy, underdeveloped border regions, ex-industry zones. This trend to fragmentation creates a more and more unclear regional disparity image (Winkler and Takács, 2012).

### 3. WHY DOES SERBIA NEED REGIONALISM?

As a result of the centralized economic system of the Milošević regime the Serbian political elite faces the serious obstacles of social-economic disintegration, which make regional development nearly impossible. Janjić argues that even ‘with two decades of state history Serbia is still in its initial phase of constructing the nation-state’, the major characteristics of which are ethnocentrism and centralized governmental administration. Indeed the Republic of Serbia is an ‘unfinished state’, which is not ready for integration either on national or international level (Janjić, 2009, pp. 105–106). This explains how the political elite still does not aim to decentralize its power or take steps toward regionalization; and statistical regions (for planning purposes) were created in Serbia in 2010 only to meet EU expectations. According to Nikolić (2009, p. 48) Serbia has to be regionalized to an extent that it could still have a unitary state system; however, the real challenge of regional development is how unitary states can be decentralized in order to enhance long-term economic development (Horváth, 2009a, p. 18). Serbia still fears regionalization, follows ethnocentric ideologies and continues to hinder decentralization (Komšić, 2009, pp. 98–99). The questions of decentralization and regionalization have not been solved by drafting the new constitution in 2006 (Bozóki, 2007, n.p; Takács, 2008, p. 150). Real regionalization could, however, take place only with amending the constitution. Some representative Serbian political experts consider<sup>4</sup> the amendment of the constitution necessary in order to incorporate decentralization that would enable regional autonomy in finances and lawmaking in the entire country (Lilić, 2009, p. 18; Janjić, 2009, pp. 103, 112–114). Janjić (2009, pp. 103–106, 112–115) also handles the concept of region exclusively as a constitutional category, ‘the institution of practicing the right of self-government’, emphasizing the role of local governments.

Due to the lack of appropriate amendment to the constitution (and according to the new Law on RD) regional policy in Serbia is enacted through centrally managed reforms. This approach is called top-down or ‘modernizational regionalism’, which makes administrative reforms happen as initiatives of national political consensus (Pálné Kovács, 2004, p. 952; Vuletić and Vukelić, 2009, pp. 117–118), and ‘these regions become the authoritative instrument of the standardizing technical rationalism commanded from the government’ (Farágó, 2005, p. 200).

Europe than in the Republic of Serbia (2007),<sup>5</sup> thus, ‘the potential to introduce the bottom-up approach to regionalization (considering cultural-historical characteristics, emphasis on local needs) is very poor in Serbia’ (Vuletić and

<sup>4</sup> Nikolić suggests that the rights of national minorities be incorporated in the Constitution. However, he argues against Albanian, Bosnian and Hungarian ‘ethnic regionalization’, which would create regions along national minority boundaries, which he considers unacceptable, rather than on the basis of economic development principles (Nikolić, 2009, p. 47).

<sup>5</sup> Project INTUNE, a survey (2007, 2009) of how the political elite in 18 EU member states and the Republic of Serbia relate to regionalization. In Europe 87.5% of politicians feel they have very strong ties

Vukelić, 2009, pp. 123–133). Furthermore, the approach proves to be problematic in Eastern-Central European administrative issues (Horváth, 2009a, p. 16). Simić (2009, pp. 70–72) argues that the experience of regionalization in developed European countries cannot be implemented in the Balkans for various reasons: transitional processes, ethnic and territorial debates, disintegration of states, developmental differences (north-south), lack of market homogeneity. North (2002, qtd. in Vuletić and Vukelić, 2009, p. 122) mentions the lack of regional identity (lack of community forming power). Janjić refutes Nikolić in that he finds ethnic initiatives and enforcement of interests important. ‘Regionalization may strengthen integrative relationships within the Serbian society’, the nationalities (minorities) may feel support and security in that their identity and autonomy will not be hurt (Janjić, 2009, pp. 105–106). National minorities will be able to participate in decision-making (Vuletić and Vukelić, 2009, p. 122). Korhecz (2009, pp. 34–36) points out that in the case of the APV and the indigenous national minorities, autonomy connects national minorities and ethnic communities living in the province, as well as stabilizes the multicultural community and helps political-national integration. Regionalization in the Republic of Serbia can be characterized with two processes:

– strives for European integration ‘keep the pace with Europe’ (Lilić, 2009, pp. 7); ‘a necessary concomitant of Serbia’s pro-European orientation’ (Komšić, 2009, p. 77); ‘a forced formal aspect that has to be fulfilled’ (skeptical towards the EU: Nikolić, 2009, p. 54), being able to use EU resources (Alibegović, 2009, p. 23), region is a preliminary condition of the EU integration (Vojković, 2003, qtd. in Vuletić and Vukelić, 2009, p. 123).

