

## Regional Development Agencies within the Governance Structures for Regional Development in the Countries of the Former Yugoslavia

TATJANA JOVANIĆ

**Abstract** Regional development agencies (RDAs) have been established in the countries of the former Yugoslavia, where the development of economically underdeveloped areas primarily targeted the federal republics and autonomous provinces. The role of RDAs has been underpinned by the EU due to significance of the cohesion policy for new EU member states (Slovenia and Croatia), the process of association and negotiations on regional policy and the coordination of structural instruments for candidate and potential candidate countries. The paper elaborates on whether and to what extent the RDAs are expected to enhance national administrative capacities for programming, coordination and implementation of financial assistance. On the basis of a normative analysis of policy documents, relevant legislation and desk-research of the core competences and activities of the RDAs, the paper aims to portray the institutional arrangements for regional development, in particular the role of RDAs in the promotion of productivity and growth. Although regional partnerships have emerged as new collaborative governance structures, the principle of partnership is not fully respected as a result of strong centralization, the multitude of actors with overlapping roles and the underdeveloped systemic communication with stakeholders.

**Keywords:** • regional development • regions • regional development agency • cohesion policy • multilevel governance

---

CORRESPONDENCE ADDRESS: Tatjana Jovanić, Ph.D., Associate Professor, Univeristy of Belgrade, Faculty of Law, Bulevar kralja Aleksandra 67, 11000 Belgrade, Serbia, email: tanja@ius.bg.rs.

[https://doi.org/10.4335/17.3.771-807\(2019\)](https://doi.org/10.4335/17.3.771-807(2019))  
ISSN 1581-5374 Print/1855-363X Online © 2019 Lex localis  
Available online at <http://journal.lex-localis.press>.

## 1 Introduction

Regional development is contextual and influenced by various endogenous and exogenous factors, such as natural resources, human and financial capital, markets and industry diversification, innovative capacities, entrepreneurship, leadership and institutional capacities. The objective of planning, coordination and implementation of policies fostering regional development is to employ all factors in the most efficient manner benefitting the regions and inhabitants, achieving regional competitiveness and decreasing regional disproportions (Blakely & Leigh, 2010; Pike et al., 2006). The rise of academic research on regional and local economic development is attributed to the international trend towards decentralization of powers and the failure of top-down strategies in addressing local needs (Rodriguez-Pose, 2008). While “regionalism” is a highly diverse phenomenon, the “new regionalism” is based on the assumption that local and regional governments have the leading role in organizing and driving development (Keating, 2001; Breathnach, 2013). Further extending the process of decentralization, governments devolved the role of coordination and promotion of economic development to the regional and local levels. A more devolved governance structure promotes economic growth and development (Danson et al., 1997). This process gave rise to the creation of new governance structures to drive the process of development and improve vertical and horizontal coordination.

In the second half of the twentieth century, many countries of the former Yugoslavia based their competitive position on comparative rather than competitive advantages. This resulted in the expansion of differences and unequal development. The regional aspect of Yugoslav development might better be described as the development of republics and autonomous provinces due to weak regionalization and strong local self-governance (Kubović, 1974: 58; Krešić 1975). Yugoslav development policy did not entail a regional component and was characterized by double reductionism. After 1965 it focused on the development of underdeveloped republics and provinces (Očić, 1998: 9). Following the enactment of the Law on Republics and Provinces whose economic development would be financed by the Federal Fund for Crediting Faster Development of Economically Underdeveloped Republics and Regions in 1965,<sup>1</sup> the underdeveloped regions included Bosnia and Herzegovina, North Macedonia, Montenegro and Kosovo and Metohija, which comprised around 40% of the territory of Yugoslavia and 30% of its population. It is worth noting that, especially following the 1974 constitutional changes, cities and municipalities played a significant role in development planning. The 1986-2000 Societal Plan of Yugoslavia<sup>2</sup> introduced a policy shift towards more coherent regional development, focusing on strengthening productivity, development of SMEs and promotion of exports.

The countries of the Western Balkans have largely failed to benefit from the globalization process as the conflicts during the 1990s disrupted their integration into global markets and hindered inflows of foreign direct investment (FDIs). Deindustrialization has led to high concentrations of unemployment in underprivileged areas. Consequently, hindered technological development weakened international competitiveness. The role of local government has been reduced in most countries. Despite donor funded projects, capital resources for sub-national economic development were scarce and local administrative capacities were too weak to effectively benefit from the decentralization (Bartlett, 2009). The process of adhesion to the EU as a strategic priority of the countries of the former Yugoslavia necessitated the establishment of procedures and administrative capacities for the coordination, decision-making, implementation and monitoring of the allocation of the European aid for regional development. Strengthening the administrative capacities for implementing regional policy represents an important segment in the accession negotiations and the process of Stabilization and Association of the countries of the former Yugoslavia in the Western Balkans (WB): Bosnia and Herzegovina, Kosovo\*<sup>3</sup>, North Macedonia, Montenegro, and Serbia. The experiences of many new EU member states has shown that the principle of subsidiarity in cohesion policy has influenced the objectives, planning, coordination and implementation of policies at the national and subnational levels, contributed to raising the importance of regional actors in multi-governance structures and enhanced partnerships between public and private actors (Conzelmann, 1998; Ferry and McMaster, 2013).

A review of strategic documents, legislation and practical activities of regional development agencies (RDAs) showed a credible commitment of the governments in the countries of the former Yugoslavia to adaptation (Börzel, 2010) and pursuing a policy change in setting up systems of coordination and policies for more balanced regional development. Regional economic development is a collaborative endeavor and requires co-responsibility of the government, the national entity responsible for coordination and implementation of financial aid, and regional and local networks. It is a multilateral activity performed by networked structure of “collective leadership networks” (Hoppe and Reinelt, 2010), where RDAs assume a collaborative role in facilitating planning, project preparation and implementation. Europeanization through cohesion policy and IPA administration has influenced the institutional structures in the countries of the former Yugoslavia. Participation in centrally administered EU funds distribution is an important, but not the only task of regional development agencies. Therefore, this paper seeks to improve the understanding of the diverse roles and engagement of RDAs in the organization, delivery and promotion of local and regional economic development and competitiveness in their capacity as self-sustaining strategic and operational agents. In order to develop a framework of understanding and lay down the methodological approach, it was necessary to provide a brief overview of the theoretical

underpinnings of endogenous regional development, explain the concept and roles of RDAs and identify prerequisites for effective governance structures for implementing regional policies.

The paper aims to map the institutional architecture of the RDAs in the countries of the former Yugoslavia and concludes that their roles and objectives reflect Lisbon-style competitiveness-oriented strategies. The paper will not explore the institutional setup for the support to traditional national-level regional policies, or the institutions of local economic development. The comparison is limited to the assessment of the institutional settings, key priorities and powers of the RDAs, as the nexus of a web of networks located between the central and local level. We aim to assess whether the RDAs have achieved a critical brokerage role in regional “network politics” and whether they have imposed their regional “centrality” as opposed to national centralization (Ansell, 2000: 310). Our main hypothesis is aligned with the observations explaining how governments formally comply with EU conditions and the principle of partnership, but most of them seek to control the management of regional aid and steer regional networks (Bache et al., 2011: 138). RDAs in the countries of the former Yugoslavia predominantly support qualitative changes in the regional economy and act as “regional animateurs” (Morgan, 1997a) in promoting competitiveness, providing information and business services and enabling the formation of regional networks.

## **2 Theoretical underpinnings of endogenous regional development and multi-level governance**

### **2.1 The shift from comparative to competitive advantages of regions**

Regionalization is the process of transferring central authorities of the state administration to lower administrative-territorial units, which occupy the place between central government and municipalities. Although the power is transferred from the top down, regionalization is viewed as a social bottom-up process (Mansfield and Solingen, 2010). Regions often share the same traditions, identity and socio-economic characteristics, but may also be artificially created. The most obvious example of the latter is the emergence of so-called “NUTS regions” (NUTS - *Nomenclature des unités territoriales statistiques*).<sup>4</sup> This geographic determinant for statistical classifications was an attempt to systematize regions as territorial systems of unique character and ensure better comparison of the competitiveness of European regions.

As a plentitude of diverse characteristics are attributable to various territories, regionalization methods have gone beyond the framework of classic regional geography in search of homogenous factors to compare regions as dynamic and complex subsystems of territorial organization and national socio-economic

systems (Boschma, 2006). This urged a shift in the focus of the economic theory and public policy from comparative to competitive advantages and the search for various factors that determine the productivity of resources and ensure an increasing standard of living, social welfare or “social cohesion” (Martin et al., 2006).

