

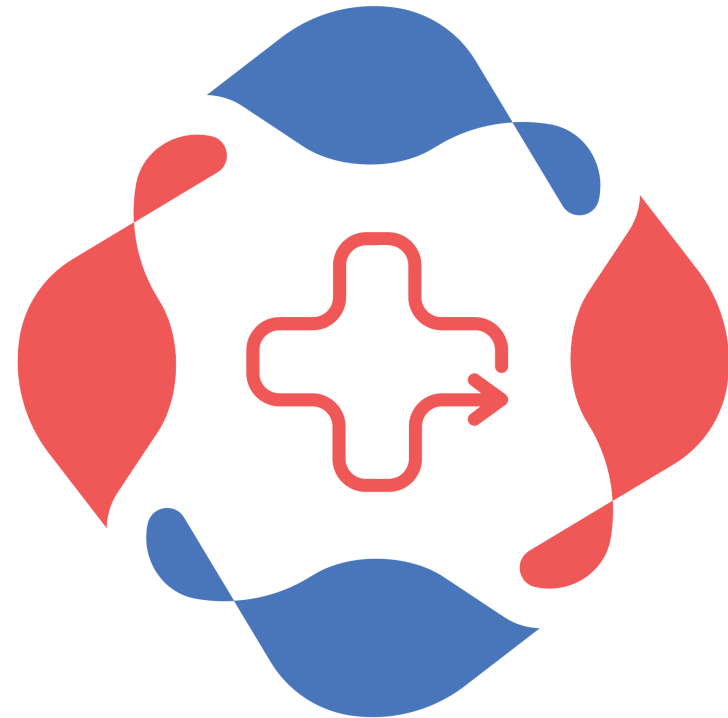


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Political Economy Analysis of LED in Serbia

E+I F2F
May 8th 2019



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Democratisation, Decentralisation
and Local Governance



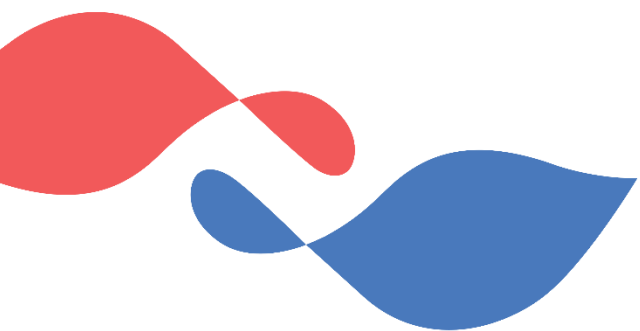


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Starting point

- LED priority topic of the Swiss Cooperation Strategy Serbia 2017-2021
- Previous feasibility study commissioned by SCO Serbia → further need for situational analysis
- E+I and DDLGN interest to understand relationship between LG and LED
- PEA study in Serbia



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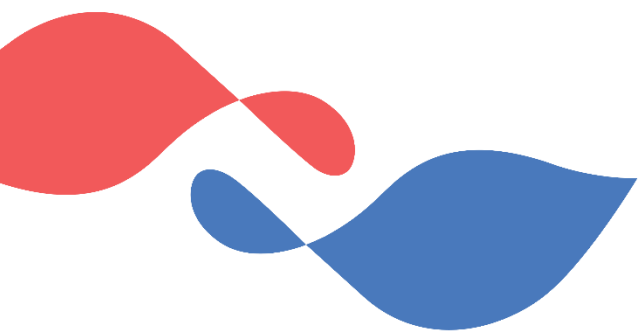


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Background & Context

- Support to LED is responsibility of LG with focus on facilitation of SMEs
- 357'000 SMEs registered in 2017
- Low competitiveness of SME sector in Serbia
- Great regional differences
- Investments in the SME sector decreased
- LED offices mandatory → Investment Law



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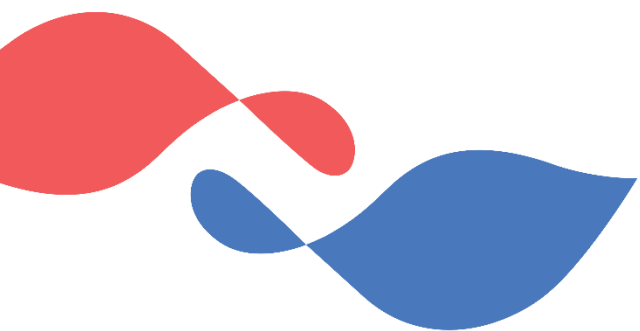


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Political Economy Analysis

- ❖ The aim was to examine the role of LGs in implementing successful LED — and to identify the areas in which change is possible through custom-designed intervention
- ❖ Semi-structured interviews with range of actors
- ❖ Six municipalities as representative sample
 - ❖ Development stage
 - ❖ Size of the municipality