– separatism and struggle against territorial integrity (Lilić, 2009, p.7; Vuletić and Vukelić, 2009, p. 122). Furthermore, Nikolić (2009, p. 46) continues to argue against the regionalization of the country and emphasizes the ‘underdeveloped nature of legal and political culture’, ‘the lack of leadership capacity’, ‘the growth of public costs’, and ‘the superfluity of intermediate level management, thus the needlessness of regions’.

At this time regions in the Republic of Serbia meet EU requirements (Nikolić, 2009, pp. 46–48), and there is no need for real decentralization, as they get EU support, for the time being through Belgrade (Janjić, 2009, p. 104). ‘Statistical regionalization’ does not mean political autonomy at the same time (Nikolić, 2009, p. 48). Statistical regions very often do not have direct access to EU funds on their own (Lilić, 2009, pp. 18–19), as they depend on the centralized government and control in this case as well. The Law on Regional Development will not change the government system, as it brings only statistical decentralization (Nikolić, 2009, p. 48).

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to their own regions, while in Serbia only 69.4% claim to have such strong connections. Regarding social issues (unemployment, environmental protections, healthcare etc.), the Serbian political elite would only give limited power to the regions. Regionalization is strongly supported by 10% of the Serbian political elite, while another 10% fully opposes the processes (Vuletić and Vukelić, 2009, pp. 123–133).

Instead of ‘mechanical and improvisational copying’ of European regionalized states, Nikolić (2009, p. 48) suggests applying the concept of statistical regions, which he finds more acceptable as it does not bring new administrative units or new forms of territorial autonomy. Horváth (2009a, p. 13) claims that regions must not only be handled as EU units, since ‘region is an optimal framework’ of economic development, postindustrial spatial planning, regional-social level of meeting interests, and the organization-planning-implementation triangle. According to Lilić (2009, p. 17), regionalization should be seen as a government method toward larger regional cohesion, accelerated development and competitiveness. It could also be perceived as a ‘flexible alternative of power’, a way to improved life quality, and responsible international policy-making (Janjić, 2009, pp. 112–114). Regionalization can also be seen as a tool to improve the quality of public services, stop the accumulation of political power, and increase the responsibility of local power and politics horizontally and vertically (Vuletić and Vukelić, 2009, p. 121).

Development documents, which aim to resolve the doubts about the territorial integrity of the country, unanimously refuse the possibility of setting up economic and administrative (political) regions in the Republic of Serbia; instead they suggest statistical-planning and statistical-development regions. Undoubtedly, the Republic of Serbia needs real regionalization, which, through the regions (and their institutions), would enable:

- complex development of the economy,
- social-ethnic (national) integration,
- international integration,
- territorial cohesion, and
- decreasing/annihilating regional inequalities.

#### **4. THE INSTITUTIONS OF REGIONAL POLICY IN SERBIA**

Once regionalization is complete, the national institutions will be organized, which will command its own competency in the planning, execution and monitoring of regional policy.

According to the LRD in Serbia a similar, hierarchical, centrally-governed new institutional infrastructure is attached to the existing regional adaptation of the administrative-territorial lay-out. The main point of the law amendment, accepted in May, 2010 can be summed up in the abolition of the County Associations planned for district-level and in the increase of the Regional Development Agencies’ – which are to be set up in the NUTS 2 regions – number (3–4 on occasion).

