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Western Balkan Local Communities in the Process of EU Integration

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Quick Summary

- It is estimated that approximately 60% of all European Union (EU) *acquis* is implemented on the level of local self-governments (LSG¹). European integration process poses serious challenges to LSG in terms of their administrative and financial capacities. Moreover, negotiating accession should be based on real capabilities of LSG to implement *acquis* while their administrative and financial capacities should be developed to match their current and future obligations.
- Local communities in the WB, especially LSGs, have moderate access to EU funds and face a number of obstacles in terms of capacities for preparation and implementation of projects, lack of financial resources for pre- and co-financing, and have insufficiently developed inter-municipal and cooperation with the CSOs.
- Understanding of and support for the EU accession and changes this process entails is best tailored at the local community level with active involvement of the LSG and local community actors. It is also crucial that the EU's outreach goes beyond central authorities and big cities and tackles issues of common concern – introducing social dimension of EU integration. This would place more attention to the needs of the most vulnerable citizens and deprived regions, and thus demonstrate that the EU implements human-centric approach in dealing with the region.
- Having in mind that the most complex reform process the countries of the Western Balkans are implementing is shared goal of European integration, the paper argues that more attention and support should be placed at local community level – both public/authority and citizens. Local level is the first and foremost where citizens can exercise their democratic rights, but also face the local institutions, satisfy their needs and participate in decision making. The WB economies face similar problems – weak administrative and expert capacity, weak absorption capacity, lack of meaningful decentralization, lack of funds for local level in order to perform its duties, unclear property ownership situation etc.
- In the EU integration process numerous opportunities but also challenges lay ahead for the local communities and their proper preparation for EU membership is crucial for the society's quality EU integrations. The pre-accession period should be wisely used to improve consultation processes, involve local level in EU negotiations and IPA programming, inform and educate about the EU policies, raise capacities for strategic development, project preparation and implementation, as well as partnerships and increase capabilities to participate in policy making in the international arena. Moreover, EU's approach towards the WB6 should be more 'social' and more 'local' if we want the citizens to truly understand European core values and have more impact from the EU integration process.

¹ LOGON Report: Lobbying in Europe, Austrian Association of Towns and Municipalities, 2002, Vienna

Relevance to Regional Reconciliation:

Bringing enlargement process closer to the communities and most vulnerable people in the WB6 positively affects regional cohesion and reconciliation and enables greater visibility of both EU's impact and regional cooperation based on needs of the people. Administrative, financial and expert capacity building of the LGs creates pre-conditions for fair, effective and efficient European integration and thus, quality introduction of EU standards and values at local level. Finally, these measures and policies are best enacted if there is enhanced regional cooperation and people-to-people projects, where regional reconciliation is best achieved.

List of think-tanks and organisations whose research and/or field reports were used for the preparation of this document:

1. Standing Conference of Towns and Municipalities, Belgrade, Serbia
2. Association of municipalities and cities of BH, Sarajevo, BH
3. Association of Local Authorities of Republic of Srpska, BH
4. Association of the Units of Local Self-government of Republic of Macedonia, Skopje, North Macedonia
5. European Movement in Montenegro, Podgorica, Montenegro
6. European Movement in Serbia, Belgrade, Serbia
7. Evrothink, Center for European Strategies, Skopje, Macedonia
8. European Movement Albania, Tirana, Albania
9. Kosova Democratic Institute, Prishtina, Kosovo
10. Transparency International, Bosnia and Herzegovina
11. Center for civic education, Podgorica, Montenegro
12. Trag Foundation, Belgrade Serbia
13. Center for democracy, Belgrade Serbia
14. Women NGO Network "Qeliza" – Gjakovë, Kosovo*
15. Center for Social Policy, Belgrade, Serbia
16. Urban Research Institute, Tirana, Albania
17. Institute for Cross-border Areas, Knjazevac, Serbia
18. Network of Associations of Local Authorities of South-East Europe

Issue 1:

Capacities of the LSGs for European Integration

Problem Statement: Local Self-governments (LSG) do not have Sufficient Capacities to Implement Obligations Arising out of EU Accession Process

It is estimated that around approximately 60% of all EU *acquis* is implemented on the level of LSG. Negotiating accession should be based on real capabilities of LSG to implement *acquis* while their administrative, technical (space, equipment, etc.) and financial capacities should be developed to match their current and future obligations.

