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**Connecting Citizens to the State:
Informal Local Governance Institutions
in the Western Balkans**

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Connecting Citizens to the State: Informal Local Governance Institutions in the Western Balkans

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Summary

There is a growing scholarly and policy awareness of the fact that informal institutions that lie wholly or partly outside formal state structures and that take on various governance-related functions have tremendous potential to strengthen citizen participation, encourage inclusive decision making and promote improved service delivery at the local level. Local informal governance institutions that play an active role in promoting citizen participation in decision making at the municipal level exist all over the Western Balkans, and especially in the countries of the ex-Yugoslav state. However, systematic empirical research on these is limited. This paper is an initial analytical attempt at bringing together some of the existing literature on these institutions in Bosnia and Herzegovina, Croatia, Macedonia and Serbia, in order to set the ground for more systematic and detailed future research on these institutions in the region. The main question that this research study asks is, how do informal, sub-municipal governance institutions in the Western Balkans organise interaction and engagement between citizens and the state around service provision and other governance functions? Our work on local governance in the region indicates an important role that these informal institutions play in the areas of citizen participation, inclusive decision making, and service provision.

Keywords: informal institutions; governance; citizen participation; service delivery; Western Balkans

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Introduction

There is a growing scholarly and policy awareness of the fact that informal institutions that lie wholly or partly outside formal state structures and that take on various governance-related functions have tremendous potential to strengthen citizen participation, encourage inclusive decision making and promote improved service delivery at the local level. At the same time, they are also thought of as traditional, unaccountable and regressive, especially in terms of restricting the participation of women and minorities. Systematic evidence on the nature and role of such informal governance institutions is limited.

Local informal governance institutions that play an active role in promoting citizen participation in decision making at the municipal level exist all over the Western Balkans, and especially in the countries of the ex-Yugoslav state. The *mesni zajednicas*¹ (MZs) are a traditional form of sub-municipal, community-based self-government that are recognised and regulated by local government laws across most countries in the region, and that are legally recognised as forums where citizens can come together to discuss issues, decide on strategies, and formulate proposals on issues of local significance. Yet, they are not integrated with one another or within the working of municipalities, and they work essentially outside the local government system.

Our work on local governance in the region indicates an important political role that these informal institutions play, and the possibilities that they offer for citizen participation, for representative, inclusive decision making, and for service provision. Yet, systematic empirical research on these is limited. A systematic review of these institutions in the region is required before any specific recommendations can be made in terms of their role in strengthening citizen participation and inclusive decision making, and in improving service delivery. This paper is an initial analytical attempt at bringing together some of the existing literature on these institutions in Bosnia and Herzegovina, Croatia, Macedonia and Serbia, in order to set the ground for more systematic and detailed future research on these institutions in the region.

The main question that this research study asks is, how do informal, sub-municipal governance institutions in the Western Balkans organise interaction and engagement between citizens and the state around service provision and other governance functions? To answer this, we ask three specific secondary questions. First, what exactly are these *mesni zajednicas* (MZs) how do they work, and what is their genesis and legal status? Second, how do they engage with the formal state at the local level? Finally, what are the prospects for these institutions to deliver public services in the long run?

This paper is based on a review of existing literature, and on some key respondent interviews with relevant actors in government and civil society organisations, whom we spoke with while conducting research on local government in Serbia, Bosnia and Herzegovina, and Macedonia in 2011-12². Through this data we are able to provide the perspective of local government officials on MZs. The paper is organised as follows. Section 1 situates MZs within the general literature on informal institutions and how these impact state authority. Section 2 looks at the first question above, describes the nature and legal status of these local institutions, and analyses how these have changed over time. Section 3 then deals with the next two questions and analyses the engagement of MZs with the formal state in three particular aspects of local governance: (a) in providing spaces for citizen participation, (b) in decision making around the delivery of public

¹ Spelt in different ways across the region, called *bashkesia locale* in Albanian and *mjesni odbor* in Croatian.

² Material on Croatia comes almost entirely from secondary sources.

services, and (c) in the electoral process. Section 4 concludes and looks at the policy implications for these institutions.

1 Participation, informal institutions and the state

1.1 Governance and participation

Local government reforms have the capacity to bring governance processes closer to citizens, and to create both representative and participatory (or direct) forms of governance. While representative decentralisation requires that citizens participate in governance by electing their representatives to make decisions for them, participatory decentralisation requires much more from its citizens. It requires them, and not just their representatives, to become an active part of decision making itself. To this end, it requires the state to provide an enabling environment within which citizens can play out this role. Most effective forms of citizen participation, however, occur away from municipal headquarters within smaller community groups in villages and neighbourhoods, and require municipal staff to interact directly with citizens away from their offices. This is often difficult to achieve, increases operational costs and requires initiative on the part of local government officials. Good instances of this are thus understandably few in number.

The general perception of citizen participation in the Western Balkans, communicated through both official and donor channels, was that participation of citizens in local government processes was weakly institutionalised. This led us to ask why citizens did not participate in government decision making. Was it that citizens were not engaging with the process, or did the problem lie in a lack of participatory spaces within formal processes? Though we had no way of investigating citizen preferences and behaviour, we interviewed a wide set of actors within government at both the national and local levels, and within a host of research institutions. In considering questions of representative and participatory local governance in the Western Balkans, our attention was drawn quickly to the institution of the MZ as a forum for citizen participation and decision making at the community level, and to the realisation that citizen participation in the Western Balkans was not weakly institutionalised, but rather, informally institutionalised. Citizens seem to be participating, but they are doing so outside formal state processes within informal institutions at the community level.

It is not unusual for such participation to go unnoticed. Informal institutions provide sites of everyday, regular participation in governance processes that goes beyond citizen engagement that happens in formally provided spaces and funded through external interventions. Very often the interaction between states and citizens takes place through invisible or informal channels, while many formal efforts from donors, scholars and activists are invested on setting up institutions and channels to promote participation.

1.2 Informal institutions

Our general view of politics and governance, and with it of state-citizen relations, assumes a relationship between state officials, offices or institutions on the one hand, and individual citizens – in the form of voters, petitioners, recipients of state services, applicants, complainants and defendants – on the other hand. In much of the world, especially in newer democracies, however, the relationship between the state and its citizens is rarely individual and direct. Instead, citizens approach the state collectively through various intermediaries. These collectivities lie outside the formal structure of the state but do have a fairly institutionalised way of doing business, in selecting their leaders, recruiting and representing members, mediating

relationships between members, and most importantly, in working with the state. In other words, they work as informal institutions.