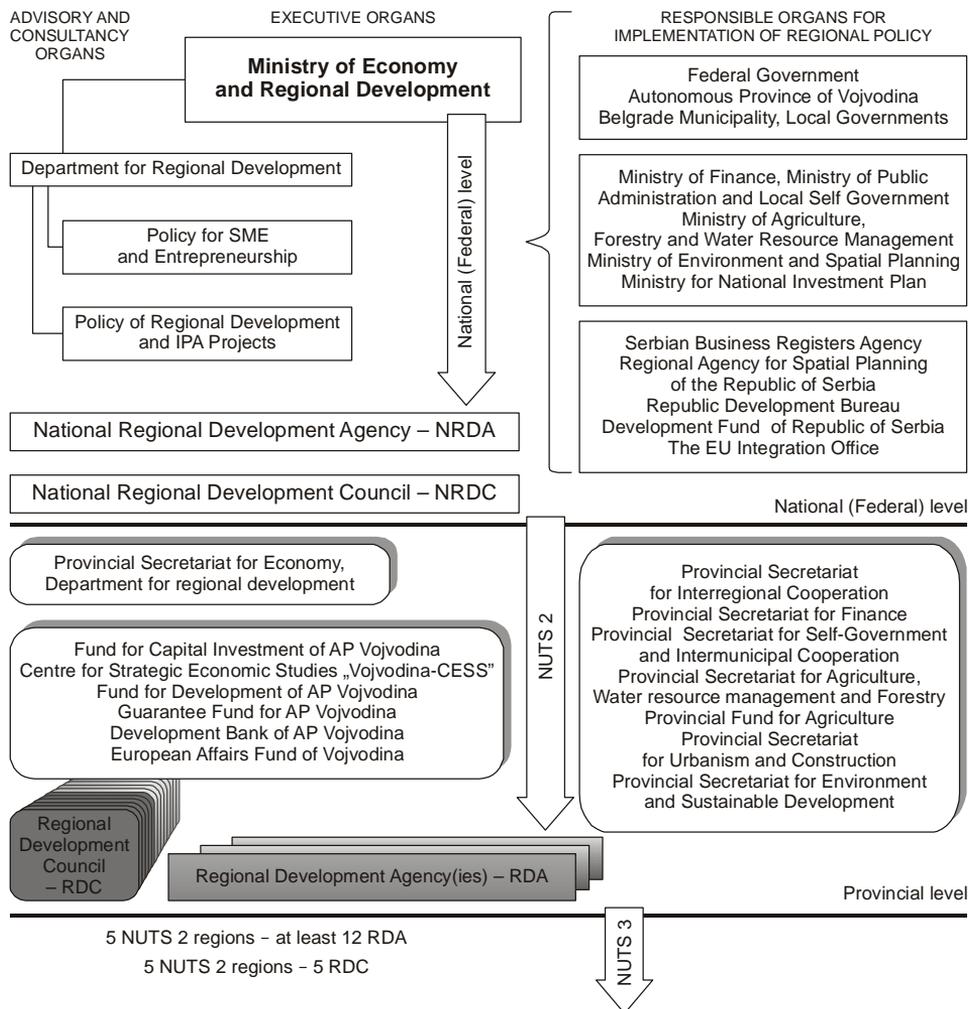


Fig. 3. The institutions of the regional policy of Serbia, 2010  
 Source: own construction based on Internet sources and LRD

The institutions provide consultancy, function as executive in the implementation of regional policy on three levels: federal, NUTS 2 and NUTS 3 (figure 3). The main jurisdiction happens at the Ministry of Economy and Regional Development, on federal level. The National Agency for Regional Development is the central organ of Serbian regional policy execution. The Regional Development Agencies stand on the intermediate level of the institutional hierarchy, on the level of regions. Other governmental organs/government authorities can exercise their power (on local, regional and federal levels) during the realization of regional

policy.<sup>6</sup> The consultant organs of regional policy – the National Council for Regional Development and the Regional Development Council(s) – are organized on the level of national economy and on regional level.

The institutional coordination of regional development is complex in Serbia. The division of labour is very diverse, coordination is slow, and inefficient. The complexity of regional developments requires a multisectoral approach. As a result of this the authorities of the central executive power – the organs of the ministry<sup>7</sup> – share the execution of the developmental tasks. Subjects of regional development (LRD, 2009, sections 19–40, 5–7) are:

1. Administrative Authorities.
2. Ministry Authorities.
3. Regional Development Authorities:

a) National Regional Development Council – NRDC (Nacionalni savet za regionalni razvoj) – formed by the government, it has 28 members and a president.<sup>8</sup> The NRDC's responsibilities include status assessment, opinion, coordinating the work of regional councils, formation of working groups etc.;

b) The National Regional Development Agency – NRDA (Nacionalna agencija za regionalni razvoj) – is the state's newest coordinating institute, operative agent of regional policy. It acts in the following legal tasks: controls the preparation of development documents, monitors the realization of regional developments, accredits the regional development agencies, monitors their registry, oversees their work, offers professional support. By teaching the instructors of small and medium-sized enterprises it carries out further tasks, renders appropriate projects to the EU funds and other sources, initiates international and interregional cooperation, forms a unified information system, tends to publishing tasks etc. Its work falls under the ministry's jurisdiction.