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Structural Factors



Informal centralization despite formal decentralization



Directives flow largely from the center



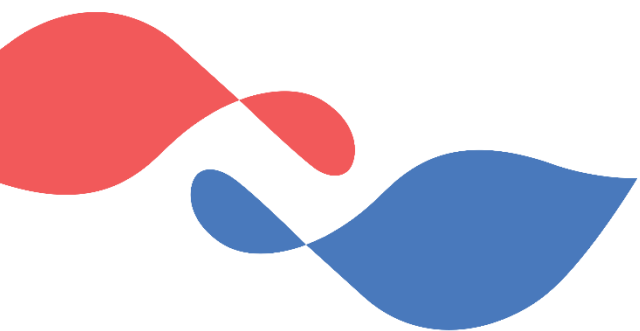
Restricted budgetary space for decision-making



“One size fits all” system → size & capacity



National regulation not recognizing specific needs



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Structural Factors



Lack of institutional coherence

- “Institutional thickness”
- Regulatory framework lacks coherence
- No work toward common goals/joint vision
- System of gaps and overlaps
- Passing responsibility between national and local institutions



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Rules of the Game and Power Dynamics



Recent and limited legal base for LED



LED responsibility of LGs → Law on LSG, Law on Investment, Law on Planning System



Laws on LED are under-defined and vague



Lack of clarity what is expected of LGs on LED



Lack of capacity and expertise to implement LED



LED functions and quality of services provided vary significantly between LGs



“Catch all” spaces for activities



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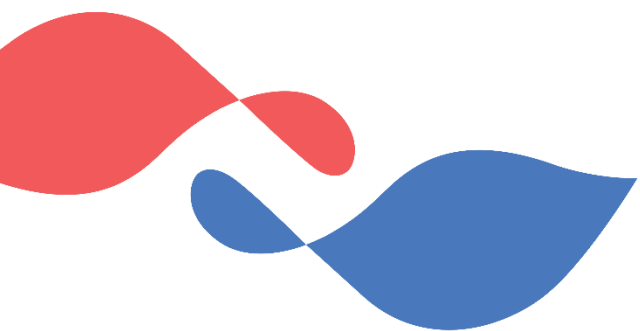
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Rules of the Game and Power Dynamics



Politics of patronage

- Political appointments to key positions
- Frequent political changes at all levels
- Ruling party LGs have strong national level connection
- Inter-mayoral competition suppressing inter-municipal cooperation



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Rules of the Game and Power Dynamics



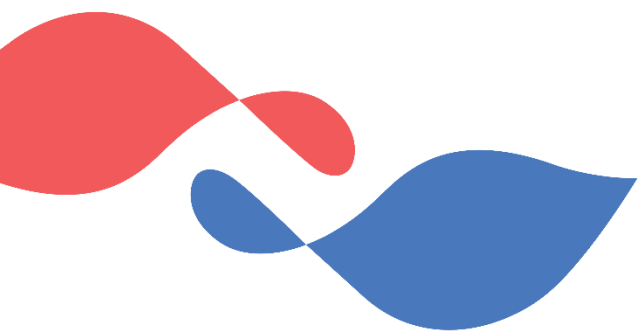
Trust deficit



Lack of transparency in decision-making



Social trust between groups is in deficit



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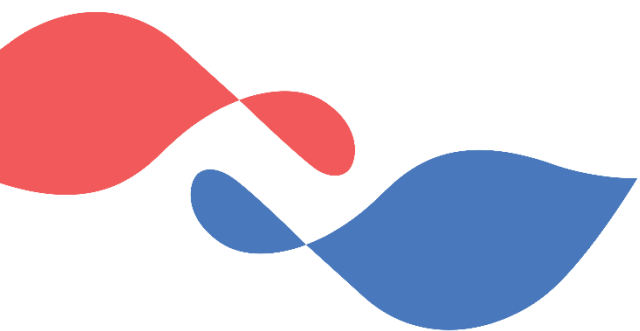
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Rules of the Game and Power Dynamics



Focus on equality rather than equity

-  Lack of special measures to enable access by vulnerable and marginalized groups
-  Smaller vs. large LGs
-  Smaller vs. large businesses
-  National laws affect local level measures



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Actor Roles, Interests and Incentives



Multiple actors, siloed functions



Myriad of ministries, agencies and institutions involved



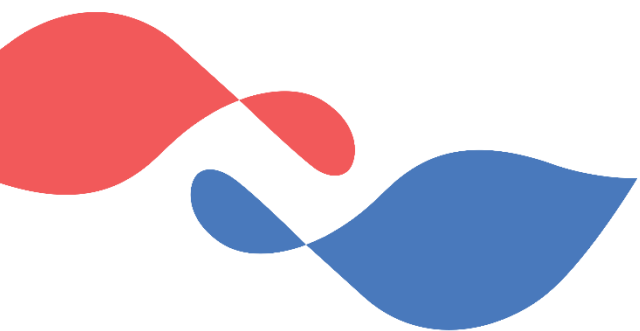
Separated and siloed work of each actor



Insufficient level of coordination



LED donor driven sector



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Actor Roles, Interests and Incentives