In many parts of the world much of what we understand as governance – service delivery, dispute resolution, representation and electoral politics – is influenced heavily by local informal institutions that operate wholly or partly outside formal structures of the state. There is a great variation in the types of informal institutions found across the world. In many parts of rural India disputes between village members are rarely taken to formal courts or the police. Instead, customary village councils or *panchayats* resolve disputes. In Pakistani Punjab, informal village-based *akhats* resolve local disputes and decide whom the village will vote for in the next election, and *akhat* heads regularly mediate with the formal state over public service delivery. *Jirgas* are important informal institutions in local governance in Afghanistan. In Sierra Leone *o'rbais*, or chiefs, are a decisive factor in all land transactions. In Tanzania, informal clan leaders, the *mshili*, adjudicate disputes, aggregate votes for parties and mediate between the community and the formal state, especially the police and courts. In the *favelas* of Rio de Janeiro informal local *cabo eleitoral* play an important role in deciding who the *favela* residents will vote for, and what services they will receive in return. In other words, informal institutions perform a range of functions: they organise vote banks within communities for parties, candidates and municipal governments; they mediate disputes and dispense justice as substitutes to formal legal mechanisms; they regulate citizen's access to services and regulate participation in community projects, and they mediate interactions with local governments, thereby affecting access to information and participation in deliberative forums.

The variation extends to their reason for being. In some cases informal institutions stem from state failure and are created because of an absence or 'scarcity' of the state (Corbridge *et al.* 2005). In other cases, they compensate not for an absence of the state but for a lack of state capacity even in areas where the state is physically present. In yet other cases, state capacity may exist but the will to rule, or most often to deliver services, may be lacking and it comes down to informal institutions to negotiate and secure public service delivery. Finally, informal institutions may exist despite the presence of the state, and its capacity and will to deliver. In these cases the institutions are a by-product of state policies that consciously accept the co-existence and parallel functioning of these institutions. The MZs of the Western Balkans studied in this paper fall largely within this last category.

According to Helmke and Levitsky (2006), informal institutions also vary in their relationship and interaction with formal state institutions. Where the state functions effectively, informal institutions may 'complement' the working of state institutions if they have convergent outcomes, or they may 'accommodate' one another where they have divergent outcomes. On the other hand, where formal state institutions are ineffective, informal institutions actively 'substitute' for the state in cases where their goals are convergent, and actively 'compete' with the state in cases where their goals diverge. Given that MZs largely attempt to facilitate citizen access to the state, so that their aims are convergent, and the state across the Western Balkans is reasonably effective in its ability to implement its authority, we can think of these informal institutions as 'complementary' to the state's general objectives.

Despite all the variation, one thing that is common across informal institutions is that they help complete our knowledge of public authority, and to understand the fact that in many parts of the world, political authority is often not the monopoly of the state. Informal institutions across the world have considerable influence over how poorer groups and rural citizens interact with governance processes, donor projects, and local governments, what information they access, how they vote in elections, and even to what extent they participate in deliberative forums.

Patterns and sources of authority are complex and varied, and our understanding of governance risks being incomplete if we hold on to narrow conceptualisations of politics and governance based only on formal state institutions, or on direct interactions between the state and individual citizens. A central research question within governance studies today – how to increase effective, accountable public authority in poor countries of the global South (Unsworth 2010) – is answered by scholars like Clunan and Trinkunas (2010) by pointing to the ‘complex interdependence’ of formal and informal governance that leads to ‘multicentric’ governance. We help advance this concept in this paper by looking at the role that MZs play in governance in the Western Balkans.

2 Local community organisations in the Western Balkans

One of the primary challenges in defining MZs, in the form they exist in the Western Balkans, is whether to think of them as formal institutions that are defined by the law, or informal institutions that work essentially outside the state. The challenge emanates from the history of MZs, institutions that were formally instituted at one point by the state to facilitate citizen participation in local governance and decision making, but then moved out of the realm of formality as their role changed in response to political changes and re-configurations. This history of the formal origins of MZs and their changing nature is analysed in this section, and Section 3 will then take up the question of their informality and role *vis-à-vis* the state.

2.1 Origins of MZs and their legal status in the former Yugoslavia

The first legal forms of sub-municipal self-governance in the area of former Yugoslavia were registered in 1944. These *people's liberation boards* were established by decisions taken in some of the republics that soon thereafter formed the joint country – the Federal National Republic of Yugoslavia (FNRY). The Yugoslav constitution of 1946 further strengthened these boards by reinforcing the right of citizens to actively participate in local decision making through them. The boards represented the lowest level of state authority and were highly legitimate bodies elected by a secret ballot. Board members had a two-year mandate and they were accountable to the higher-level (regional) board and to citizens, i.e. voters, in their territories. Local people's boards were obliged to take under consideration the conclusions of each voters' meeting and to report back to voters on measures that were undertaken as a result. Voters had the right to dismiss the board before the end of its mandate. Local people's boards were legal entities and were represented by a president and a secretary. The boards had their own budgets within the budgets of higher-level (municipal or regional) authorities. Their main tasks related to participation in agricultural planning, improvement of communal services, organising cultural events, facilitating development of crafts, and trade of goods and services.

Mesni zajednicas (MZ) were first introduced in the 1963 Constitution. These replaced the local people's boards. Municipalities could now define the transfer of communal, social and other tasks to MZs under municipal statutes, and were obliged to provide the required finances to MZs for the transferred tasks. MZs independently managed finances for the execution of the tasks delegated to it. However, the MZ president and council had only administrative functions and decision-making power was not shared by all citizens (Leonardson and Mirčev 1979).

After more than twenty years of frequent legal changes with the objective of democratising political processes, the Socialist Federative Republic of Yugoslavia's (SFRY) 1974 Constitution significantly expanded the position and role of MZs. At that time SFRY was a socialist state with a federal system made up of six socialist republics: Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia³, and Slovenia. In each socialist republic, municipalities were the basic socio-political community⁴. The 1974 constitution made MZs the basic territorial unit of citizen collectivity, an obligatory form of local self-governance and a constitutive element in the municipality. They had the status of a legal entity so they were entitled to financial autonomy: for example, they could collect taxes or fees for specific services. They also had property, offices and employed staff. Thus, MZs were equipped for important functions in local development and planning, especially communal and infrastructural planning, that were imposed on MZs by law.