c) Regional Development Council – RDC (Regionalni razvojni savet) – the government establishes development councils in every region (5 councils). In each region only one council can be established.<sup>9</sup> Tasks: the council offers an opinion

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<sup>6</sup> Remarks: on one example we would like to present the differences in the sphere of action of executive organs, on one hand, and the responsible organs for implementation of regional policy, on the other hand. The Department for Policy of Regional Development and IPA Projects within the Ministry of Economy and Regional Development is an executive organ, which is responsible for the complete IPA-programme (Instrument for Pre-Accession Assistance) in Serbia (tenders, organizing, controlling and account). Ministry of Finance is the most important responsible organ for implementation of regional policy – in this special example of IPA-programme, supporting the whole budgeting and founding process.

<sup>7</sup> *Zakon o ministarstvima* (2008, 2011), reorganization in March 2011.

<sup>8</sup> The Minister responsible for regional development acts as the president. The members of the Council are appointed for four years by the government (LRD, 2009, pp. 6).

<sup>9</sup> The RDC has a president and a number of members allotted by the statutes with a five-year mandate. The Council consists of the representatives of local governments, NGOs, representatives from the public sector and deputies (LRD, 2009, p. 6).

on regional development strategy, financing programme, other development documents, forms working groups etc., reports to the government and to the NRDC in an annual report;

d) Regional Development Agencies – RDA (Regionalna razvojna agencija) – their establishment is performed by the government. The RDA is an association (*privredno društvo, udruženje*) responsible for regional development tasks. For ensuring balanced regional development the law prescribes the establishment and accreditation of a limited (minimum) number of agencies in each region: Vojvodina Region – 3 RDA, Belgrade Region – 1 RDA, Region of Šumadija and West-Serbia – 4 RDA, South- and East-Serbian Region – 3 RDA (Kosovo and Metohija Region – 1 RDA).

Tasks:<sup>10</sup> participates in the preparation of development documents, accounts for their realization, executes development projects on regional level, ensures the possible access to EU funds, provides professional training, initiates international and national cooperation, forms a regional information system, carries on publishing tasks etc. The RDA is overseen by the ministry. The RDA writes an annual report on its work for the founders (local governments) and for the NRDA.

There is an ongoing formation of the institutional network. Establishing an efficient institution system that aims to decrease regional development differences is an essential requirement of EU accession (Horváth, 2006, pp. 14–15). Their tasks are: supporting economy, solving regional development problems, building economic and social partnerships, getting regional developments through politically, planning and programming, trainings, operation of information systems, investment policy etc. (Pálné Kovács, 2004, p. 952). In Serbia the institutions established for supporting the sector of SMEs are deemed to be the predecessors of regional development institutions. The agencies for the development of SMEs probably will assume the duties of regional development agencies (regional offices: Subotica, Sombor, Zrenjanin (in the area of APV), Belgrade, Požarevac, Šabac, Kragujevac, Kruševac, Kraljevo, Užice, Novi Pazar, Zaječar, Niš, Leskovac, Vranje). According to the new LRD (modification 2010) the institutes entitled to accreditation are those *Limited Liability Companies* (LLC) and *Associations* (among whose duties regional development and the support of SMEs and entrepreneurship is present) that are over 50% owned by local governments. The accreditation of institutes is carried out by the NRDA. The newly institutionalized organizations are characterized by centrally planned, local economic development managed by deconcentrated authorities, political support, and the founding function of economic subjects etc.

Currently the institutional coordination of regional development is hindered by the following factors:

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<sup>10</sup> Financial resources for realization of these tasks include: incomes from regular management, transfers of local governments, financial support and donation of foreign and domestic physical and legal persons, other sources according to the LRD.

- the unified network of regional development agencies is not yet set;
- developments are oriented towards certain sectors, the complex – comprehensive developmental solutions are missing;
- financial allocation between regions at different levels of development is not working;
- financial sources get to the development regions through a complex system of various organizations and funds, thus hindering the efficient coordination and monitoring of regional developments;
- the purpose of APV, doubled duties, and the lack of budget autarchy, indifferent attitude of central authorities, powerlessness of the regional political elite (political dependence).