Despite of long-term government efforts, regional disparities were not significantly reduced during the 1980s. Regional subsidy programs and the traditional focus on infrastructure were gradually reduced, instigating new initiatives sponsored by the EU Structural Funds. The new initiatives ranged from basic infrastructure investments to support science parks, interfirm networks and clusters, to human resources and other horizontal themes (Bachtler & Mendez, 2007; Halkier 2010). The Lisbon Strategy’s focus on competitiveness and knowledge economy reoriented the EU cohesion policy, which had originally been designed to implement measures that would boost economic growth in the less-favored EU regions. Whereas previous EU financial support from Structural Funds was mostly focused on infrastructure and human capital development, the Lisbon Strategy promoted the role of regional innovation systems as learning tools (De Bruijn and Lagendijk, 2005). The strategic focus shifted towards new innovative forms of business and regional systems of innovation. The dominance of the EU Lisbon Strategy’s focus on qualitative changes is noticeable and competitiveness oriented strategies dominate policy initiatives. The new regional policy increasingly focused on competitiveness, favored regional growth over redistribution and recognized the interdependencies of sectoral policies. Instruments become broader in scope and more adaptive to individual regions, supporting endogenous development of the business environment leading the issue of sustainability to become an emerging concern.

The most frequent policy instruments of regional development bodies in Europe now rely on organizational and informational resources (Halkier, 2012b: 6-7). Ongoing network relations between policy bodies and other stakeholders were built using information and organizational facilitation, as the most frequently employed tools. The competitiveness of the region depends not only on the presence of a critical mass of organizations and factors, but also on its capacity to coordinate the actions of these organizations and channel the transfer of knowledge (Boschma, 2006: 17). The paradigm shift of regional development policy urged for the establishment of multilevel governance approaches involving national, regional and local governments as well as third party stakeholders and turned the focus from inter-regional to intra-regional disparities (OECD, 2010: 10-14).

## 2.2 The endogenous approach to regional economic development and the role of institutions

For a long time mainstream economic theory, specifically growth theory, neglected the impact of institutions on the economic development. By the mid 1980s, new theories such as endogenous growth theory, had shed light on the role of institutions and new factors of development and growth (Rodrigues-Pose, 2010; Pike et al., 2006). The shift in theory caused by dissatisfaction with the “one size fits all” strategies specifically pointed to the negative effects of molds for development and growth that were applied to both developed and underdeveloped regions. Endogenous growth theory focused on the dynamics of regional convergence and divergence, and describes development as the “reduction in regional disparities” (Pike et al., 2006: 102).

Modern regional development policy is influenced by neo-liberal philosophies, which favor regional dimensions and emphasize the bottom-up approach and regionalism (Beer et al., 2005), while maintaining the steering role of the central government, rather than undertaking the “rowing” (Kaufmann et.al, 1985). Whereas the top-down approach was concerned with attracting industry, capital and grand scale projects to promoting economic growth, the bottom-up approach encourages a focus on sustainable integration of local economic, social and environmental objectives (Roseland, 2000).

Institutionalism and socio-economics have explained the social context of regional development policy and governance, scrutinizing the ability of institutions and networks to foster adjustment to changing circumstances (Storper, 1997; Amin 1999; Amin and Thrift 1994). Administrative systems as formal institutions, in the social and institutional context of regional growth, contribute to reducing uncertainty and risk, and promote trust in economic relations. Knowledge economy further contributed to clarifying their role. In an uncertain economic context marked by rapid economic and technological changes, public agencies represent institutions that could play a central role in fostering knowledge-rich local and regional environments (Pike et al., 2006: 98). Together with technology and territory, institutions, as “organizations”, represent one segment of the “holy trinity” of the endogenous approach to regional economic development. This heterodox approach focuses on economic development as the process of conversation and coordination of reflexive human actors. Firms, markets, governments, households and other collectivities are knit together and their relations to each other are subject to a high degree of reflexivity. This applies to organizational models, bureaucratic rules and communicational processes which were shaped by rules, institutions and action frameworks. In an economic process of modern capitalism, characterized by coordination and conversation between reflexive agents and organizations, regional economies represent “stocks of relational assets”. According to Storper, economic

reflexivity refers to the possibility for a group of actors in various institutional spheres to shape the course of economic evolution (Storper, 1997: 28-31).

Networks are forms of social capital, which facilitate communication, coordination and cooperation (Putnam, 1993). Institutional theories emphasize the role of policy networks, which underpin high trust relations promoting economic growth. To support local development and mobilize endogenous development potential, such networks must be embedded locally and promote participative forms of local governance. Studies have documented the extent to which the proper functioning of institutions and governance structures represents a fundamental driver of regional economic development (Morgan 1997b; Amin 1999, Amin and Thrift 1994). The efforts to build networking culture and growth of regional development agencies have contributed to the overcoming the traditional antagonism between state and market, by upholding the interdependence of public and private power and affirming the potential of devolved, intermediate institutions (Morgan, 1997b).

### 2.3 Multilevel governance and the centrality in regional network polities

Growth enhancing or developmental governance capabilities are distinct from general market enhancing governance capabilities. Development economics argues for a substantial correlation between good governance and economic growth (Gradstein, 2004). Regional governance matters as regional development contributes to national economic growth. It is the set of rules, public administration bodies and non-governmental institutions which control and coordinate activities to ensure balanced development. Governance structures for effective bottom-up endogenous development are platforms for involving the key stakeholders representing public and the private sector. Creating effective collaborative partnerships poses a coordination challenge. Politicians and administration must cooperate across administrative tiers and sectors and reconcile public, private and organized interest groups (Breathnach, 2013: 56-57).

Decentralization and deconcentration of national responsibilities, through their delegation to subnational levels, intensifies mutual dependence in accomplishing the objectives and execution of tasks between levels of government and requires coordination among actors in multilevel governance arrangements. It could be simultaneously vertical (across different levels of government) and horizontal (within the same level of government), involving multiple actors and stakeholders in the public as well as the private sector and citizens. Functional combination of the strengths of national, regional, local governments and non-governmental actors is necessary, as the actors may depend on one another, for information, skills, resources or competences (OECD, 2010: 24).



Economic development efforts within municipalities, cities and regions are often subject to fragmentation due to the multitude of funding streams and policy agencies. In this context, through development coalitions, development agencies aggregate otherwise disparate efforts within “local development systems”, and help to overcome potential co-ordination issues and information asymmetries (OECD/Mountford, 2009: 18, 28). To operate in an integrated manner and draw upon a range of policy instruments in order to tackle structural problems within the regional economy or specific difficulties faced by individual firms, RDAs are embedded in the multi-level governance. RDAs are frequently sponsored by a plurality of public actors from more than one tier of government and are involved in policies emanating from a wide range of sources, which highlights the importance of policy coordination, either in the form of joint sponsorship or ongoing network relations (Halkier, 2012b: 13). The RDAs leadership role in building development coalitions and collaborative networks includes communication of goals to regional stakeholders, motivating for action and building trust and alliance. To perform this role effectively, local/regional governments must have appropriate the authority and status (Clark et al., 2010).

The territorial linkage of regional and local economic development agencies enhances the capacity to collectivize local interests and involve local businesses and organizations. As services and intelligence centers, such bodies managed to evolve as spiders in many local and regional webs linking the public sector, private businesses and the non-governmental sector. In a multilevel governance setting, this relates not only to vertical coordination, but also horizontal through division of competences between RDAs and local agencies. Some regions and municipalities may have separate agencies for training, investment promotion, business support and sector specific activities such as “cluster” policies (Lagendijk et al., 2009: 386). Or such actors with similar goals may be gathered in formalized partnerships, such are local enterprise partnerships (LEPs) in England, bringing together local development agencies, local enterprise agencies, trade unions, business groups, chambers of commerce and subnational offices of the central government (Huggins, 2014). This opens the question of the relationship between RDAs and local development agencies (LDAs). The legal status, ownership and activities of RDAs are similar to the activities undertaken by LDAs (Clark et al., 2010). Development agencies can operate effectively in tandem with LDAs and do not need to compete. In this regard, LDAs have to meet the goals of regional strategies in their local or sub-regional areas, and RDAs have to identify local priorities and facilitate multi-area collaboration and coordination between neighboring municipalities (OECD/Munford, 2009: 27). To enhance local participation and avoid the danger of local parochialism, RDAs should pool local action groups and local development institutions.



To summarize, RDAs take a collaborative role in facilitating the relationship between local decision makers, central levels of government and various stakeholders. They are drivers of collaborative regional leadership which reinforces networks and cooperation among actors in a setting where no single organization assumes sovereign leadership (Harmaakorpi and Niukkanen 2007: 91). National systems of regional development agencies could best be described as ‘*collective leadership networks*’ sharing the same goals, whose role is to influence policy and bring social changes (Hoppe and Reinelt, 2010). The key issue is whether the central state will be able and willing to devolve authorities to RDAs and embed them within the system of multi-level governance, while leaving enough freedom to RDAs to act as coordinators in regional socio-economic structures and drivers of cooperation among various stakeholders within regional networked polities. Transcending the public-private divide, network centrality may be facilitated by RDAs as institutions “hived off” the regular administration and specifically designed for project management. Should it be the case, the RDA becomes a facilitative leader in the web of interorganizational linkages between dispersed, heterogeneous and disaggregated actors (Ansell, 2000: 309-311).