MZs were formed for a certain area by taking into account urban, suburban and rural specificities of the area. Residents of the specified community had the power to influence and approve changes in MZs, such as the abolishment or merging of existing MZs, secession of settlements from one MZ to another, or change of MZ board premises. Citizens were able to fulfil a number of community needs through the MZs, primarily related to child, social and health protection, education, culture and sports. In addition, MZs were in charge of specific communal services (cleaning of public spaces, refurbishing and building new infrastructure), local economic development (supporting growth of small economy, trades), mobilising the population for the protection of resources from natural disasters (civil protection) and ensuring conditions for the potential mobilisation of the community for the defence of the state when required. MZs were also the site for municipal administrative offices at the sub-municipal level. These used to be established in larger MZs with the objective of bringing municipal services closer to citizens, especially the services that citizens need most, such as registration of births and deaths, and other registry and licensing services.

The main source of finance for MZ work was the municipal budget. Municipalities could transfer part of their own revenues from communal taxes, taxes for construction land use, and other revenues to MZs as permanent sources of financing. Additionally, MZs used to collect funds through voluntary contributions by residents, gifts, and fees for MZ services. Overall, MZs were financially autonomous in managing their funds. They also had an autonomous governing structure, made up of the MZ assembly, which was a representative body, and the MZ council, which was an executive body. The assembly was composed of delegates, half of whom were elected by direct vote while the other half was delegated by employees in social companies and citizen associations. They had a four-year mandate. The council was appointed by the assembly. Both bodies were scrutinised by a municipal self-governance supervisory body. Optionally, MZs could also establish a *peace council*, a self-governance court which mediated conflicts, and a *consumers' and service users' council*, which facilitated citizens' actions with the aim of protecting consumers' and service users' interests (for example, by organising discussions about quality of goods, services, and prices, fostering opening of new shops, and cooperating with municipal inspections).

Citizens participated in MZ decision making both directly and indirectly. Direct participation was mainly exercised through citizen assembly meetings in which community residents were invited to take part. The citizen assembly had a control function over MZ bodies and a decision-making function, which included decisions related to MZ statutes. In addition, citizens could participate in decision making on specific issues through referenda and other forms of direct participation organised in the MZ area. Referenda at MZ level were organised at the time of the

³ In addition, Serbia consisted of two autonomous provinces Vojvodina, and Kosovo and Metohija.

⁴ Based on joint interest, several municipalities could unite and form a city or a regional socio-political community.

establishment of an MZ, to deliberate on changes in the MZ area or on MZ statutes. In parallel, citizens indirectly participated through the elected delegates in the MZ assemblies, councils and other MZ bodies. These delegates had a direct influence on the work of municipal governments.

2.2 Changing Politics, Changing MZs

The nature and functions of MZs, described above, changed significantly with the break up of the country. Each of the former Yugoslav republics developed as an independent state with new constitutional and legal frameworks. The institution of the MZ evolved in these states in slightly different ways during the complex transition processes. In the early 1990s, a process of impulsive centralisation characterised the initial stage of building new states. MZs were neglected as the lowest level of citizen territorial organisation and their powers – jurisdictions and property – were transferred to municipalities. Legally, citizens' right to decide on important communal issues and services at the community level suddenly and significantly decreased.

In the mid 1990s, the trend of decentralisation and focus on the principle of subsidiarity emerged as part of conditions that each of the new states had to fulfil on their way towards EU accession. Mirroring European models of decentralisation, states increased the number of municipalities, i.e. decreased the average municipal territory and population size. In this process MZs were abandoned as an obligatory form of sub-municipal governance for three main reasons: first, MZs were not part of the European models and, therefore, not a condition for further decentralisation and EU accession; second, in smaller municipalities authorities became closer to citizens and the lower level of governance was considered redundant; and third, the eradication of institutions considered to be socialist remnants, and the introduction of new democracy, became a popular motto and gave politicians the opportunity to redistribute power concentrated in MZs to a higher level of government – the municipalities.

As political change occurred in the region, MZs and their role changed. Though there are many commonalities in their current configurations across the region, this change was not always uniform and varied to some extent across the four countries that are the subject of this paper. This section looks at the present legal status and functions of MZs in Bosnia and Herzegovina (BiH), Croatia, Macedonia and Serbia, with a focus on how this has changed in comparison with their previous role, described above.

2.2.1 Changes in legal status

Community-level forms of local self-government, MZs, continue to be a constitutional category in Croatia and Macedonia. In other countries MZs are defined by local government laws⁵. The Croatian and Macedonian laws accommodate the different situation and needs of rural and urban MZs, which is similar to the former socialist system. For example, Croatian law specifies two forms of sub-municipal governance: (i) local boards (in rural areas); and (ii) city quarters (in urban areas)⁶. In Croatia, Serbia and Federation of BiH (FBiH) entity in Bosnia and Herzegovina, MZ is the lowest level of local self-governance and a legal entity within rights and jurisdictions defined by the city/municipal statute. This means that MZs are entitled to premises, a stamp, and limited financial autonomy (for example, they can open a bank account). In the Republic Srpska (RS), part of Bosnia and Herzegovina and in Macedonia, MZ is not a legal entity but an institutionalised, non-mandatory mechanism of citizen participation. Depending on the goodwill

⁵ Review of relevant laws can be found in Annex A.

⁶ Local self-governance in the City of Zagreb is defined by the Law on the City of Zagreb (National Newspaper no 62/01). According to this Law, the City of Zagreb defines establishment of city quarters and local boards (including their type of activity, jurisdiction and bodies) by the city statute.

of local authorities, MZs in these areas may have premises at their disposal and may be consulted on specific development issues. Depending on the enthusiasm of MZ leaders, they can put forward development initiatives and be proactive in communicating with authorities. However, they do not have any financial or formal decision-making powers.