## 5. THE ROLE OF THE APV IN IMPLEMENTING THE INSTITUTIONALIZED REGIONAL POLICY OF SERBIA

According to the constitutional law in Serbia there are three levels of administration and territorial administration: *central (federal)*, *regional* and *local*. The territorial organization of Serbia is governed by the Constitution of the Republic of Serbia (2006),<sup>11</sup> the Law on the Territorial Organization of the Republic of Serbia (2007),<sup>12</sup> the Regulation on Activities of Deconcentrated Organs of Ministries and Other State Authorities (1992),<sup>13</sup> furthermore the Law on State Administration (2005).<sup>14</sup> Consequently there are two autonomous provinces in Serbia: Vojvodina and Kosovo. Nevertheless, territorial administration in Serbia lacks the unified power of the regional level.

With its possibilities for a given constitutional territorial administration Serbia defined Vojvodina's regional jurisdiction in the Law on Determining the Jurisdiction of Vojvodina (2009).<sup>15</sup> The rights and obligations for territorial administration were stated in the Statute of the Autonomous Province of Vojvodina of 2009.<sup>16</sup> International legal issues have arisen concerning the southern province,<sup>17</sup> thus

<sup>11</sup> *Ustav Republike Srbije* (2006).

<sup>12</sup> *Zakon o teritorijalnoj organizaciji Republike Srbije* (2007).

<sup>13</sup> *Uredba o načinu vršenja poslova ministarstava i posebnih organizacija van njihovog sedišta* (1992).

<sup>14</sup> *Zakon o državnoj upravi* (2005, 2007).

<sup>15</sup> *Zakon o utvrđivanju nadležnosti Autonomne Pokrajine Vojvodine* (2009). The region regained its jurisdictions due to the First Law on Jurisdiction of 2002, within the framework of the current policy. *Zakon o utvrđivanju određenih nadležnosti Autonomne Pokrajine Vojvodine* (2002).

<sup>16</sup> *Statut Autonomne Pokrajine Vojvodine* (2010).

<sup>17</sup> Kosovo on the 17th of February, 2008 unilaterally declared its independence; Serbia refuses to acknowledge this referring to its own territorial sovereignty. Kosovo is under UN auspices from June 1999 (Security Council Resolution, 1244).

Serbia faced a completely asymmetrical line-up of territorial administration which favours the northern province, Vojvodina.

Law on Determining the Jurisdiction of Vojvodina (2009) specifies the regional competencies of APV in conformity with the principles of regional organization determined by the Serbian constitution. According to this law, the APV is responsible for regional development through its own institutions and development policies along the following issues: regional and spatial planning, balanced regional development, implementing measures with the help of the government of APV, maintaining a regional development bank, and developing the capacities to apply for EU funds etc.<sup>18</sup> The *Statute of the Autonomous Province of Vojvodina*, 2009 conceived significant regional development possibilities (rights and duties related to regional management).<sup>19</sup> According to the Statute, the APV is responsible for balanced sustainable development and major investments in its territory, furthermore, it must document strategic regional planning and development decisions (in conformity with national development goals), establish organizations responsible for development in the region, organize the collection of statistical data and follow up and evaluate the results of development projects.

The LRD of the Republic of Serbia provides relatively limited opportunities for Vojvodina, as it is embedded in a national (centrally managed) regional development strategy. At some level, the province has the right to form and give an opinion regarding developments in its territory, which is unique compared to other regions. Thus, the law handles the asymmetrical economic-administrative structure with some emphasis, yet rather moderately – within the principles of a unified national regional development plan.

The governor of the APV can delegate regional representatives to the NRDC. Since these organizations are set up by the Serbian government, it is important to clarify their relationship with the local, provincial organizations as well as the regulations to control resources on provincial/national levels. Regional development projects are financed from the budget of the province on the basis of contracts between the Vojvodina Regional Development Agency and the province. Such regulation makes it possible for the APV to take a more significant role in financing, and planning development projects in its own territory. The earlier described legal documents differ essentially in that Law on Regional Development empowers national executive authorities with the implementation of regional development projects, and there was no temporal alignment with the later accepted law on jurisdictions, the Statute of APV. Thus, the implementation of the law will hopefully enable the APV to regulate its own regional development policy in accordance with national development priorities.