### 3 The policy objectives and instruments of RDAs

The creation of RDAs, which tend to be highly decentralized into a variety of semi-independent technical institutes and service centers, represent a horizontal disaggregation of the state (Ansell, 2000: 322). Their organizational set-up has several advantages (Danson et.al., 1998: 18.). A regional setting is a better placement for developing strategies tailored to specific regional problems, whereas semi-autonomous position limits direct political interference at an arm’s length of operational freedom.

Earlier literature usually defines regional development agencies as publicly financed institutions outside the central and local government administration that aim to promote economic development in specific regions (Yuill & Allen, 1982: 1). However, from an organizational perspective, RDAs may vary from bodies directly incorporated into government administrative structures or somewhat secluded in a semi-departmental position with a separate board of directors or similar bodies, to limited public and not-for-profit companies. There is a high degree of diversification in the degree of autonomy, organization, financing and competences. Over the last two decades, most of RDAs were predominantly established by local or regional authorities but operated at arm’s length, as the founders usually provided resources and set broad policy guidelines, but did not significantly influence their executive powers (Halkier et.al., 1998; EURADA, 1999; Halkier & Danson 1997; OECD, 2010). Although often financed by central or local authorities, RDAs are becoming more self-reliant through provision of semi-commercial services to businesses, participation in a variety of joined-up projects and strategies at the

regional level and the capacity to acquire external funding, from EU funds and international donors (Lagendijk et.al., 2009: 389).

In less than two decades, the notion of “model RDAs” introduced by Halkier et al. (1998), has been replaced by new organizational patterns focused on new policy priorities and the emphasis on competitiveness and interactive knowledge brokerage (Bellini et.al, 2012). It is the response to the competitiveness-oriented EU Lisbon Strategy which gives high importance to research, technological development and innovation (Wamsler et al., 2013). Policy instruments employed by modern RDAs are no longer primarily financial, but rather are dominated by tailor-made organizational and informational resources. The strategic focus of public policy has moved beyond the industrial policy paradigm based on the relocation of economic activity and is generally focused on other forms of knowledge and promotion of innovation in products and processes (Halkier, 2012b: 1780).

As key actors in a place based economic development, RDAs and LDAs are “concerned with the implementation of policies that are uniquely tailored to the contexts within which they are to be pursued” (Rodriguez-Pose & Wilkie, 2017: 163). Place-based development approach is aimed at institutional building and strengthening of capacities, improving accessibility to knowledge-based assets, goods, services, information and promoting technology and innovation,<sup>5</sup> entrepreneurship and skills (Barca et al, 2012; OECD, 2012). The variety of activities that coordinate, encourage and promote local economic development and foster linkages between firms and intermediary private and public institutions justifies to RDAs label as “the regional animateurs” (Morgan, 1997a). RDAs have transcended their role in horizontal structures related to regional planning and implementation of national and European regional policies, focusing on business support services and facilitation of regional knowledge networks. In many European regions RDAs play a leading role in assisting knowledge networks and the development tools of regional knowledge economies, such as clusters and innovation platforms. This marks a paradigm shift in regional policies towards knowledge economy (Halkier, 2012a; Halkier, 2012b).

On a strategic level, RDAs in EU member states often participate in the distribution of structural fund assistance. This has progressively made them partners in strategic European regional policy interventions where RDAs assist in coordinating the process of program formulation and contribute to program management. The latter is often limited to an advisory and monitoring role, and rarely takes the form of delegated management. In the capacity of coordinators of regional economic development and planning, RDAs contribute to getting stakeholders involved in regional development planning and identifying the development needs and investment requirements in disadvantaged areas (usually composed of a number of lower territorial units).

Most RDAs are involved in a number of very different activities. Put broadly, the role of RDAs is to stimulate and manage sustainable economic growth, social and environmental well-being, for the benefit of residents, workers and visitors in the future (Clark et al., 2010: 13). Their activities range from attracting foreign direct investments, assistance to start-ups and providing financial support to individual firms and their groupings, technological and R&D support, information exchange, marketing support and delivery of advisory services on a variety of issues, skills formation and many other business enabling and business support activities.<sup>6</sup>

#### **4 The impact of EU financial support on regional governance and the absorption capacities in the countries of the former Yugoslavia**

Apart from the broad principles of good governance and subsidiarity, and outside the EU framework on Structural and Cohesion Funds, the EU has no specific requirements regarding the model of local autonomy and degree of decentralization (Loughlin et al., 2011). The Single European Act acknowledged the importance of coordination of financial instruments in common regional policy, and subsequent reforms contributed to integration of various concepts of economic and social cohesion into a consistent Community Cohesion Policy.<sup>7</sup> To align investment policy more closely to the Europe 2020 targets (smart, sustainable and inclusive growth), the Lisbon Agenda imposed top-down requirements. Decentralization of competencies, launched with the 2007-2013 programming, substituted multiregional operational programs with region specific programs, and more responsibilities for implementation have been transferred to regional and local levels. Furthermore, the new development instrument 'Integrated Territorial Investments' requires integrated and multisectoral local strategies led by local action groups, as was the case with its predecessor, the LEADER Programme.

Studies exploring the impact of cohesion policy implementation on multi-governance systems found considerable variations in the old EU member states and confirmed the propensity of governments in centralized states to effectively control the flow of EU resources, often rendering the role of multi-level structures symbolic and limited to implementing activities (Hooghe, 1996). In South East Europe research has found that sub-national authorities approached the fundamental traits of an EU model of regional policy governance (Bache & Andreou, 2011). New forms of governance which emerged throughout the EU during 1980s and 1990s were heavily influenced by ideas and instructions from Brussels. Through structural funds allocation and administration, the EC became a significant policy actor within less favored regions, establishing the region as a player in the process of planning and allocation and challenging the role of national institutions. The issue of subsidiarity was contested at the national level vs the European level and also at the regional vs the central level. Studies have confirmed that European regional policy

had replaced national urban and regional policy and programming, and the struggle for a more powerful regional ownership role had been overridden by directives from the central level (Bachtler & Mendez, 2007).

Studies of the impact of pre-accession aid and EU funds in new EU member states often echoed the findings of previous studies focused on the EU 15. Although the European Commission initially aimed to advance regionalization and promote multilevel governance and reinforce the traditionally weak positions of subnational actors vis-à-vis their respective central state (Scherpereel, 2010), in order to ensure the timely absorption of funds it favored central management by national ministries. Strong central control over planning and distribution of funds often diminished the importance of subnational institutions (Bailey & De Propriis, 2002; Bachtler & McMaster, 2008). The development of multi-level governance often emerged through a gradual transformation in the form of a “layered” structure which did not challenge the dominant mode of governance (Bruszt 2008: 620). However, whether national specificities were entirely subsumed by the EU policy approaches is open to debate. Some CEE member states (notably Poland, Slovakia, Czech Republic and Slovenia), having gained experience in cohesion policy, and developed new domestic policy frameworks to encompass national approaches to regional development. An example is the Slovenian regional policy which managed to target demographically endangered areas to halt out migration from highland and peripheral areas (Ferry, McMaster, 2013: 1512).

Influenced by principles of cohesion policy, regional policies in new EU member states have undergone extensive changes. The most obvious policy shift is the gradual abandonment of selective targeting intervention (standard policy tools such as subsidies) and promotion of regional growth with a broader scope and programs that contain a range of actions. The evolution of regional policy in CEE has supplanted the traditional hierarchical relationship of national governments by more cooperative procedures and network-based governance structures (Ferry and McMaster, 2013: 1509). However, cohesion policy requires great administrative efforts for both administrators and end beneficiaries, which often represents an obstacle to their implementation. For this reason administrative capacities for regional policy represent an important segment of administrative conditionality in accession negotiations (Elbasani, 2009).

The experiences of new EU member states show that alignment with EU regional policy should be interpreted not as technical transposition of rules and requirements, but primarily as a set of concepts, methodologies, principles and implementation practices. Since 1988, the key principles include: programming, coordination, concentration, partnership, cofinancing and additionality. Whereas the principles of cohesion policy have not been applied to pre-accession instruments, the IPA has mimicked those requirements due to the lack of absorption capacities in some

CEECs that joined the EU in 2004. The principle of partnership requires the involvement of national administration on different territorial levels and other stakeholders in real decision-making and implementation. Fulfillment of *ex ante* conditionalities in new EU member states is linked to key strategic documents, at the national and regional levels, that underpin ESI funds investment and the regulatory frameworks for the implementation of operations, which must be backed by sufficient administrative and institutional capacity of the public administration and stakeholders (European Commission, 2014). For candidate countries and accession aspirants, the alignment of the development policy mirrors the experience that respective responsibilities, instruments and delivery mechanisms are crucial for successful pre-accession support.