Despite the variation in the legal position of MZs in all four states studied here, the *de facto* situation seems to be rather similar. Based on the socialist traditions, MZs are perceived as important spaces for citizen participation and decision making (CCI 2009, 2010). On the other hand, in many municipalities, laws are not enforced and majority of MZs do not have basic legal conditions for work. Furthermore, there are municipalities and cities that do not organise elections for MZ boards at all⁷, while those that organise elections rely on political party members and, as a result, MZ boards consist almost entirely of politically affiliated residents, with the exception of some well-organised local activists that enter MZ boards as independent candidates. This significantly undermines the democratic concept of local self-governance.

2.2.2 Rules for establishment

Similar to the situation in former Yugoslavia, in all states the initiative for the establishment of an MZ can be put forward by citizens, citizen associations, or other bodies in accordance with city/municipal statute. Furthermore, an MZ can still be established for one or for several connected settlements, or for a part of a bigger settlement or a city that comprises a logical whole. MZ is formally established by a city/municipal decision and regulates its work by a number of local level acts (on the definition of tasks, organisation, procedure for election of MZ bodies, sources of financing, mechanisms of citizen participation through MZ, etc.). For example, current municipal statutes in Serbia lay out the MZ form and their relationship with the municipality. There even appears to be a local department for working with MZs that provides assistance, administrative support and some funds through a dedicated budget line. In other states, it is commonly found that municipalities have appointed an officer in charge of maintaining contact with MZs.

2.2.3 Basic MZ functions

Surveys in Macedonia (OSCE 2005) and BiH (CCI 2009, 2010) indicate that MZs play an important role in communicating citizens' concerns to municipal authorities, particularly in rural areas, and carry out a variety of initiatives linked to infrastructure improvement and maintenance, mainly on a voluntary basis and even through residents' financial contributions. Despite their weaker legal position, MZs still address a variety of their original functions in all states studied here. In addition to communal issues (e.g. maintenance of public space), assessment of infrastructural needs and economic activities in the area, MZs meet priority social needs: humanitarian actions for persons on social aid, child care, care for old and disabled persons; health and veterinary services; culture and sport. Facilitation of citizen participation through public meetings or referenda at MZ level is among the most prominent of the original MZ functions.

With valid laws, MZ can be a legitimate partner to the city/municipal authorities in development planning, spatial planning, environmental protection programmes and civil protection systems⁸.

⁷ In Macedonia, almost half of the municipalities called elections for the MZ board members after the municipal elections held in March 2005. The provision of the 2002 Law on Local Self Government (Art. 84), stipulates that the elections of MZs should be conducted at the same time as the election of the municipal council. A remarkable number of municipalities, roughly 90 per cent, have incorporated in their statutes the necessary rules to regulate the functioning of MZs, showing a stricter enforcement of the Law on Local Self-Government (OSCE 2006).

⁸ Prevention and protection from natural disasters

In the states where MZs have the status of a legal entity – Croatia, Serbia and FBiH entity in BiH –, local councils are obliged to consult MZs on specific issues, in particular issues related to spatial planning, and economic, social and environmental affairs. They can also be an important agent in cooperation with NGOs, state bodies, public companies and institutions. In accordance with local acts, MZs are eligible to take on court functions, for example by establishing a peace council or commissions for estimation of damages. City/municipal councils can decide to delegate specific tasks related to original municipal jurisdictions⁹ to MZs. In Macedonia, certain competences of the municipal mayor may even be delegated to the MZ president. There is, however, little evidence that such delegation actually happens; with a few notable exceptions that are discussed in Section 3.

2.2.4 Restricted financial autonomy

MZs draw finances from a number of sources, most important of which is the municipal budget. In addition, in Serbia, Macedonia and BiH MZs are legally entitled to draw finances from citizens' self-contributions, donations (gifts) and fees raised from MZ services. Despite a broad range of potential sources, MZs in all states have restricted finances at their disposal and little or no financial autonomy for managing the available resources. Furthermore, during the process of decentralisation municipalities took over MZ facilities and properties, which significantly reduced their range of action. MZ employees were transferred to other working posts. Only a few municipalities continued to support the work of MZs, for example, by paying a salary to one employee and partially covering expenses for office maintenance.

All revenues collected in the municipal territory go to the municipal budget. During budget planning, MZs get certain budget allocations for their work. In states where MZs are legal entities, MZ councils have to make financial plans and are subject to the control of financial management by the city/municipal budgetary inspection. In the absence of clear criteria for budget allocations for community projects and little MZ financial autonomy, decisions on all community projects (i.e. MZ investments) are made by the municipal council. As a result, during budget planning MZ presidents and boards, as well as municipal council members, compete for investments in their localities.

2.2.5 MZ bodies

In BiH, Croatia and Macedonia, MZs establish an MZ council (representative body) and have an MZ president (executive body). The number of MZ council members is defined by the MZ statute or by a city/municipal decision on MZ establishment. Council members are elected at MZ elections in accordance with rules set by the municipality. In Croatia, MZ councils are supervised by an appointed city/municipal executive body¹⁰. The MZ president is appointed by the MZ council and is in charge of representing the MZ in legal and financial matters. In Serbia, the MZ council and the supervisory board are the official MZ bodies. The MZ council performs the role of a representative body and is accountable to the city/municipal council, while the supervisory board controls legality, and intended use and management of MZ assets.

The most significant jurisdictions of the MZ council are the drafting of MZ statutes and other MZ acts, annual work plans, financial plans and reporting. MZ bodies are eligible to submit an initiative for secession from or merge with another settlement within the city/municipality. MZs can establish other types of permanent bodies such as a council of consumers and service

⁹ 'Original jurisdictions' are those assigned to the municipality by law, as opposed to 'transferred jurisdictions' that are those transferred to the municipality by higher levels of government.

¹⁰ The MZ council work is supervised by a city/municipal council if an executive body is not appointed.

users, a council for social issues, a council for environmental protection, and temporary bodies such as construction boards and water supply boards. This is similar to the situation in former Yugoslavia.

2.2.6 Citizen participation at the MZ level

Citizen assembly – a public meeting of all MZ residents – is considered to be the most important citizen participation mechanism at the MZ level. It is convened to publicly discuss and make proposals about issues that fall within the jurisdiction of MZ bodies. Citizen assemblies used to have a control function over MZ bodies and their work was defined by MZ and municipal acts. Today, it has only a consultative function. In the states concerned, citizen assembly is vaguely defined in laws and local regulations. For example, the Macedonian Law on Local Self-Government states that the citizen assembly ‘shall review issues, take positions and prepare proposals for issues of direct and everyday importance for the life and work of the inhabitants of that territory’. The assembly may elect the MZ council ‘in a way and procedure determined by the statute of the municipality’. This Law also states that the mayor has to convene a citizen assembly if at least ten per cent of MZ residents request it, while the ‘municipal bodies shall be obliged, within 90 days, to review the conclusions made at the citizen assemblies and take them into account when making decisions and determining measures on issues they relate to, and to inform the citizens about their decisions’.

