

SUMMARY

Although the reform of local self-governance has began a decade ago, with adoption of new Laws on Local Self-governance (1991 in RS and 1995 in FBiH), the results in this field are still very modest. Majority of other pillars necessary for building up of the stable country - the creation of new institutions, introduction of rule of law, economic reforms and especially the return of refugees – were given more resources and attention from local governments and European Union than it was the case with local self-governance. It ought to pass ten years in order to understand that main pillars of society and state have their fundamentals in municipalities and that each of them is not stable unless the ground on which they stand is stable. In other words, it came out that either economic system or central state institutions can't successfully be reformed unless the system of local self-governance is not reformed and developed accordingly.

The reform of local self-governance is still going on thanks to the support of individual donors and the efforts of local government and non-governmental sector in BiH. As for the government(s), previous changes were to a great extent pure consequence of political measures undertaken in order to deal with other problems while at the same time only touching local self-governance marginally causing different disturbances in the municipalities. Drawing of the Inter-entity boundary line, for instance, has parenthetically created a dozen of undersized municipalities which do not fit in the existing model (in which the medium and large municipalities are dominating), which are economically unsustainable and it is almost impossible to disestablish them. Due to unpredictable consequences brought by spontaneous development it is necessary to start with planning of local community's development as soon as possible. This planning has to include two institutional levels – entity and municipal. This document is dealing with the first level only and presents different options for development of local self-governance in BiH.

The development models depend upon the existing institutional and territorial structures but also are dependent upon the vision which has been presented as desirable. The existing situation is perceived as the source of different limitations. One should take

into account that limitations are generally apprehended and interpreted very partially: usually the objectively nonnegotiable obstacle is something that is not suitable for certain powerful social group or, which more often is the case, as something that doesn't fit into the plans of ruling political option. In this analysis we have considered all circumstances and power relations which resulted with shortening of the list of possible policy options on the following four, among which the most efficient one should be chosen. In other words the policy option which is the most suitable due to its quality and eligibility for the key actors upon whom its adoption and realization depends. Complex, multi-level analysis of these options included the spatially-demographic circumstances, economically-financial implications, socially-political assessments and necessary interventions in legal regulation.

1. The **“status quo”** option considers that nothing essentially should be changed within the local self-governance system; keep all existing demographically, economically and territorially uneven municipalities while the system should continue to adjust to the changes in the environment with reactive and enforced adaptations. The existing monotype municipality structure and existing dependence of municipalities on central state bodies should be maintained while the citizens participation should probably decrease.
2. The **“small municipalities”** option would bring territorial and demographic mincing of existing municipalities (instead of 143 present municipalities in BiH it around 350 local communities would be constituted), significant mincing of its authorities and probable increase of municipality dependence on higher authority levels which would take over most of existing municipal duties. There is a possibility that in such small municipalities citizens' participation grow up but it is more likely that small municipalities will become the victims of local gangsters or local political party branch offices.
3. The **“large municipalities”** option would mean the annulment of small and unsustainable municipalities and establishment of demographically and economically strong local self-government units with increased number of duties

and with the administrative apparatus capable of implementing them in order to satisfy the citizens needs. The implementation of this option relies upon the preciseness of rational selection theory and upon the presumption that public interest will always outweigh over egoistic interests of particular social groups and municipalities – which is not certain at all.

4. The **“keep and improve”** option is not designed to deal with deep changes that usually consider intensive conflicts with groups and interests that are enemies of changes in society. This option recommends the small steps progress (*“step by step”*). This means that changes would refer to adjustment of competencies to real possibilities of municipalities by applying minimal territorial corrections, i.e. the introduction of poly-type municipal structure is anticipated (for instance city, municipal or rural) with adequate competencies. This model should provide who is going to perform the deprived competencies in smaller municipalities while the additional mechanisms of monitoring and control should be build into this model.

It is the matter of political choice and assessment to decide upon which of these options are most acceptable but it should be remembered that political choice is not impartial since it is to a great extent caused by interest and depends upon power relations. Within the framework of this policy analysis the survey of standpoints and opinions for two groups has been carried out and these two groups, in accordance with the theory of institutionalism, have the determinative influence on implementation of the existing local self-governance model and would have the crucial influence on possible redesign of that model or its substitution for something completely different. Those are the members of entity parliaments and BiH mayors. The first group is responsible for passing the laws by which the territorial organization and local self-governance is regulated while the other group is enforcing them and live by them. In both groups tendency to accept existing territorial and institutional solutions as permanent although not good solutions can be observed. The threshold of readiness for changes regarding territorial organization is low: the marginal majority of mayors and almost two thirds of Parliament members are willing to

accept only minimal territorial corrections. At the same time, more than three quarters of examinees in both groups would accept a more flexible approach regarding the scope of competencies which would lead to adaptation of competencies to real capacities and real needs of BiH municipalities.