Problem description: Even though harmonisation of legislation with the EU *acquis* is the responsibility of the national legislator, its implementation is in most part the responsibility of the local self-governments. Level of jurisdiction varies from country to country but most of duties connected to accession are present. Areas of environment, state aid, rural development, energy efficacy are heavily regulated by the EU *acquis* and local self-government will have to be able to comply with these rules.

In addition to these areas, the EU is increasingly regulating the area of social policy, the result of which might soon materialize in new set of standards to be implemented by local authorities. Additionally, national rules on public procurement and communal services are also of great relevance to local communities and EU rules directly influence them.

Even though accession negotiations are led by the central government, negotiators have to have in mind the capabilities of those responsible for implementation. Transitional periods (where possible) will have to be discussed with great care, listening to local concerns. Politically motivated decisions to take on obligations, not based on real capabilities should be avoided at all costs. On the other hand, local officials cannot pretend that accession is something that does not concern them, that somebody else will do all the work and that they do not have to prepare for accession themselves. It is the responsibility of both central government and local self-governments to work together in finding best possible solutions for accession while developing administrative capacities of local self-governments for implementation. Local administrative capacities are usually suboptimal even for the current level of their jurisdictions. Financing of LSG in most WB6 is centralised and depends on the central budget, requiring more decentralisation in order to match current and future obligations.

On the other side, EU should point out to candidate countries risks of neglecting to define realistic approach towards negotiations, particularly in chapters where EU member states had difficulties with capacities of local LSG in previous round of enlargement. EU should also be more lenient and understanding when it comes to negotiating transitional arrangement (where these arrangement are possible) in chapters where implementation relies on LSG (e.g. environment, state aid...).

Issue 2:

Absorption Capacities of Local Communities for Pre-accession Funds

Problem statement: Local communities in the WB especially LSGs have moderate access to EU funds and face number of obstacles in terms of capacities for preparation and implementation of projects, lack of financial resources for pre- and co-financing, and have insufficient cooperation with the CSOs and other municipalities.

Problem Description: Administrative capacities at national level are of key importance for successful usage of EU funds in candidate and potential candidate countries. However, in addition to administrative capacities at national level the effective use of EU funds in the country requires developed capacities and preparedness of regional and local levels of government, as well as civil society at local level. According to the experiences and analysis performed in this field, key factors for the success of the use of pre-accession funds are the existence of a quality integrated

development strategy at the local level, capacities for preparation and implementation of projects, and sufficient level of financial resources for pre-financing and co-financing of projects. Finally developed partnerships among different sectors in all stages of preparation and implementation of projects also influence the quality of the projects as well as their sustainability².

Local communities in the WB have been using pre-accession funds since 2000 therefore capacities for usage of pre-accession funds have been developing over the last 19 years. However external IPA II evaluation of June 2017, stated that the municipalities of IPA countries only have moderate access to EU funds, and that local governments are in the worst position in terms of access to money in comparison with national institutions and civil society. The lack of access to the Development Cooperation Instrument (DCI) CSO/LA programme in the current period (2014-2020) is a big loss for the local authorities of the IPA II beneficiaries.³

Anyhow, the local communities that have opportunity to participate in Cross Border Cooperation Programs (CBC) have had a great opportunity to develop their capacities related to the project preparation and implementation. The experiences of the new members from 2004 and 2007 rounds of enlargement show the importance of cross-border cooperation projects for the development of border areas as well as for capacities of local and regional stakeholders from the border regions. Through the joint preparation and implementation of CBC projects, they were able to gain valuable experience in the use of EU funds, and after entering the European Union, the experience gained helped them to make better use of the available EU funds, which could finance more complex development projects in their local communities.

However scarce, the available analysis related to the capacities of local communities for usage of EU funds in WB countries show that municipalities have gained experience in preparation and implementation of EU funded projects, but number of obstacles have been identified which hinder successful usage of EU funds for local communities. Major obstacles are related to overburdening technical and administrative procedures and lack of capacity at writing applications in line with EU requirements. Inter-municipal cooperation and developed partnerships with civil society organisations remained one of the key challenges in developing quality project applications as well.