Laws in other countries are less specific in stipulating rules for citizen assembly. Although municipal statutes and rulebooks should define other details related to this citizen participation mechanism – for example, frequency of meetings, themes discussed or rules of decision making –, they are rarely more specific than the Law. This could be the reason for rare and non-consistent use of citizen assembly as spaces for consultations and citizen participation.

Citizen initiative is a mechanism that enables citizens to propose to the municipal council that it enact certain acts or to decide upon a certain issue within the council's authority, such as changes in the statutes and other acts, or opening a referendum in accordance with law or statute. In the states studied here, the law or municipal statutes stipulate certain benchmarks to encourage this mechanism of citizen participation. For example, in Macedonia the municipal council has to discuss an issue put forth by at least ten per cent of the voters in the municipality or within the MZ¹¹. Citizen initiative is not exclusively an MZ-based citizen participation mechanism but can be used by other civic actors such as NGOs, CSOs and interest groups.

A **Referendum** can be initiated by the municipal council on issues within its jurisdiction. The municipal council is obliged to open a referendum upon receipt of the suggestion signed by certain percentage¹² of the total number of voters in that city/municipality. MZs are assigned specific functions for the organisation of municipal referenda and can organise MZ referenda if stipulated by MZ or municipal statute. However, referenda are rarely organised by municipalities and even more rarely by MZs in the four states concerned.

In addition to these three citizen participation mechanisms, MZs can use other mechanisms, such as collecting citizen opinions, suggestions and complaints through different ways (e.g. public poll) and putting them forward to the relevant authorities. However, their role in fostering citizen participation has been significantly weakened by the changes of the last two decades, and this has far-reaching consequences, especially in terms of social capital. First, large numbers of active and non-party-affiliated citizens who used to give significant contributions to

¹¹ This is stipulated by the Article 26 of the Law on Local Self-Government

¹² Percentage of voters is defined by laws in each country and varies between 10 and 20 per cent.

the development of their neighbourhoods became entirely passive. The space emptied by such citizens has been filled by political party-affiliated citizens, a majority of whom are usually those from the strongest party in a given area. Second, the weakening of MZs has also led to the vanishing of social and cultural life at the community and neighbourhood level. Most sports clubs, cultural associations, women, youth and retired persons' associations have ceased. Cultural halls, built in each MZ and managed by MZs in former Yugoslavia, were neglected by the new owners, municipalities.

The nature and role of MZs in the Western Balkans changed in response to larger political changes that occurred in the region since the early 1990s. Overall, MZs today have much weaker authority than they possessed under the old Yugoslav regime. Although the current status of MZs has placed them outside the structure of decentralised governance in each of the four states concerned, a great number of citizens still trust the MZs and see them as institutions that protect their interests and solve their problems, according to surveys in Macedonia (OSCE 2005) and in BiH (CCI 2009, 2010). This finding confirms not only the traditional role of the MZ as a forum for citizen participation but also indicates that MZs are potential service providers. This is discussed in more detail in the next section.

3 MZs, citizen participation and local government in the Western Balkans

In this section, we look at the engagement of MZs with the formal state. At the outset we analyse whether MZs exist within the formal or the informal realm, and take the discussion of the previous section forward briefly. We then consider three specific areas of engagement. First, we look at the role that MZs play in providing a space for citizen participation in decision-making processes. Second, we look at their current and potential role in the provision of public services. Finally, we consider their role in electoral politics.

3.1 Informality

This is not an easy question to answer. In a recent article Ciepley (2013) attempts to categorise institutions – in his case, corporations – that lie neither wholly in the public realm, nor fully in the private. Our task here is somewhat similar in attempting to categorise MZs: institutions that are not entirely informal, yet not formal institutions of the state either. On the one hand, as explained in the previous section, municipal statutes lay out their form in all four countries, their relationship with the municipality, the tasks delegated to the president, and resources needed for their functioning. They are legally recognised as forums where citizens can come together to discuss issues, decide on strategies, and formulate proposals on issues of local significance. They also have presidents that are elected by citizens for four year terms, can elect a community self-government council, and can have resources allocated to them for certain tasks delegated by the mayor. On the other hand, MZs are not integrated into the structure and work of municipalities, and their elected leaders no longer participate in local government assemblies. Furthermore, they are 'not territorial units', are not part of the 'territorial organisation of the state', and they work essentially outside the local government system as 'autonomous forms of citizen self-representation' (Krizanic 2008).

MZs appear to lie on a blurred boundary between the state and its citizens in the Western Balkans, where their structure and functions are defined by formal state regulations, but they

exist within a realm populated by the informal organisation of citizens' interests. They are, however, not entirely organic in that they have their origins in Yugoslav law. In other words, MZs are formal institutions that have become informal over time through the particular evolution of the political system in Serbia, Bosnia and Herzegovina, Croatia and Macedonia. While it is recommended that municipal governments in these countries use MZs to better engage with their citizenry, municipalities do not face legal sanctions when they do not incorporate them within their work. MZs now remain active and effective if they have independent access to funds or are close to political parties for whom they can mobilise the vote and through whom they can develop closer links with municipal governments.

In Serbia the movement of MZs from the formal to the informal realm was part of a deliberate attempt by the Milošević government in the 1990s to move from a participatory system of local governance to a system of local administration accompanied by growing centralisation, through which 'communal self-government gradually lost its political significance and democratic potential' (Krizanic 2008). The other countries too saw varying levels of concentration of political power and decision making at the centre, with municipalities left only with basic administrative roles. After various rounds of local government reforms in each of the four countries over the last two decades, the focus is now slowly shifting back to the role that MZs can play in connecting the state to its citizens. The latest versions of the law now include stipulations for MZs. Serbia's newest Law on Local Self-Government defines a more integrated role for MZs, and has made them obligatory in rural areas. In Croatia there are indications that a new law on MZs may be introduced, which, if it goes through, will be the first of its kind in the region in the ex-Yugoslav era. In Bosnia and Herzegovina in recent years NGOs and associations of municipalities and cities have been advocating for a stronger legal position of MZs. Changes in laws are slow, but imminent.