The decisive role of pre-accession assistance in the establishment and early support of national coordination structures has been confirmed in numerous case studies (Bailey & de Propris, 2004; Bache et al. 2011). Although the pressure to fulfill accession conditionalities constricted the time for creation of regional-level structures, the reforms aimed to compensate the weak tradition of regional policy and institutions. Screening reports for Chapter 22 – *Regional Policy and Coordination of Structural Instruments* for Montenegro and Serbia do not focus on the legal requirements, but on the strategic framework, procedures and structures, which transcend the existing structures for IPA fund management. Consolidation of the strategic frameworks, as the basis for multiannual programs, presupposes the adoption of the general Development Strategy, aligned with the structural priority measures elaborated in the national Economic Reform Programs. A challenge in this Chapter, which did not exist in the course of the negotiations with Croatia, is the requirement to define the methodology and instruments of the policy on balanced regional development of the candidate country and to enhance the role of regional policy institutions in the coordination and management of funds.

From 2007 to 2013, the Instrument for Pre-Accession Assistance (IPA I) replaced a series of European Union programs and financial instruments for candidate countries or potential candidate countries.<sup>8</sup> In March 2014, the European Union established a new instrument of support for countries in the process of association and accession to the EU: the Instrument for Pre-Accession Assistance (IPA II),<sup>9</sup> which has foreseen regional development as one of its core components. IPA II dismantles the five components of IPA I, giving candidate and potential candidate countries access to the entire IPA toolbox, and establishes better performance management indicators. The regional priorities are set in a Multi-Country Strategy Paper, which is complemented by the Commission implementing decisions adopting indicative strategy papers for individual countries for the 2014-2020 period.

The accession to the EU challenged the regional development governance structure in a number of ways. Firstly, although not formulated as the precondition for the use of pre-accession funds, the Stabilisation and Association Agreements required the establishment of spatial statistical categorizations and the methodology (NUTS framework) for determining the aid allocation and monitoring regional operational programs. The processes of association and accession imposes on the countries the former Yugoslavia the requirement to establish appropriate regional governance structures. A key element is the creation of NUTS II level regions and the introduction of regional development authorities through which the central state should devolve authorities and resources. The basis for RDA development is not unambiguous as even within a single country regional structures and business settings differ in terms of political-institutional and business settings of the regions. Secondly, structural funds and cohesion policy compelled Slovenia and Croatia, as new member states, to strengthen long-term strategic planning of development policies and regional investment programs focused on research and development, innovations and entrepreneurship, and to support small and medium sized enterprises (SMEs). Provision of information, selection and management of projects supported by European structural and investment funds, as well as the implementation monitoring is the task of a designated national managing authority defined in national legislation and establishing an institutional framework for the implementation of European structural and investment funds in the 2014-2020 financial period.<sup>10</sup> Non-EU countries of the former Yugoslavia are developing their beneficiary capacities for future efficient management of the Structural and Cohesion Funds. The evolution from centralized to decentralized regime of IPA management and closer focus on the absorption capacity have required the establishment of new structures and designated authorities responsible for the implementation of IPA II funds. In a direct management system, these include national coordinators, national authorizing officers, competent accrediting officers, national accreditation officers and operational structures such as units for central financing, contracting and project implementation, monitoring and auditing authorities (European Movement, 2018). As a rule, in a decentralized system the ministry in charge of European integration is the National IPA Coordinator, while financing and contracting units are situated within the Ministry of Finance.<sup>11</sup>

IPA II has strengthened the focus on inclusive programming. National, regional and municipal authorities are eligible to participate in IPA II programs, managed by the national contracting authorities. However, the principle of participation does not only target coordination mechanisms within the responsible government institutions, but also the existence of regional and local arrangements and coordination mechanisms between institutions of public administration and non-state actors. Coordination is expected in all stages of IPA II programming process, from early project preparation through the entire project cycle. Since European regional policy and pre-accession assistance have prompted centralized allocation

and management of financial aid in the countries of the former Yugoslavia, the following questions arise: how do ex-Yugoslav countries demonstrate credible commitment to fostering endogenous regional development policy and what is the role of RDAs?

To demonstrate credible commitment, the countries of the former Yugoslavia have put in place national and regional development strategies and policies as strategic planning documents. While national development policy presents economic policy actions aimed, inter alia, to contribute to regional growth and establish the basis for sustainable regional development, regional development policies are aligned with the former and define development policies, instruments and measures fostering regional development. To conform to EU requirements and consolidate the fragmented legislative frameworks, the EU member states and membership aspirants have adopted legislation on regional development and enacted the Nomenclatures of Territorial Units for Statistics, instituting NUTS regions. Laws on regional development have established the legal basis for all regional development activities and planning documents and introduced the strategic planning of development activities. The laws proclaimed the goals and modern regional policy principles which are in accordance with the modern EU regional policy principles. With a view to ensure that new development measures are tailored in line with the specific needs of subnational units, laws and implementing legislation have introduced the new models of calculating the development indices as objective measures of the level of socio-economic development. The new legal and strategic frameworks have built institutional arrangements for better regional policy management. Laws on regional development have defined the role of relevant ministries and government bodies and, as a rule, established RDAs as implementing bodies. In most countries, the new institutional framework also formalized the relationship between RDAs and regional policy stakeholders.

## **5 A survey of RDAs in the countries of the former Yugoslavia and the assessment of their “centrality”**

### **5.1 Slovenia**

Slovenia is a unitary state where the central government and municipal level are two principal tiers of administration. The development of an intermediate regional tier of administration has been a highly debated issue (Pogačnik et al., 2009; Haček, 2005). Pursuant to the Law on Local Self-Government and relevant strategies, Slovenian local authorities have important decision making powers in controlling the development planning process in their area. In that regard local self-government bodies are supposed to ensure the direct involvement of all affected and interested stakeholders. The preparation of strategic documents at the local level has become a widespread process (Deželan et al., 2014). The role of the regional framework of



RDAs was characterized by some authors as a move more in the direction of Europeanisation and less in the direction of the genuine empowerment of subnational actors (Grief, 2015: 163-164; Maleković et al., 2018: 10). Namely, some authors pointed to the fact that regional policy networks were denser and more autonomous from the government in regions with pre-existing technical and administrative expertise and private financing (Lindstrom, 2005).

After the adoption of the Strategy of Regional Development of Slovenia in 1995, the first Law on Balanced Regional Development of 1999 established twelve NUTS 3 development regions. In those regions twelve RDAs were established in 2001, to contribute to implementing structural and cohesion programs. Some of them were created from the existing organizational authorities established by mid 90s as regional entrepreneurial centers, and then expanded the scope of activities to the tasks of RDAs. Others emerged from the networks of different organizational authorities. After the dismantlement of the National Agency for Regional Development, the Ministry of Economic Development and Technology coordinates the work of twelve regional development agencies and regional development programs. Slovenia was divided in 2005 into two regions for cohesion policy programs (NUTS 2 Eastern and Western regions). The reform of the Law in 2005 invoked a new allocation of responsibilities between municipalities and regional levels, placing RDAs in a position to provide technical and administrative support to regional councils, where municipalities were represented in regional development planning. Coordination at the regional level was enhanced through the supportive role of the RDAs in relation to regional development councils and councils of regions. The latter bring together the mayors of a given region and focus on priorities whereas the former represent public-private partnerships (municipalities, business representatives, social partners and NGOs) for regional developments and competitiveness.

In 2011, the new Law on Stimulating Balanced Regional Development represented an overhaul of the 1999 Law, with its subsequent amendments intended to provide a more consistent and systematic regional developed policy. This law re-affirmed roles of the existing actors at the national level and authorized the creation of a “Council for the Territorial Coordination of Development Initiatives”, with a view to coordinate actions of different ministries and facilitate development. The law also facilitated a territorial development dialogue and coordination of the proposed development agreements of individual regions. The new law also strengthened key actors at the regional level and promoted regional development networks. Merging the old regional councils with regional development councils resulted in a more space for the membership of economic associations and non-governmental associations. Regional development networks are composed of regional and territorial development agencies and other key development actors in a region, such as business incubators, centers of excellence, business alliances etc. As bodies

constituted by municipalities and registered as publicly owned limited liability companies, the RDAs were made more accountable through authorization which they could lose if they fail to perform the assigned tasks. The new legislation developed mechanisms for horizontal inter-regional coordination and mechanisms to overcome the fragmentation of regional development policy. Facilitating integrated regional development projects and horizontal inter-regional coordination has strengthened regional-level institutions and their powers in administering and monitoring how municipal authorities allocate resources. A greater emphasis on cooperation resulted in strengthening contractual arrangements for executing regional projects (Agreements on Development of Regions) while monitoring and evaluation has been particularly emphasized. The law of 2011 clearly denoted a policy shift from development of endangered regions towards regional specialization to achieve competitiveness and endogenous growth.