The aforementioned problems have been confirmed also by Evaluation of IPA Cross Border Cooperation Programmes 2007–2013 which included 7 countries of the Western Balkans through 11 programmes with a total EU allocation of almost 100 million euros. Evaluation stated that capacities for preparation and implementation of CBC projects varied from beneficiary to beneficiary, however NGOs were better equipped technically, financially and administratively than municipalities and other categories of beneficiaries.⁴ The evaluation identified that, especially in the border areas, the capacities to fill in application forms in the English language are a big obstacle for local communities and local authorities. Finally local communities faced significant challenge in securing funds from other sources for co-financing approved project. This problem is even greater for local communities participating in CBC programs with EU member states where additional funds have to be allocated for pre-financing of the project implementation. Municipalities that lack capacities for EU funded project preparation use services of consulting firm in the process of the project preparation.

However, as confirmed by aforementioned evaluation, the beneficiaries who submitted proposals drafted by external consultants without their involvement encounter problems during project implementation. On the implementation side, major obstacle stems from the obligation to conduct secondary procurements according the PRAG rules instead of using their own national procurement rules⁵.

2 Sekulović, I., ed., (2016), *Pripreme za Evropski socijalni fond: analiza kapaciteta lokalne samouprave*, SIPRU, Belgrade, Serbia

3 External Evaluation of the Instrument for Pre-accession Assistance (IPA II) (2014 – mid 2017) Final Report Volume 1: Main report June 2017

4 Evaluation of IPA Cross Border Cooperation Programmes 2007-2013, Final Evaluation Report, 24 February 2017

5 Ibid

Issue 3:

Social Dimension of the EU Integration at Local Level

Problem statement: Local communities in the WB are mainly detached from the EU integration process and there is lack of visible connection between EU integration and improvements in the local communities, namely, the quality of life, social welfare system, education system, employment etc.

Problem description: Understanding and support for the EU accession and changes this process entails is best tailored at the local community level with active involvement of the local self-governments and local community actors. It is also crucial that the EU's outreach goes beyond central authorities and big cities and tackles outstanding socio-economic needs, at the same time placing more attention to the needs of the most vulnerable citizens' and thus showing that the social inclusion is at the core of the EU integration process.

The GDP per capita in the WB is roughly half that in Eastern European EU countries, one-third that of Southern EU members and a mere quarter of the richest EU members in Western Europe.⁶ In the case that the economies of the WB region continue their current growth rates, it would take over half a century for them to reach the EU standard of living.⁷ In addition to economic lagging behind the EU 28, the WB6 face a number of serious social and demographic issues: from high levels of unemployment especially worrying among youth (reaching 55% in Kosovo), social exclusion and poverty, income inequality, poor access to safety nets and necessary social services to brain drain and deprived situation in the rural areas combined with lack of the overall security and rule of law.

The EU integration process is seen by public at large as means towards more prosperous and developed societies and economies. Unemployment, economy, crime, corruption, brain drain are the top concerns for the citizens of the WB6.⁸ Still, the reform process is relatively slow and positive effects rarely seen at the local level or associated to the EU integration related reforms. Some important reforms and measures are not viewed as relevant for EU accession process.⁹ In spite of generous support and pre-accession assistance provided by the EU (and member states), there is lack of clear perception by the citizens between EU integration and improvements in the local communities, especially in terms of the quality of life, social welfare system, education system, employment.¹⁰ This causes, among other things, raising EU scepticism, chronic lack of understanding what the integration really means and what the principle European values are and how these translate to local and everyday level. Less than 50% of respondents in the SEE think the EU membership will be good for their economy, with some differences where Kosovo and Albania are most enthusiastic (84 and 83% respectively) while Serbia and Bosnia and Herzegovina least (only 29% in Serbia and 45% in BH).¹¹ The majority everywhere still see benefits from the process in terms of the economy, freedom to study/work/travel to the EU, peace, social protection, to name the top answers. Expectations remain present, but they need to be fulfilled in order not to open additional space for alternative 'development models and values' in the WB6.

6 Peter Sanfey, Jakov Milatović and Ana Krešić, "How the Western Balkans can catch up", *EBRD Working Paper No. 186*, 2016

7 International Bank for Reconstruction and Development / The World Bank, "Western Balkans: Regional Economic Integration Issues Notes", Washington, June 2017, <http://pubdocs.worldbank.org/en/471351498823233178/1-WB6-Regional-Economic-Integration-Issues-Notes-29-June-2017-final.pdf>

8 RCC Barometre 2018 p 46

9 For example, Roma integration where EU and MS invested significant efforts and resources received point 3 on the relevance scale 1 to 5, *Ibid* p 49

10 For example, in Serbia almost two thirds of the population never heard of any EU funded project: http://www.mei.gov.rs/upload/documents/nacionalna_dokumenta/istrazivanja_javnog_mnjenja/javno_mnjenje_decembar2018.pdf

11 *Ibid*, p50

The EC Enlargement Strategy from February 2018 recognizes the need for “new reinforced social dimension for the Western Balkans”.¹² This document stresses that the EC will engage in supporting employment and social policy in the region and encourage **appropriate engagement from all levels of government, social partners and civil society**.¹³ Swift and reinforced operationalization of flagship initiative to support socio-economic development and allocation of increased financial assistance in dealing with grave socio-economic issues in the region and especially at the local level is needed in the enlargement process.