The shift is based in part on recognition of the problems inherent in the MZ's current informality. A major shortcoming of the current set of laws is the lack of sanctions that municipalities can apply against these institutions if they behave in contravention of the law, or if they misspend funds that are allocated to them. These arguments have greater resonance in light of research that shows that citizens are increasingly dissatisfied with the lack of transparency in MZs – one study quoted that, 'in some MZs only 10 percent of the money collected for the agreed purpose was used for that purpose' (Krizanic 2008) – and that they were becoming more and more disengaged from the determination and representation of citizens' needs, because of their capture by political parties. According to a municipal officer in Serbia, the only way that they can be better regulated and brought in accordance with the general working of the local government is by integrating them into the system. Similar arguments for integration to improve the capacity and professionalism of MZs were made in Macedonia and BiH (and in the literature on Croatia).

Such recognition does not, however, mean that municipalities have an incentive to strengthen these local community organisations. In fact, very often they view such integration as a direct limitation of their own powers and functions. As one municipal official in Serbia put it, 'municipalities are fighting for further devolution from the centre, but when it comes to further devolving to MZs, we are unwilling to do so and try to keep all the power within the municipality'. A researcher explained, 'devolving functions to MZs means that some bureaucrats will lose their jobs. The logic of bureaucracy is what kills local participation'. A donor project working in this area in BiH found that while MZ leaders were interested in a clearer definition of their role within municipal statutes, municipal authorities had few incentives, and thus little interest, in considering acts that were prepared by the MZs.

3.2 Citizen participation and MZs

There is growing recognition of the fact that citizen participation in local governance processes is very low in the Western Balkans. This has happened because of three related but distinct reasons. First, MZs, the traditional forum for citizen participation, are no longer a formal, integrated part of the system, and forums for participation introduced more recently have limited usage by local governments. Second, MZs' informality and lack of integration means that regular channels of communication between them and municipal decision-making processes have also been disrupted. Under earlier systems of local governance in the region, members of the municipal assemblies (councillors) regularly attended MZ council meetings in their constituency, and MZ leaders also participated in the deliberations of local government assemblies. This is no longer the case. Finally, the move from a majoritarian to list PR electoral system has broken links of direct interaction between council members and citizens. This is discussed in more detail in Section 3.4 below.

Direct participation by citizens who are not organised under CSOs can take multiple forms. It can happen through referenda, or it can take the form of organising community level meetings in both rural and urban areas to discuss service delivery and local priorities, especially around the time that municipal budgets are made. It can also take the form of provisions built into municipal statutes that require mayors to ensure that major local government decisions are discussed with citizens through different fora, including public debates, before they can be passed. Though all of these provisions have been built into the law in countries of the Western Balkans – for instance the 2006 Constitution of the Republic of Serbia states that ‘sovereignty is vested in citizens who exercise it through referendum, people’s initiative and freely elected representatives’ (quoted in Blanuša and Grbić 2011)¹³ — their use has been limited, leading scholars to conclude that citizen participation in local governance is at a very low level within the Balkan region (Stojanovic and Bajrovic 2008; Vukelić 2009; Mišić-Mihajlović and Jusić 2010). As one municipal official in Serbia put it, ‘I cannot remember the last referendum we had on any issue’. Municipalities have no well-developed strategy to raise public awareness on the importance of referenda. Furthermore, while the law on citizen initiatives provides a very good enabling space within which CSOs can organise around special demands, public debates are attended largely by urban, educated groups.

A compounding factor is that, ‘cities and municipalities in Serbia with average population of 50,000 are amongst the largest in Europe and, being such, can be quite remote from their citizens’ (USAID 2004). This is true of Bosnia and Herzegovina, Croatia, and Macedonia as well, where municipalities vary on average between 25,000 in BiH and 50,000 in Macedonia¹⁴. This means that many citizens in municipalities with a dispersed rural population will have limited or no contact with municipal offices. This ‘can potentially mean a democratic deficit in terms of the possibilities for citizens to organise themselves in smaller areas to resolve the issues of their immediate community’ (Nešić and Beba Kuka 2012). While on average about 610 square kilometres fall within the jurisdiction of a single municipality in Serbia, the same area can have, on average, about 28 MZs. The argument, therefore, is that by integrating these formally into local governments, the state will not only be able to expand the territorial reach of the municipal government, but also bring it significantly closer to its rural and remote citizens (Krizanic 2008).

The lack of citizen participation and discussions on the unwieldy size of Balkan municipalities has brought some attention to the fact that MZs can play a role in bringing the state closer to its citizens. In Serbia, for example, the Law on Local Self-government has introduced the possibility

¹³ See Section 3 for details.

¹⁴ Authors’ calculations.

– but not obligation – for the formation of MZs as a more direct territorial level of citizen organisation. The law states in Article 70 that, ‘due to satisfaction of needs and interests of local population in the rural areas, MZs can be formed in the cities, quarters, blocks, zones, etc.’ (Nešić and Beba Kuka 2012). Macedonia has similar provisions within its law, which acknowledges the role of MZs as ‘a forum for citizen participation and as a representative of citizen interests (through [their] right... to conduct civil initiative and citizen gatherings)’ (OSCE 2006). Similar stipulations also exist in Croatia and BiH.

Recent surveys conducted in Macedonia and Bosnia show that not only are MZs spread widely and evenly through the region, but also that they are familiar to citizens. In Macedonia,

a great number of citizens trust the Neighbourhood Self-Government Units (NSGU) and see them as institutions that protect their interests and solve their problems. Figures collected in the survey lead to the conclusion that municipalities generally consider NSGUs to be a valuable intermediary, an “opinion carrier”, able to provide prompt feedback from the population on particular aspects of municipal policy. The frequency shown by most municipalities in meeting with their NSGU indicates a readiness to listen to citizen input, although few municipalities have thus far considered the possibility for direct involvement of NSGUs in the decision making process.
(OSCE 2006)

In BiH, 80 per cent of interviewed citizens consider that MZ is the most efficient citizen participation mechanism, but only 28 per cent of interviewed municipal officers expressed the same opinion (CCI 2010). Evidence from our work in Macedonia also supports these findings. Many of our respondents within the state and in research institutions pointed out that these community groups are considered by citizens a natural focal point for the expression and representation of collective interests. We found that some mayors were dismissive of participatory forums introduced through donor initiatives because they saw them as unnecessary additions to a system that already has inbuilt modalities for citizen participation. As the mayor of a major town that had participated in one such initiative pointed out, ‘we will continue to include citizens, but we will do so through the community leaders in the MZs. Through these we are in touch with the needs of our citizens’.