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<sup>18</sup> *Zakon o utvrđivanju nadležnosti APV* (2009). The APV regained some competencies with the 2002 First Law on Jurisdiction (a comprehensive law referred to as Omnibus law originally in the Southern Hungarian dialect), which provided some autonomy within the constitutional framework of the Yugoslavian administration of that time. *Zakon o utvrđivanju određenih nadležnosti APV* (2006).

<sup>19</sup> *Statut Autonomne Pokrajine Vojvodine* (2010).

Table 2. Federal and regional institutional parallels in Serbia and the APV

Institutions on federal level	Authority	Institutions on regional – provincial level	Authority
Ministry of Economy and Regional Development	Economy, SMEs, IPA, cooperation	Provincial Secretariat for Economy	Economy, SMEs
		Provincial Secretariat for Interregional Cooperation and Local Self-Government (March 2011)	IPA, cooperation
Ministry of Finance	Fiscal policy, monetary policy	Provincial Secretariat for Finance	Coordination There is not fiscal and monetary autonomy in the APV!
Ministry of Agriculture, Trade, Forestry and Water Management	Rural development	Provincial Secretariat for Agriculture, Water Resource Management and Forestry	Rural development
		Provincial Fund for Agriculture	Rural development, subvention and support
Ministry of Environment, Mining and Spatial Planning	Environment, spatial planning, urbanism and construction	Provincial Secretariat for Urbanism, Construction and Environment (March 2011)	Environment, spatial planning, urbanism and construction
Ministry for National Investment Plan (till March 2011) then become part of Ministry of Economy and Regional Development	Investments in infrastructure and economic development	Fund for Capital Investment of AP Vojvodina	Investments in infrastructure and economic development
Ministry for Human and Minority Rights, Public Administration and Local Self Government (March 2011)	Territorial administration (human rights, minority questions)	Provincial Secretariat for Interregional Cooperation and Local Self-Government (March 2011) Provincial Secretariat for Education, Administration and National Communities (March 2011)	Territorial administration Education, human and minority rights

Institutions on federal level	Authority	Institutions on regional – provincial level	Authority
The EU Integration Office	EU, integration	European Affairs Fund of Vojvodina	EU, integration
Republic Development Bureau (till March 2011) then become part of Ministry of Finance	Strategic economic researches	Centre for Strategic Economic Studies ‘Vojvodina-CESS’	Strategic economic researches
Development Fund of Republic of Serbia	Economic development priorities, incentives, credits, guarantees	Fund for Development of AP Vojvodina	Economic development priorities, incentives
		Guarantee Fund for AP Vojvodina	Guarantees
		Development Bank of AP Vojvodina	Credits
National Agency for Regional Development	Regional development	Regional Development Agency	Regional development

Source: own construction based on Internet sources.

Regarding the development and experiences of the recently institutionalized Serbian regional policy the role of the APV has to be emphasized. This has become an exemplary system that functions as a model for the entire Serbian regionalism. The comparison of the national and regional institutions shows how Vojvodina has a unique institutional network responsible for the implementation of regional development. Widening the scope of competencies of the APV and the practice of the law since 2002 made it possible to establish such institutions of economic development which lack parallel on a national level. One example is the Development Bank of Vojvodina that controls the Guarantee Fund for Autonomous Province of Vojvodina and the other is the Fund for Development of Autonomous Province of Vojvodina enhancing economic development. Another regional institution, the Provincial Fund for Agriculture, enables the development of agriculture, one of the most important branches of Vojvodina’s economy. Examples of policies and activities of regional development can be detected in many spheres of social and economic life of the province. One of the most important regional institutions is the Fund for Development of Autonomous Province of Vojvodina, which according to its annual programme initiated and supported development programmes in value of 30 million euros in year 2010, cooperating with the Development Bank of Vojvodina. The programme is

contiguously elaborating and supports development programmes of agriculture, SME-sector, investment and export promotion, employment, innovation, quality systems, environment and energy efficiency etc.<sup>20</sup> Programmes for social cohesion were also successfully implemented in the Province of APV.<sup>21</sup>

The fact that the province has no monetary and fiscal autonomy is another crucial difference between the regional and national levels of administration. Transfers from the national budget allow less responsibility and development for the province. Low budget and the powerlessness of the regional political elite are major drawbacks of implementing regional development projects.