The main activities of the twelve RDAs established in Slovenia<sup>12</sup> may be grouped into several categories. The first is related to strategic and operational issues related to regional development, where the role of the RDAs is to prepare, coordinate, monitor and evaluate regional development programs and projects in the region; to elaborate the agreements for development of the region and take part in the implementation of regional projects. In this regard RDAs may contribute to tender procedures, public procurement and public-private partnerships in the framework of regional projects. The second group of activities aims to strengthen both the EU funds absorption capacities and to contribute to sustainable and balanced development and competitiveness, through assistance in the implementation of regional financial schemes funded by the state or regions. The following is the network coordination role which portrays the activities in cooperation and support with the regional development councils, the councils of the regions, regional development networks and regional development partnerships. Another group of activities represent knowledge networks facilitating activities, mostly oriented towards strengthening competitiveness and growth. In this regard RDAs inform, consult and accumulate project ideas in direct contact with partners in setting up projects, submitting applications, contribute to the transfer of knowledge and spreading of good practices in regional development and competitiveness. In addition, RDAs may be mandated to coordinate and implement other tasks in the public interest upon approval by the Council of the Region or Regional development council. To improve coordination among development hubs of statistical regions, the Association of Regional Development Agencies has been established already in 2002.

The result of our survey of activities of Slovenian RDAs has shown that in the 2014-2020 programming period the RDAs managed to impose “centrality” in regional development network politics. In our opinion, Slovenia has the most developed model which could serve as a guide to other countries of the former Yugoslavia.

The bottom-up approach has strengthened the development of strategic regional policies. The involvement of RDAs in strategic planning and the allocation of funds within a centralized system strengthened both Slovenian absorption capacities and capacities to implement competitiveness driven strategies. The functioning of Local Action Groups to implement LEADER funding, as well as the embeddedness of RDAs and Regional development partnerships for competitiveness within the networks of development information centers, business incubators and central institutions portrays that the partnership principle is respected in regional development networks.

## 5.2 Croatia

The evolution of Croatian regional development policy was a direct consequence of conditionalities imposed by accession negotiations and the process of policy learning through EU projects (CARDS, IPA). Following the taxonomy of domestic institutions' responses to change, the Europeanization of regional policy in Croatia can be divided into three periods: (1) a period of inertia and institutional fragmentation (2000–2005); (2) a period of adaptation (2006–2012); and (3) a period of transformation (2013 onwards) (Liha, Matejiček, 2015).

The 2009 Law on Regional Development introduced the key principles of cohesion policy into Croatia's regional policy and the requirement for strategic planning. Strategic planning as the basis for long term development policies at both national<sup>13</sup> and sub-national levels was systematically introduced. Croatia is currently divided into 2 NUTS regions (Adriatic Croatia and Continental Croatia). Considering that developed Zagreb city have negative impacts on the overall GDP of the region, Croatian Ministry of Regional Development and European funds aims to propose to the EUROSTAT the establishment of a new NUTS 2 region composed of the capital city and its surroundings.

In the course of accession negotiations, most Croatian counties and lower territorial units have established in-house or institutionalized development agencies. An array of local bodies and activities, such are entrepreneurship centers, business incubators, technology parks and economic zones, have been established. The complex networks emerged at different levels of governance and horizontal coordination was characterized by overlapping of competences and duplication of efforts (Maleković et al., 2011). In terms of policy substance, focus on less developed regions and differentiated structural weakness did not challenged the centralist approach to development policy (Ferry & McMaster, 2013: 1589).

Preparation and participation in cohesion policy and capacity building activities for EU funds absorption have strengthened the role of local and regional actors and positively influenced the capacities of county and local actors and other

stakeholders for project preparation and implementation (Đulabić & Manojlović, 2011, Baljo & Puljiz, 2017). The 2009 Law had already introduced partnership principle obliging counties to draft development strategies in cooperation with the County development councils. The Regional Development Act of 2014<sup>14</sup> officially appointed the county development agencies (CDAs) as regional coordinating bodies, which now coordinate strategic planning and prepare county development strategies, projects, action plans, coordinate activities related to the promotion of regional competitiveness and as well as take part in preparation and implementation of development projects. Croatian Regional Development Agency is established in 2008 to improve national coordination of regional development policies administer the cross-border cooperation and transnational cooperation programmes. One of its main tasks is to strengthen the role of regional coordinators (CDAs) as the necessary preconditions for the establishment of a decentralized and more efficient management system for EU funds. The Agency carries out the accreditation process of the Regional Coordinators (CDAs) and local development agencies and keeps the official register of accredited bodies. The CDAs are represented in the Regional development council, established at the national level with a view to improve regional development policy. The CDAs are as well represented in the Partnership council of the statistical region and/or its sub-partnerships.

The Law on the system of strategic development planning and management of 2017 confirmed the role of CDAs as regional coordinators of strategic documents, and in its Article 8. has reaffirmed the principle of partnership, already introduced in Article 5 of the Law on regional development. It mandated the involvement of the “main stakeholders and competent bodies of local and regional self-governance, business associations, social partners, academic and scientific community, NGOs and interested public”.

In terms of developing regional/county strategies, 21 CDAs<sup>15</sup> accredited as regional coordinators coordinate the activities of the administrative bodies within the counties, public institutions founded by local self-governance bodies, representatives of chambers of commerce and craftsmen. In line with the Regulation on the establishment, composition and the scope of activities of the County partnership council, CDAs provide administrative services and coordinate the role of Partnership councils 2012-2020. Partnership councils are consultation bodies set up to determine common priorities and propose strategic projects. Its members are representatives of the county, development agencies, local self-government units from the county and representatives of the public sector, higher education institutions, providers of educational services and training and research centers, economic and social partners and civil society organizations. Our review of publicly available founding legal acts of Partnership councils reveals that their establishment seems to be more an attempt to involve civil society, such as war

veterans, retirees, LAGs etc., but the largest number of members are representatives of the local-self governance units' administration and public institutions.

In line with the priorities set out in the Operational Programme "Competitiveness and Cohesion", Croatian CDAs administer and support the Local Employment Partnerships, which are established on the basis of partnership agreements and composed of the same groups of representatives which take part in the Partnership councils. Through support to rural development, regional coordinators, directly or through local development agencies, support the activities of Local Action Groups. Our review of twenty one web portals of the CDAs reveals that there is no ideal-type CDA. There are different operational modes to tackle structural problems or specific difficulties faced by individual firms. The core activities of Croatian CDAs (stipulated in the Law on Regional Development) are to coordinate the process of drafting, enforcement and monitoring of the execution of regional strategies, provide assistance in preparation of development projects, specially co-funded by the EU, provide assistance in preparation of development project of public bodies, execute programmes of the Ministries and other development bodies related to regional development, maintain the registers of projects and coordinate the development units of local self-government bodies.<sup>16</sup> The specific feature of Croatian regional development policy is a differentiated legal regime of the assisted areas (Law on Assisted Areas 2018, Law on Hills and Mountains 2018), and special role of the CRAs with respect to such areas. Regional coordinators contribute to the execution of national programmes and strategies on competitiveness and entrepreneurship, industrial, R&D and cluster development, smart specialization, tourism, rural development etc. However, the manner of promotion of entrepreneurship, development of human resources and provision of business services to SMEs and entrepreneurs varies among regional coordinators, and often involves the local development agencies and centers.

Therefore, we can conclude that Croatia has implemented the formal harmonization of the requirements for the implementation of cohesion policy and prioritized the development of coordination structures. The regional coordinators' tasks are clearly prescribed in legislation, and the centrality of networked polity is formally initiated. Compared to Slovenia, Croatian bottom up approach in strategic planning and execution is more formalized, more "administered" and has yet to be built. The CDAs are developing their competences in the field of promotion of entrepreneurship, skills, R&D, and overall business support services. This is a good way to further promote the principle of partnership and assure the role of CRAs as central nodes in subnational development polities.

### 5.3 Serbia

Regional Development Strategy 2007-2012 was the first document to define the main development priorities of Serbia. Serbian Law on Regional Development of 2009<sup>17</sup> established five regions, which are composed of 29 counties. To ensure balanced regional development, the Law prescribed a minimal number of RRA in all statistical regions: Region of Vojvodina (minimum three RRAs), Belgrade region (one RRA), Šumadija and Western Serbia (four RRAs), Southern and Eastern Serbia (3 RRAs) and Region Kosovo and Metohija (one RRA). Vojvodina and Belgrade region are both administrative regions, while the remaining three regions were created for statistical purposes only.

The Law on Regional Development prescribed the core strategic planning documents and established a very complicated and diluted network of institutions with jurisdictions which are not always precisely defined and delineated: National Council for Regional Development; National Agency for regional development (now the Development agency of Serbia - DAS)<sup>18</sup>; regional development councils (seven); regional development agencies and regional associations (corresponding to NUTS III levels). Regional development councils are established in every region and their members are representatives of cities, municipalities, public and private sectors and representatives of the Government. However, since 2012 most of them are no longer operational.