3.3 Role of MZs in local service provision

MZs, if integrated into local government, have the potential to operate as an organic system of intermediation between citizens and municipal governments, to improve the working of municipal governments through their ability to assess community needs. Municipal staff pointed out that MZs occupy an interesting position between government and citizens, in that they could exercise local power as an extended part of the local government, but at the same time they could also operate as a type of CSO: they can exert influence on behalf of citizens, especially in rural areas where they are often the only channel for citizen participation. MZs already play an invaluable role of ‘communicating citizens’ concerns to municipal authorities – particularly in rural areas’ (OSCE 2006). According to a survey in Macedonia, MZs are far more important and valued in this role by rural citizens that live far away from municipal headquarters than urban citizens who have proximate access to government officials (OSCE 2006).

Besides their role in allowing citizens to participate and communicate their needs to municipal governments, MZs also have the potential to play a direct role in service provision, as detailed in Section 2.2. The law in most Western Balkan countries provides for a service provision role for

MZs by stipulating that municipalities can delegate certain activities to these local institutions. This is based, however, on municipal statutes and open to interpretation within individual municipalities. MZs can play a more active role across a number of services, such as the maintenance of neighbourhoods, settlements and local parks, local infrastructure development, environmental protection, and very importantly, the provision, processing and registration of government forms and documents. Various reports have documented the fact that even without a formal delegation of functions MZs already provide some of these services on a voluntary basis or through voluntary citizen contributions (USAID 2004; OSCE 2006; Krizanic 2008; Péteri 2008).

We also found that mayors appear to work closely, but informally, with MZs. They consider the elected leaders of these institutions to be important local actors through whom they get information on the needs of communities. An OSCE survey in Macedonia shows that '63 mayors stated that they summon [MZ]¹⁵ representatives every three months and 37 indicated they do so on a monthly basis. Municipal councils are also shown to be relatively available to [MZs], as 48 of them meet [MZ] members at least quarterly. 65 municipalities have appointed an officer in charge of keeping contact with [MZs]' (OSCE 2006). As a municipal official in Macedonia explained, 'If we could work more formally with these institutions we could use them to negotiate with communities [such as on paying taxes], raise awareness on issues [such as health issues and environmental protection], facilitate the implementation of projects [such as waste management], and help the municipality manage inter-community relations'. A researcher added an important dimension to their service delivery role by pointing out that, 'MZs can play an important role in the budgeting process in which municipalities often have to consolidate the needs of between 20-50 villages'. The mayor of a major city referred to their role repeatedly with regard to communicating and negotiating with business groups in the city. He also pointed out that many complaints and critiques of the local government are brought to him through these community organisations, and that he regularly discusses the functions and future of public companies with them.

In Serbia too there are examples of municipalities moving forward on utilising MZs to reduce the transaction costs of accessing municipal procedures for citizens in rural areas. In one municipality official documents and forms were made available to citizens through MZ offices so that people would not have to travel to the municipal headquarters to access these. About 150 different forms exist for municipal processes that citizens need to access at different points, and various respondents reiterated that MZs can not only ease this process for all citizens, but be particularly useful for those that are illiterate or have no access to computers. There are also instances of MZs being used to ensure that municipal funds are not spent according to the priorities of better connected, more vocal groups. Local politicians in one municipality decided to improve street lighting, but when this was discussed through MZs, citizens pointed out that they rarely ventured out at night and would much rather have the money put towards improving their schools.

Although no formal delegation of water and sanitation functions has been made from municipalities to MZs in BiH, MZs are commonly found to manage community-based water schemes in rural areas. Based on loose contractual relations MZ representatives maintain water facilities, deliver water to households and public institutions in villages and collect fees. An MZ representative in charge of managing a water supply system that covers more than 300 households in one village complained that MZs, being non-legal entities, cannot issue fiscal water bills. Yet citizens consider MZs as reliable and accountable water service providers.

¹⁵The survey calls these NSGUs (Neighbourhood Self-Government Units). These have been changed to MZ here to maintain consistency.

Numerous MZs in Croatia also implement activities from the municipal social programmes (such as improving quality of life of disabled people), health programmes (for example, conducting simple health tests for free, or raising health awareness), and culture and sport policies¹⁶.

Such collaboration with MZs is, however, currently only suggested, rather than required, by law. Municipalities do not face sanctions for not discussing budget priorities publicly, or for doing so only in the most minimal fashions. There are also no incentives built into the formal system to compel greater integration between local governments and MZs on a consistent basis. Respondents rightly pointed out that the service provision potential of MZs will remain limited until their work is formally budgeted. Interestingly, a few mayors referred back to the 1974 constitution – in which MZs were formally included as a tier of service provision, had access to their own revenues, made local expenditures, and managed their own land – as the most effective model of decentralisation. One added, ‘This worked well, as far as I am concerned, and citizens were included’. Nevertheless, as stated earlier, ‘municipalities seem still rather reluctant to devolve competencies to [MZs]: the overwhelming majority [in a survey] reported that no authority was hitherto delegated to [MZ] councils or presidents’ (OSCE 2006).

3.4 MZs and electoral politics

MZs have an important role to play within the particular political system of the countries of the Western Balkans. This is a consequence of the closed list proportional representation system of election in most of these countries¹⁷, which has resulted in reduced individual accountability of local politicians to citizens. Mayors are not directly elected in Serbia. Instead, citizens vote for party lists in municipal elections to form municipal assemblies. These assemblies then elect the mayor. This means that mayors are aware of the fact that their ability to be elected and to remain in their position depends far more on the political party to which they belong than on citizen votes directly. In other words, mayors are far more accountable upwards to the centre and the political party than downwards to the people.