The network of national institutions of regional development (NUTS 2) will not be able to unambiguously integrate regional and economic development tasks as exemplified in Vojvodina. The primary role of institutions, as decentralized organs of the NRDA, has been to coordinate the pre-accession funds and the system of tenders.

## 6. PROSPECTS OF AN ACTUAL REGIONALIZATION OF SERBIA

The case of the APV exemplifies how decentralization and regionalization debates are specific to Eastern-Central Europe (Horváth, 2009a, p. 17). Such disagreements are often based on the counter-interests of national governments and often the ethnocentric administration. Vojvodina's 'asymmetrical, atypical and controversial legal position', as well as its political-territorial autonomy (Korhecz, 2009, pp. 14–17) prompted the political antipathy of the representatives of Serbian political elite that supports ethnocentric, unitary state administration (Nikolić, 2009, pp. 46–48; Simić, 2009, pp. 70–72). Komšić (2009, p. 79) rightfully asks 'how in Serbia, citizens' rights to provincial autonomy and local government is declared inconsistent with creating regions (for the entire territory of Serbia)?'.

The APV exists and functions only 'in the state of legal infancy, under Belgrade's guardianship (lawmaking, constitutional guarantees)' (Korhecz, 2009, p. 22). Korhecz argues that the doubled tasks (province-central government) create budget and efficiency constraints. 'The central government has no duties regarding autonomous provinces as most tasks are carried out by the provincial authorities' (Korhecz, 2009, p. 24). The same is true concerning deconcentrated state organs functioning in the territory of the province that fulfill some tasks (employment, chambers of commerce, revenues and taxes, healthcare etc.) together with the central government. According to Korhecz (2009, p. 27), 'site-

<sup>20</sup> Fond za razvoj AP Vojvodine (2012).

<sup>21</sup> Programmes organized and implemented by Office for Gender Equality (programmes in last period: research on women and men in APV, women in villages in APV etc.), Fund for Supporting Refugees and Internally Displaced Persons in Autonomous Province of Vojvodina (e.g. long-term credits for buying real estates, job mediation etc.). Fond za pružanje pomoći izbeglim, prognanim i raseljenim licima (2012).

off' – deconcentrated organs are superfluous however, national government authorities, via deconcentration, openly 'aim to get into deeper spheres of intermediate spaces' within the given segments of the controlled area (Farágó, 2005, p. 204). Horváth (2009a, pp. 17) argues that deconcentrated organs 'fulfill tasks alien to the agency itself', the lack of coordination, information and reconciliation of interests characterizes the branch-specific, highly divided structure. 'Decisions made at the regional level cannot be replaced with decisions made at other levels' (Farágó, 2005, p. 207); furthermore, 'asymmetrical legal regulation is an indicator of regional specificities', exemplified by Vojvodina (Korhecz, 2009, p. 27). The new *Statute of the Autonomous Province of Vojvodina* provides autonomy in more than twenty broad areas (spatial planning, regional development, agriculture, healthcare, education, culture etc.), while emphasizing 'minority rights' based on the multiculturalism of the region, however, without fiscal self-government. Komšić (2007, pp. 65–96) argues that the APV has only 'showcase autonomy', with continuous dependence on and control of the central government, where further addition of constitutional competencies would be necessary.

According to Horváth (2009b, pp. 21–23), the provincial constitutional autonomy in Serbia resembles the first attempts of decentralization in Eastern-Central European countries with a development track along unambiguous rules, own and divided incomes, and planning licenses. Nevertheless, Central Serbia is left without constitutional legitimacy and special status administrative regions, regional institutions (Farágó, 2005, p. 210). The influence of the central government and political elite still prevails through deconcentrated state organs, often hidden into regional development projects, which Horváth (2009b, pp. 21–23) defines as characteristics of the second decentralization model. Thus, regions become the 'passive mediums', while regional institutions fulfil the role of the 'home worker' (Farágó, 2005, p. 210). If local-regional communities get decision-making and fiscal competencies, they will not be the 'passive observers of central-national action' (Lilić, 2009, p. 19).