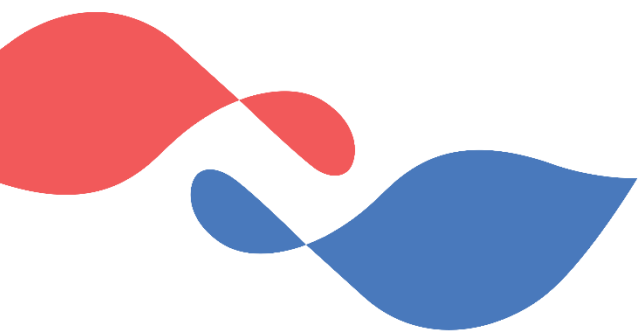
Cooperation between LED offices and businesses



Legal framework for cooperation exists



Lack of cooperation or even complete lack of contact between LGs and local businesses



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Actor Roles, Interests and Incentives



Weak capacities of LGs for LED

- Political appointments; Ban on employment; High level staff turnover
- LED offices understaffed; over-burdened; no specialized expertise for LED
- Lack of proper planning and prioritization of objectives
- Lack of capacities to provide customized business solutions



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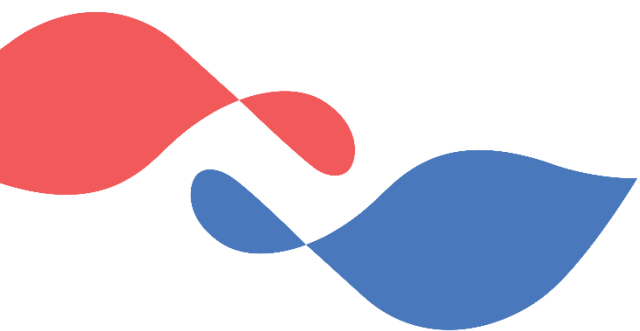


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Constrainers of Change

- ❖ Informal centralization
- ❖ Lack of institutional coherence and cooperation
- ❖ Lack of clarity on the formal role of LGs
- ❖ Lack of integrated LED planning processes
- ❖ Ban on employment
- ❖ Focus on equality rather than equity
- ❖ Trust deficit



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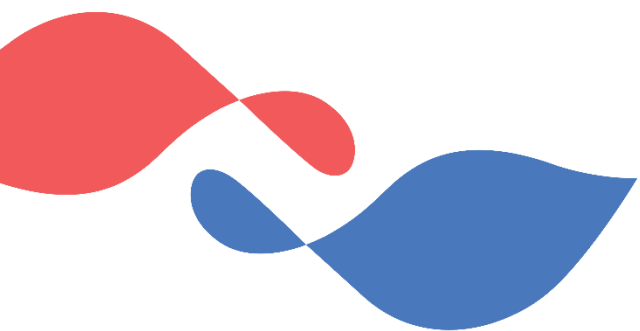


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Drivers of Change

- Law on Planning System
- Law on LSGs with focus on inter-municipal cooperation
- Public sector reforms
- National Academy for Public Administration
- Measures of active employment policy
- ICT system for data collection and analysis for LGs



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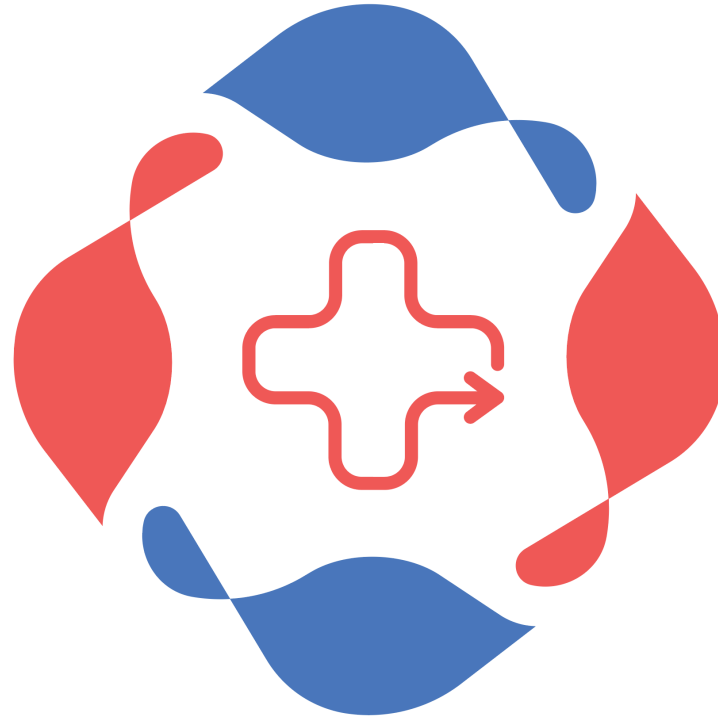




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Thank you!



Contact

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