Recommendations:

To decision-makers in the Western Balkans:

1. Develop synergetic relations with the LSGs and their associations during the accession negotiations and define national negotiations positions according to LSG capabilities to implement EU acquis in respective chapters. Politically motivated decisions to take on obligations in the accession process, not based on real capabilities to implement them should be avoided at all costs.
2. Increase efforts to develop administrative and technical capacities of LSG in order to match their current and future responsibilities in the EU accession process
3. Allow for better financial decentralization in order to enable LSG to be capable to fund their future obligations arising out of EU accession
4. Establishing instruments that will facilitate project co-financing and pre-financing and continue to develop mechanisms for meaningful involvement of local authorities and CSOs in the programing and monitoring of IPA III funds
5. Conduct comprehensive comparative analysis of the capacities of LSGs for EU accession in the WB6

To the EU:

1. EU should be more lenient and understanding when it comes to negotiating transitional arrangement (where these arrangement are possible) in chapters where implementation relies on the LSGs (e.g. environment, state aid...) allowing for lengthier transition periods
2. In line with the EC Enlargement Communication 2018 boost exchanges with the local administrations in the region and facilitate local partnerships between municipalities across the region with those in the EU countries¹⁴ and enable greater participation of local communities – LSGs and other actors, in international cooperation, at the EU-WB level for example within the Berlin Process.¹⁵
3. Increase the amount of funds for the CBC programmes in IPA III framework as instrument where local actors have the largest access to EU funds
4. Continue to decrease administrative burden related to the project applications for EU funds and if possible allow preparation of applications in national languages.

¹² European Commission Communication, (2018), *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*, COM (2018) 65 final, Strasbourg, 6.2.2018, p13

¹³ Ibid

¹⁴ EC Communication, op.cit, p 9

¹⁵ Polish effort to put more emphasis on the local authorities by organizing of the Forum of Cities and Regions one month prior to the Poznan summit in Rzeszów is commendable, but LSG or Associations could take more prominent and active role on the margins of the Summits within Berlin process.

5. Put stronger emphasis and more resources on Social Dimension of the EU integration process in the WBs building on, among other things, regional ministerial Declaration on improving social policy in the Western Balkans ¹⁶
6. Continue to develop mechanisms for meaningful involvement of local authorities and CSOs in the programing and monitoring of IPA III funds
7. Introduce new measures and instruments related to social affairs in the pre-accession assistance including increase of the IPA III allocations for social projects and ESF type measures having in mind the matching structural deficiencies and needs in the WB as well as that the ESF type measures aim to reach *the biggest number of beneficiaries at the local level*¹⁷
8. Facilitate and support exchange and capacity building mechanism between the LSGs and local communities in the WBs via TAIEX program and NALAS and/or RESPA

To EU member-states:

1. EU member states should show the same level of solidarity towards new member states, that they had received when entering the EU or over decades of development of EU for founding members, in chapters where transitional arrangement are being negotiated
2. EU member states should offer their experiences and best practices of resolving issues connected to the implementation of the EU acquis on the local level, negative experiences should also be explained and presented.
3. Establish and extend programs that enable direct cooperation and exchange between local communities / authorities in the WB and EU via bilateral and EU support.

¹⁶ The Social Dimension initiative was launched by the German humanitarian organization Arbeiter Samariter Bund (ASB) in 2018 and all Western Balkan social ministers signed joint Declaration on 8th November 2018 in Belgrade <https://asb-see.org/wp-content/uploads/2018/11/SDI-WB-Declaration-ilovepdf-compressed.pdf>
The SDI will develop regional project portfolio of 195 social projects in 65 least developed WB municipalities in cooperation with the local authorities and civil society

¹⁷ Sekulovic, I. (2018), Evropski socijalni fond za zapadni Balkan, Center for democracy fund, Belgrade, Serbia

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