DAS is a government organization dedicated to facilitating and implementing direct investments, promoting and increasing exports, supporting SMEs, business innovation, entrepreneurship and improving the competitiveness of the Serbian economy. The Agency has a number of authorities related to regional development: it takes part in the preparation and implementation of development documents and development projects, provides technical support to improve the infrastructure for entrepreneurship development, investment promotion and trainings to support the employment. It has the power to accredit the RDAs, and currently there are sixteen RDAs accredited by the DAS.<sup>19</sup> To be accredited, RDAs have to be founded as limited liability companies or associations, and most of the founders must represent local self-government. A number of RDAs were established as local or regional centers for SMEs almost two decades ago, as a result of projects funded by the EU, UNDP and other donors. In many cases, regional chambers of commerce, public and private enterprises and NGOs joined cities and municipalities as founders of the RDAs.

Accredited Serbian RDAs implement a standardized set of the five groups of services: information, training, advisory services, mentoring and promotions. The RDAs support the development of SMEs, cooperatives, clusters, business incubators and other forms of economic cooperation and organize various trainings.

An important segment of information and consulting activities is related to project opportunities and project preparation, especially when projects are financed through the Development fund, Innovation Fund and the Guarantee fund of Vojvodina. Some RDAs implemented a sector approach focused on a group of activities such as sustainable development, tourism, agriculture and rural development, infrastructure development etc.

Although Serbian system of regional development governance could not be regarded as the role model of an endogenous regional development (Živković, 2011), together with the Regional Chambers of Commerce, the municipalities and the Standard Conference of Towns and Municipalities (an association of cities and municipalities), the RDAs strive to diffuse the initiatives of different ministries and promote a systemic approach to innovation and entrepreneurship in a specific horizontal partnership which node is the Development Agency of Serbia. But it seems that the DAS has adopted a bureaucratic approach towards the RDAs. Ideally, the RDAs could be accounted for focal nodes of multi-level vertical connections that exist between local groups and local economic development offices on one side, and bodies established at national level, investors and donors on the other side. Offices for Local Economic Development were often established through donor projects and usually represent the departments or sectors within municipal or city administration. An important aspect of the Serbian RDAs was their big contribution in strengthening the network of LED offices in municipalities and cities of their respective regions. Their facilitatory role has been observed notably in promoting proactive innovation-focused strategies of the regional chambers of commerce (Ferrannini and Canzanelli, 2013). Most RDAs attempt to interact with local action groups and NGOs to ensure sustainable territorial development. The unfulfilled goals and priorities of local and regional development strategies in which stakeholders ( primarily through regional and local working groups) were involved make them reluctant to re-engage in new consultation processes and indirectly affect the reputation of RDAs. Studies on RDA development also point to the absence of the mechanisms of systemic communication between the RDA and the stakeholders, including LDAs, which sometimes results in overlapping of the activities and mutual competition instead of cooperation (Ocokoljić & Dolapčev, 2014). Serbian institutional framework of regional development is characterized by decentralized and non-synchronised system of business support, and overly centralized strategic planning. Central level still has not provided specific forms of support that would be implemented through RDAs. Our web based survey of internet portals portrays that only one RDA (Zlatibor) formally established the mechanism for consultations with stakeholders. Although RDAs expose some features of “centrality” in information and provision of business support, the partnership principle has not yet been respected.



#### 5.4 Montenegro

Montenegro is a small country which has no administrative division of regions. There are 22 local self-government units and two urban municipalities with broad competences which include local development. The Law on Local Self-Government of 2010 laid out tasks of municipalities and provided the means to form an association, the Union of Municipalities of Montenegro. The Union, *inter alia*, aims to enhance cooperation between local governments in strategic planning of development, and contributes to the competitiveness agenda through its Knowledge Center. The Union's centrality is also reflected through trainings and workshops for municipal civil servants related to initiatives on financing municipal projects and coordination of the Network of municipal managers, which is the unique platform for inter-municipal cooperation aimed to enhance the absorption of the EU funds at the local level.

In the course of preparation for accession negotiations (opened in June 2012), the country adopted its Law on Regional Development in 2011 (amended in 2015)<sup>20</sup> and introduced three statistical regions: the Coastal, Central and Northern regions. According to the Action Plan for Chapter 22, the Government expects local authorities to be the main beneficiaries of the EU cohesion policy, although no institutional preconditions have been set up, and too much discretionary power has been left to the central government. Despite some improvements, Montenegrin municipalities remained incapable of managing large projects and the attempt to create a regional project could flounder due to the lack of cooperation (Šćepanović, 2016: 12-14). Municipalities are obliged to adopt a Strategic plan of development which has to be authorized by the Directorate for Development within Montenegrin Ministry of Economy. However, a specific Rulebook on the methodology for drafting of strategic plans does not provide enough guarantees for the participation of a broader community of stakeholders.

Although the Law on Regional Development in its Article 7 explicitly mentioned the "regional strategy" which was supposed to be adopted by the Government and prepared by the Ministry of Economy "in cooperation with the competent regional development agency and municipal self-governance units", amendments to the Law of 2015 dismantled the level of regional planning. Regional development agencies are therefore not defined as policy actors. At this moment, only one regional actor "RDA Bjelasica, Komovi & Prokletije" operates at the regional level, which however does not match with the statistical region. It was established in 2009 with the support of the Austrian Development Agency and local partners, and has grown into a competent body offering a variety of services to support the development of municipalities, rural development, entrepreneurship, project management including cross-border projects and capacity building. With the support of the Regional Rural Development Standing Working Group (SWG RRD) in South East Europe, the

RDA coordinated an important step towards LEADER approach and trainings on the exchange of best practices in developing LAGs.

The Law on Regional Development constituted the Partnership Council for Regional Development as a strategic advisory body. The Council is predominantly composed of the representatives of state and municipal administration, and a limited number of business associations and NGOs. On both the strategic and operational level, the Directorate for Development within Montenegrin Ministry of Economy has a central role in coordinating regional development in Montenegro.

The Regional Development Strategy of Montenegro for the period 2014-2020 emphasized significant regional differences. The projections for the allocation of resources which account for 53% for the underdeveloped Northern region, indicates that the focus is more on comparative rather than competitive development. However, more and more funds have been allocated to smart growth activities and strengthening the competitiveness. The Ministry of Economy coordinates a number of projects on strengthening competitiveness, business zones, clusters, modernization of industry and innovation, support to SMEs and capacity development programmes. It represents a central network in promotion of the growth, innovation and competitiveness driven policy coordinating the activities of the Investment Promotion Agency, Directorate for Development of SME, Investment and Development Fund of Montenegro and relevant Ministries.

## 5.5 North Macedonia

North Macedonia is a highly centralized country. Adopted on the basis of the Law on Balanced Economic Development of 2007,<sup>21</sup> the Nomenclature of Territorial Units for Statistics instituted eight NUTS 3 statistical regions (Vardar, East, South-West, South-East, Pelagonija, Polog, North-East and Skopje) which represent the main units for development planning and the implementation of regional development policy. The new institutions, Councils of the Planning Regions composed of the mayors participating in the given regions, were also established in each region, in addition to the nation-wide Council on Balanced Regional Development. The Councils may involve and are required to consult with relevant stakeholders within the region, including local self-governance units, business representatives (notably chambers of commerce) and the civil sector. North Macedonian Ministry of Local Self-Government and the Regional Development Bureau are central points at the level of state administration. Centers for development of the Planning Regions (CDs) have been established for operational purposes in each planning region, and 2015 amendments to the Law on Balanced Economic Development further strengthened their roles. The amendments aimed at strengthening both financial and institutional independence of the CDs, and improve horizontal and vertical coordination in strategic planning and

implementation of development programs. The reform was also meant to strengthen participatory approach and ensure the involvement of all stakeholders at the regional level in the process of identification and realization of regional priorities. Eight years after the adoption of this Law, Europeanization of regional development urged to redefine the competences of the drivers of regional development policy. The amended Article 25 of this Law enumerated strategic and implementing roles of the CDs which range from preparation and coordination of activities related to programs, action plans for development and projects, the provision of expert and technical assistance to the units of local self-government, the associations and other stakeholders in project management, to promotional and activities aimed to stimulate competitiveness through active support to the private sector. The activities and tasks of the CD are determined by a cooperation agreement between the Ministry of Local Self-Government and the local self-government units of the planning region, which are founders of the CD, to whom the Center is accountable. According to the letter of the Law, the Centers for development in planning regions have been positioned as network brokers in developing country development strategy and facilitators in strengthening the capacities of cities and municipalities. The centrality of North Macedonian CDs, which competences correspond to regional RDAs in most of ex-Yugoslav countries, was established in planning procedures as well. Namely, on the basis of the proposal from the Councils of the Planning Regions, North Macedonian RDAs occupy an intermediary role and deliver selected projects to the Regional Development Bureau (former Bureau for Development of Economically Underdeveloped Areas).