In Serbia, however, there is no unified wish to redefine the role of the state. The real regionalization of the country (and further constitutional amendments) could provide the basis to clarify scopes of authority. The 'central government does not give up its competencies voluntarily, as decentralization would narrow its scope of activity' (Farágó, 2005, p. 204), yet Horváth (2009a, p. 20) argues that transferring some of the competencies of the central government to the regions would eliminate the outdated unitary form of the Serbian government.

Marking out the regions would make it possible to create autonomous territorial units in Serbia, similar to the APV. Nevertheless, the regions, except for the APV, do not represent homogeneous spatial entities with real internal connections. Nemes Nagy (2000 qtd. in Szabó, 2005, pp. 31–32) characterizes the processes forming the region with the system of *borders, cohesion, identity and management*. While the APV is a real region according to all region-forming criteria listed by

Nemes Nagy, the other three regions in Serbia are only set administratively and their boundaries marked, yet they do not have a regional institution system, sense of regional identity or strong social and economic factors of administrative-spatial organization. These are artificially created regions, which did not even have marked borders according to the macroregional development concept of Serbia (Spatial Plan of Republic of Serbia, 1996), only the macroregional centres having been identified (Nagy *et al.*, 2009, pp. 173–184). Kosovo can be characterized as more of an independent state (UN Security Council Resolution, 1244), which had an autonomous status, similar to the APV, since 1974 till the war in the 1990s. Rák (2002, n.p.) argues that APV meets all the ‘criteria necessary to officially become a region’ (geographical, political, economic and historical). We think economic criteria should be emphasized, as in the case of the APV concrete national and foreign political elements have to be considered as well.

Regionalization and marking the regional borders *per se* prompts the continuous development of regionalizing elements such as identity, economic and social cohesion. The APV can become an example for Western Serbia and Šumadija as well as the Southern and Eastern Serbia regions. Though these regions do not yet have a system of regional institutions only deconcentrated organs of the central government fulfil administrative functions. However, if these institutions become separated from the national government they can become independent regional administrative units. Most importantly each region has to be able to identify its human and material conditions which would help create their independence.

## 7. CONCLUSIONS

Regions in Serbia have been created to boost development without real regionalization. Thus, they are so-called regional political target-regions. The main function of regions should not be statistical-planning, as Serbia has very unevenly spread geographically defined economic inequalities. In order to balance the negative impacts of globalization and the neoliberal economic policy and because of the ongoing EU integration, the competitiveness of local economies should be strengthened. Therefore, it is important to legitimize such regional (autonomous) competencies that enable regions to attract investments, develop their industrial potential, produce for export, and provide satisfying living standards for the population. Thus, the regions will be able to counterbalance and tackle the central, highly polarized, and concentrated economic development and change their peripheral role and exposed status as well as their economic and political dependence in a hierarchical system. Regional space has to be redefined from this perspective. Serbia can be truly regionalized and developed step by step if the Serbian political elite recognizes and admits such forces.

The following steps are necessary to transform the existing deconcentrated institution system into a regional institution system:

- rethinking of the new regional boundaries (new regions created from several former administrative districts), some tasks would be transferred to regional centres;
- gradual termination of authority-based developmental mechanisms initiated by the central administration;
- issuing autonomous development initiatives, regional demands (regional development plans, development funds);
- participation of the local-regional political elite in national decision-making, according to the territorial units of the region;
- social division of labour, regional functions;
- social consensus, subjective perception of region as a factor in regionalization, value system, gradual construction of regional identity.

In Serbia, ethnocentric-nationalism, the lack of rational thinking in economic decision-making, constitutional insufficiencies (the lack of political consensus) in regional development, the atypical, asymmetrical position of the APV and the lack of real regional self-organization are the heaviest drawbacks of regionalism. The foundations of real regionalization are present in the existing functional regional system of Vojvodina, which could be a valuable experience for the Serbian political elite. The Serbian political elite, however, tries to access EU funds for regional development, and thus, the existence of regions is a necessary tool. According to such screenplay, controlling the sources, would, remain in the hands of the central administration. This is how the regional institutional system is set up under centralized political initiative. The statistical-planning role of territorial units would be largely modified if region becomes a functional category and connects to regional economic development. From this perspective, the creation of regions is further justified by medium range regional development programmes, which would enable districts and settlements of a given region to define their development priorities regardless of their economic heterogeneity and complexity, while unifying their financial resources. Regionalization could enhance the improvement of political attitudes, social sensitivity and trust. This is an opportunity for Serbia to take a path of effective economic development.

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