In BiH, Croatia and Macedonia, mayors are directly elected by a majority, but municipal assembly members are elected through the list PR system, as in Serbia, with the entire municipality as a single constituency. The election of council members in such a way means that they do not in effect have a constituency of their own. To take the example of one municipality in Serbia, the 78 members of the municipal assembly are elected by the entire population of the municipality, and thus they each represent the 130,000 residents of that territory as one large constituency. Under the old Yugoslav regime until the 1990s – and in Serbia until 2002, in BiH until 2004 and in Croatia until 2009 – members of the municipal assemblies were elected by majority and villages formed the constituency for their election. Each member of the assembly thus had a close connection with a particular constituency. Now, as in the case of the Serbian municipality above, all 78 deputies of the assembly are from the municipal headquarters, and not a single one of these lives outside the city. The potential for capture within such a system is also recorded by Krizanic (2008), who points out that, ‘there is a real danger that the largest settlement unit may dominate the decision-making process’ and reports that in one part of Serbia, they found that ‘approximately 80 percent of the councillors came from the administrative seat/largest settlement of the municipality, and a large number of the villages and settlements at the periphery were not represented at all’ (Krizanic 2008).

¹⁶ Excellent examples of service delivery can be found in MZs of the City of Rijeka (www.rijeka.hr).

¹⁷ Serbia and BiH have a pure list PR system at the national and local levels, while Macedonia follows a mixed system at the national level in which 85 members are elected through majority from 85 constituencies, while 35 members are elected through the list PR system for which the whole country is one constituency. At the local level the mayor is directly elected while assembly members are elected through the list PR system.

Many of our respondents believe that this considerably lessens direct links of representation and accountability between local politicians and citizens. Assembly members do not have a specific citizen group or constituency with which they have a consistent link, to which they are directly responsible, or which can hold them accountable for campaign promises and delivery. While this may usually be a good thing, in the sense that it considerably weakens systems of individual patronage, it also means that people are unable to connect with particular assembly members for their needs and demands. The consequent gap is a space that MZs can fill quite comfortably, by allowing an alternate channel through which citizens can connect with municipal governments.

Through our work in Serbia, Macedonia and BiH, we found that the political connection between mayors and MZs is quite close, though, of course, entirely informal. As a respondent in Macedonia explained, the relationship between municipal mayors and community leaders is usually a very close one because they are both elected by the same people. They, therefore, co-habit and work through one another. Also, the influence and authority of the community leader affects the electoral vote bank of the mayor – or of political parties in the case of indirect elections. Political parties in BiH see MZs as their strongest political bases, and over time MZ leadership has come to reflect the composition of political party votes in a particular MZ area (Stojanović and Bajrović 2008). In fact, affecting, and possibly regulating, the vote bank of a political party is one way for MZs to remain relevant and important in a political system that has sought to marginalise them. This has been interpreted by many as the capture of MZs by political parties who use them as an extended part of their party machine.

4 Conclusion

This paper is an analytical attempt at mapping out informal local governance institutions in the Western Balkans and analysing their interaction with the state. Despite the fact that MZs act as an organic system of citizen participation and intermediation between citizens and municipal governments, they are not formally integrated within the working of municipalities and they work essentially outside the local government system. The legal framework related to MZ functions in all four countries studied here has left their legal status rather unclear, and their functions open to interpretation. However, with the fact that more policy attention is now turning to look at these institutions, there is an expectation that they will once again come to play a strengthened role in citizen participation and as service providers.

From the point of view of donors and development organisations, an analysis of informal institutions is useful because it has direct policy implications for promoting citizen participation in governance processes. Specifically, where an analysis of their role indicates that they work, citizen participation can be truly organic, and need not require external actors and interventions to foster it. In those cases, a minimal donor support and capacity building may be required to allow these to work closely with local governments to provide more efficient services and better represent citizen needs. On the other hand, if analyses reveal that these institutions are ineffective and do not provide spaces for participation and decision making, investigating and understanding them further will allow us an insight into power relationships that exist within communities and restrict citizen participation in both development projects and deliberative mechanisms. This will help explain why ‘civil society failures’ occur (Mansuri and Rao 2011), and why sometimes the most well designed projects end up having no impact on citizen participation and other developmental outcomes. In other words, the study of informal institutions facilitates our understanding of context and community structures before implementing projects, and helps

avoid standardized project implementation approaches.

The evidence collected in Macedonia, BiH and Serbia regarding the role of MZs in citizen participation, service delivery and electoral politics strongly suggests that they should be taken into account in the design and development of future local governance reforms and development initiatives. However, a much more systematic review and empirical research on how these institutions work in the region is required before any specific recommendations can be made in terms of their role in strengthening citizen participation, enhancing inclusive decision making, and improving service delivery.

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Annex A: Laws that govern MZs in the four countries

	Countries	Original (Yugoslav)	Original (former Yugoslav republics) (see Note no 2 below)	Current
1	Serbia	The legislation valid in the moment of break up of the former Yugoslavia: Constitution of the Socialist Federal Republic of Yugoslavia from 1974; Law on National Defense (National Newspapers no 21/82)	Constitution of the Republic of Serbia; Republic Law on MZ (National Newspapers no 48/82)	Law on Local Self-governance (Official Gazette of the Republic of Serbia no. 129/07)
2	Macedonia		Constitution of the Republic of Macedonia; Republic Law on Principles on MZ Establishment and Basics of Election System in MZs (National Newspapers no 30/77 & 43/81)	Law on Local Self-government 2002 (Articles 82-86, Section XII)
3	Croatia		Constitution of the Republic of Croatia; Law on MZ (National Newspapers no 19/83); Instruction on the Content and Method for Record-keeping about MZs (National Newspapers no 28/84)	Constitution of the Republic of Croatia; Law on Local and Regional Self-governance (National Newspaper no 33/01); Law on the City of Zagreb (National Newspaper no 62/01)
4	Bosnia and Herzegovina (Federation of BiH; Republic of Srpska; Brcko District)		Constitution of the Republic of Bosnia and Herzegovina; Republic Law on Principles on MZ Establishment (National Newspapers no 22/81)	Law on Principles of Local Self-Governance (Official Gazette FBiH no. 49/06); Cantonal laws on local self-governance of the Federation of BiH Law on Local Self-Governance of the Republic of Srpska (RS Official Gazette, no. 101/04, 42/05, 118/05) Law on Local Communities (MZs) of Brčko District BiH (Official Gazette of Brcko District no. 3/03, 19/07)