North Macedonian CDs structure follows NUTS 3 classification, as centers were established in each of the statistical regions.<sup>22</sup> Our desk research, based on evaluation of Internet portal of all eight RDCs, revealed continuous development of the CDs' competencies. Although fully owned by administrative bodies, CDs have been continuously imposing their centrality and have transcended the model of administrative bodies. The operational activities of CDs vary within the group of eight regional hubs, but may be grouped into several types of activities. All CDs accommodate Councils of the Planning Regions, provide administrative support, and perform activities related to development planning and monitoring of the execution. The growing group of activities is related to project management and provision of information related to tenders, and the new intermediary role in national program for IPA funds management. The third group of activities is to provide information and promote the investment and tourist potential of the region and coordinate stakeholders in the knowledge economy networks. The fourth group of activities is the most complex and relates to the business support activities and actions aimed to enhance competitiveness and growth. The development of SMEs, business zones, clusters and technological parks are on the top of the agenda. In this respect, there are significant differences between the centers, because some regions (i.e. Vardar) have their innovation strategies, some focus on inclusive development,

others are more oriented towards comparative advantages (i.e. Eastern region dominated by tourism and agriculture). Overall, the upgrade of the CDs as a result of Law amendments in 2015 was a turning point in the development of the institutional framework. The CDs are still building their networking capacities, and we believe that the development of partnership approach and involvement of subjects outside the framework of public administration institutions will significantly contribute to the centrality of CDs within the institutional structures for regional development. The accession conditionality will probably push towards a greater role of the CDs in the absorption of EU funds. The EU programs for cross-border cooperation have greatly contributed to reviving regional and interregional cooperation and establishing a new platform for territorial development (Rocheska et al., 2014: 75).

## 5.6 Bosnia and Herzegovina

There is no official classification of the economic regions in Bosnia and Herzegovina (BiH). Despite of complex political governance structures which are the result of historical and ethnical factors, BiH is divided into five economic regions: North-West, North-East, Central Region, Sarajevo Economic Region and Herzegovina Economic Region. The economic regionalization is based on a number of local units and grouped in accordance with geographic, social and economic factors. In spite of complicated political relations, regional development is a field where consensus on the economic future can be achieved between different nationalities, and between the public and private sectors. BiH is an example of a continuous growth of the institutional structures in unstable regimes. For almost two decades, local economic development agencies strived to connect all stakeholders and attempted to provide assistance to economic actors in an unpredictable economic environment (Ateljević et al., 2013). Regional development policy in BiH is a competence of each entity and varies between the level of canton and the municipality. However, the characteristics of regional development (including the development of infrastructure) may, for example, increase the centripetal force and territorial cohesion of a territory, contributing to both the economic development and the social/political stability of that region (Reményi et.al., 2016).

With the support provided by the EU, the World Bank, the UNDP and other donors, since late 1990s local, cantonal and regional development agencies emerged as non-profit partnerships between the NGOs, public and private sectors, both domestic and international. The RDAs in BiH support economic regeneration and contribute to the development of infrastructure and job creation in different regions. Established to operate in economic regions, rather than political territorial units, five RDAs<sup>23</sup> are among key participants in the development and implementation of local economic development strategies. This institutional framework is a chain of networks linking a range of activities and bringing them together in the context of

a variety of common goals. Most of them were founded by alliance of local/cantonal authorities, chambers of commerce, business associations, NGOs, private organizations, and even international organizations. There is no uniform approach to the organization, but the Supervisory Board and Assembly of Members is a common trait. The unique structure and organization of RDAs enables them to establish missing informal regional partnerships horizontal and transversal link and connect dispersed institutional structures with economic actors from the region. Compared to other ex-Yugoslav countries, RDAs in BiH rank high with respect to openness, and a range of activities provided to the businesses, especially the SMEs. Although they contribute to strategic planning and capacity building at the regional, cantonal and local level, RDAs primary focus is on strengthening the cooperation between public and private sector, strengthening local level capacities and promotion of investment and business support services. The RDAs are involved in concrete projects related to infrastructure development, rural and tourism development, and some of them implement credit-guarantee schemes. All of them are involved in trans-national and cross-border projects with neighboring countries and receive funding through international donor organizations and institutions of BiH.

### 5.7 Kosovo\*

With the support of the EU, Kosovo established five Regional Development Agencies (North, East, West, South and Centre) a decade ago. To coordinate and promote regional and rural development, the Association of RDAs (ARDA) was created in January 2013. Its mission is to facilitate partnership and cooperation amongst national and local governments, the business sector and the civil society. The ARDA performs a number of activities ranging from the analysis of social and economic situation in the region and support in formulation and implementation of regional development services. It supports the design and implementation of development projects, provides investment and business support services and facilitates funding and donations between regional stakeholders and administers the grants aimed to support the development of SMEs. Each of RDAs have their own strategic priorities, but the analysis of their activities shows that their strategic priorities relate to economic development of the region, development of human resources, development of infrastructure, promotion of competitiveness and interregional integration and cooperation. Some RDAs established effective contacts with municipalities and other interested parties and created Core Partnership Working Groups with the representatives of the government, business community, individual businesses, and NGOs and work together on regional development strategies. It is hard to determine whether the RDAs are considered as coordinators in their respective regions, and to which extent the ARDA established centrality.

Kosovo has not yet adopted a specific law regulating regional development. It has been argued that the Law on Inter-municipal Cooperation could not provide further strengthening of the intermunicipal cooperation, as no responsible bodies for monitoring, coordination and supporting the process have been established (Miftari, 2013). The Ministry of Regional Development, as a relatively new Ministry, was developed as a spin-off the Department for regional development, within the Ministry of Local Government. It has three main priorities: balanced regional development in five economic regions; creation of new workplaces and the improvement of infrastructure in municipalities. The Ministry supports regional and municipal projects for capital investments and has launched a balanced socio-economic development program that supports business projects which create new jobs. It remains to be seen whether the ARDA and five RDAs will be strengthened as the operational bodies working together with the new Ministry.

## 6 Discussion and Conclusions

Cohesion policy programmes and pre-accession assistance have pushed domestic regional development objectives and contributed to capacity building and policy learning. The countries of the former Yugoslavia are building self-reliant hubs of regional and local development coalitions that share the same strategic objectives. The role of the central government is to entrust them with the instruments and capacities to effectively pursue these objectives. In ex-Yugoslav countries, institution building entails the transformation of public administration prior to accession. Accession negotiations put a specific accent on the administrative capacities to implement regional aid. The overview of policy documents, legislation and existing multi-level structures has articulated the credible commitment towards policy changes. Europeanization is therefore an external incentive supporting multilevel regional governance and contextual variables which establish opportunities for reforms, rather than a decisive driver of institutional development. Europeanization has shifted political concern and regional policy is no longer the exclusive domain of central governments. Local initiatives and the role of municipalities in regional development are reflecting the polycentric regional development approach undertaken prior to 1990s, when municipalities became empowered. The regional level has achieved prominence, but the structures established for absorption of European funding contribute to its embeddedness within national programs.

In all countries of the former Yugoslavia, the management of regional aid from EU funds was highly centralized in the beginning. The main participants were ministries and central government institutions. Europeanization has led to better coordination and emergence of partnerships among central government institutions, subnational and non state actors. EU pressure required stronger adherence to the partnership principle, especially since the 2007-2013 programming period. One of

the most notable institutional developments was the creation of a network of RDAs (Bache, 2011). Two EU member states, Slovenia and Croatia, have a centrally managed cohesion policy, where sub-national actors and domestic regional policies are not independent of cohesion policy. “Horizontal inter-sectoral partnerships and particularly vertical ones, involving regions, have gradually been developed, along with the slow but steady process of regional empowerment as a result of cohesion policy-induced support to the development of regional development agencies and continuous capacity building” (Maleković et al., 2018: 17). However, the lack of capacities and knowledge on preparation and implementation of EU-funded projects is still evident and explains why the absorption of European structural funds is not satisfactory. To illustrate this it would be worth mentioning that almost three quarters of Croatian municipalities and half of the cities did not use EU funds in 2015 and 2016 (Ott et al., 2018). Without the appropriate support and resources, local authorities are exposed to powerful market forces. The EU does not require the enlargement countries to comply with a particular type of institutional solution. It aims to avoid the fiscal risk and therefore ranks higher the financial consolidation and financial control over the capacity building for bottom-up developmental coalitions. Montenegro is a good example to illustrate the shift in focus from strengthening regional institutions towards centralization. Since 2012, all reference to decentralization disappeared from the EU documents and this change in rhetoric reflects the weak capabilities of subnational governments (Šćepanović, 2016).

As previously indicated, in developing multilevel regional governance, governments seek to comply with EU conditions but seek to control partnerships, steer networks and use consultation processes selectively and strategically (Bache et al.: 138). However, the evolving role of RDAs and mobilization of the structured relationship between business associations, NGOs, city, municipal and regional administration and the relevant ministries, funds and macro-structural state institutions, portrays a slow trend of transformation of the state-centric model into a hybrid society-centered approach of collaborative governance, in which the roles of the state and other stakeholders seek to identify sustainable solutions to enhance the system management at the regional and local levels (Clarke, 2016). In terms of governance, the key finding of the survey was that most RDAs are predominantly “owned” by local self-governance units. Most of RDAs operate in a network environment with a plurality of sponsors. Many bottom-up policies for regional development and activities are sponsored by several tiers of government, rather than by the region itself. This practice has the potential to reinforce their general position as semi-autonomous entities outside mainstream government (Halkier, 2012b: 8).

RDAs in the countries of the former Yugoslavia to a large extent seem to comply with an “average RDA” model that provides integrated policy and support addressing specific challenges of individual regions. In terms of strategies, the objectives of regional development reflect Lisbon-style competitiveness-oriented



discourse, and the predominant focus on qualitative change in the regional economy is evident. The most common targets are private firms and individuals (training measures). The survey has shown that most RDAs are focused on stimulating interfirm relations and relations between firms and public knowledge institutions, such as clusters and business incubators.

Following the breakup of Yugoslavia, the comparative advantages in many republics were squeezed out by and influx of foreign capital which pushed market concentration and monopolistic competition. Innovation and technology still represent challenges for both national and regional competitiveness. Regional innovation systems tend to be path-dependent and strong government intervention is needed to modernize the economic structures. Policy measures for regional development have acquired a noticeable network dimension focused on interfirm relations, relations between firms and institutions of public knowledge. A more complex multilevel framework necessitates increased coordination efforts not only within the public policy networks engaged in competence development and economic development activities (i.e. investment promotion, SMEs), but also aimed at overcoming the traditional functional segmentation of public policy. The requirement to ensure cooperation and consultation with all relevant stakeholders will urge subnational institutions to cooperate with each other and partner with other institutions and the non-state sector in preparing projects, conducting feasibility studies, assessing risks, preparing and submitting project documentation within grant schemes. Of particular importance is the role of RDAs in developing capacities of cities and municipalities for successful implementation of public-private partnerships and concessions (Jovanić & Sredojević, 2017).

EU cohesion policy and IPA have had significant influence on regional and overall national policy development in the countries of the former Yugoslavia. The systematic use of strategic planning and adherence to cohesion principles, the introduction of new forms of governance and the culture of cooperation and partnership have improved the quality of governance and strengthened vertical and horizontal cooperation. The new modes of coordination represent a paradigm shift in all the countries of the former Yugoslavia, from a hierarchical towards a network model of coordination. In a shifting institutional landscape, in the countries of the former Yugoslavia RDAs are expected to bridge the gap between top-down regional economic policies and other policies that have an impact on regional development, and to respond to local demands and business needs. This involves building management capacities. The long way towards achieving competitiveness and growth presupposes capacity building efforts, policy learning, empowerment of all stakeholders and continuous improvement of the new partnership model. Throughout the process of decentralization, regional and local governments are expected to assume decentralized responsibilities and enhance managerial capacities, such as planning, project development, financial management, business

consulting etc. This role requires distinctive expertise, skills and capacity, as well as internal structures and organizational arrangements (Clark et al., 2010: 13).

We have examined what roles RDAs play as self-sustaining strategic promoters of growth and competitiveness and a delivery channel for economic policies at local levels. In addition to their strategic role in regional development policy planning and monitoring, RDAs have important intermediary roles in provision of information, business services and formation of networks of firms, public and private organizations. Legitimatization of RDAs would assume a setting where all regional actors are fairly represented and where their voices are heard and ideas respected. This reinforces the principle of partnership and extends its coverage from financial assistance, an intermediary role in strategic planning to other domains of business support activities.

#### **Acknowledgment:**

The author is indebted to professor Aleš Ferčič (Faculty of Law, University of Maribor) for his valuable comments on the draft paper.

#### **Notes:**

<sup>1</sup> Official Gazette of the SFRJ, No. 8/65.

<sup>2</sup> Društveni plan Jugoslavije od 1986 do 1990 godine [1986-2000 Societal Plan of Yugoslavia], Biblioteka Skupštine SFRJ, Vol. XXII(10), Belgrade: 1985.

<sup>3</sup> Throughout this text, all reference to Kosovo shall be understood in full compliance with United Nations Security Council Resolution 1244 and without prejudice to the status of Kosovo.

<sup>4</sup> Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) has been in force since 3 July 2003 and has been amended six times.

<sup>5</sup> The European Commission has assigned an important role to regional actors making them a central pillar of the promotion of interactive collaboration for the collective identification of innovation assets and strategic priorities (see European Commission, DG Regional Policy (2012), *Guide to Research and Innovation Strategies for Smart Specialisation (RIS3)*).

<sup>6</sup> In this regard it is also worth to mention that some of these activities may be qualified as State aid in the sense of Art. 107(1) TFEU even if they are supported by EU funds but the Member State may decide on their use and distribution. Moreover, European Union State aid rules bind Member State even if the financial resources are granted by regional or local authorities, public undertakings or other bodies under Member State control but the decision to grant State aid may be, in one way or another, attributed to Member States. Breach of those rules has serious legal consequences which is in particular problematic, given very modest knowledge about this field of law in “new” Member States, and the situation is most likely the same or even worse in countries which try to join the EU. See Ferčič & Samec Berghaus (2014: 267 – 287); Ferčič (2012: 365-370).

<sup>7</sup> Cohesion policy is the EU’s main investment policy, usually distributed through the European Regional Development Fund (ERDF), the European Social Fund (ESF), and the

Cohesion Fund (CF). The three funds, together with the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), jointly form the European Structural and Investment (ESI) Funds.

<sup>8</sup> PHARE (Poland and Hungary: Assistance for Restructuring their Economies subsequently expanded to other CEE countries), ISPA (Instrument for Structural Policies for Pre-Accession), SAPARD (Special Accession Program for Agricultural and Rural Development), CARDS (Community Assistance for Reconstruction, Development and Stabilisation Program), the financial instrument for Turkey.

<sup>9</sup> Regulation of the European Parliament and European Council No 231/2014, dated 11 March 2014, Official Journal of the European Union No. L 77/11, dated 15 March 2014.

<sup>10</sup> In Slovenia it is the clear mandate of the Government Office for Development and European Cohesion Policy, whereas Croatian Ministry of Regional Development and EU Funds is supported by the Agency for Regional Development, Croatian Central Finance and Contracting Agency and other bodies designated for the implementation of European structural and investment funds.

<sup>11</sup> In the case of Serbia, the designated authority is the Ministry for European Integration, and the Minister for European Integration is the National IPA Coordinator. The Montenegrin national coordination system is linked to the Ministry of Foreign Affairs and European Integration (Office for European Integrations) headed by the Deputy Chief Negotiator for the EU accession negotiations. North Macedonia has made some progress in establishing internal structures, and its Deputy Prime Minister for European Affairs has been appointed the National IPA Coordinator (Secretariat for European Affairs). The inability to incorporate changes in the existing framework, due to political constraints and complex relationship between Cantonal governments, is the reason why IPA funds in Bosnia and Herzegovina are mainly managed through direct management by the EU Delegation to BiH. The National IPA Coordinator in BiH is the Director of Directorate for European Integration, as the permanent expert body of the Council of Ministers of BiH and the chief coordinator of the European Integration process. Similarly, the management of IPA II funds in Kosovo is performed by the EU Office which undertakes contracting, management and evaluation, with the support of the Secretary General of the Ministry of European Integration, who is the National IPA Coordinator.

<sup>12</sup> *Gorenjska*: BSC, d.o.o. Kranj; *Goriška*: Razvojna agencija ROD, Ajdovščina; *Jugovzhodna*: Razvojni center Novo mesto d.o.o., Novo Mesto; *Koroška*: Regionalna Razvojna agencija Koroška d.o.o., Dravograd; *Obalno-kraška*: Regionalni razvojni center Koper; *Osrednja Slovenija*: Regionalna razvojna agencija Ljubljanske urbane regije, Ljubljana; *Podravje*: Mariborska razvojna agencija, Maribor; *Pomurje*: Razvojna agencija Sinergija, Moravske Toplice; *Posavje*: Regionalna razvojna agencija Posavje, Krško; *Primorsko notranjska*: RRA zeleni kras, d.o.o., Pivka; *Savinjska*: Razvojna agencija Savinjske regije d.o.o., Celje; *Zasavje*: Regionalna razvojna agencija Zasavje, Zagorje ob Savi.

<sup>13</sup> Croatian National Development Strategy 2030, National Regional Development Strategy 2020.

<sup>14</sup> The Law on Regional Development has been adopted in 2014, and amended in 2017 and 2018 (Official Gazette, Nos. 147/2014, 123/217 and 118/2018).

<sup>15</sup> Regionalna razvojna agencija Zagrebačke županije d.o.o.; Zagorska razvojna agencija; Regionalni koordinator Sisačko, -moslavačke županije; Regionalna razvojna agencija Karlovačke županije; Javna ustanova za regionalni razvoj Varaždinske županije; PORA – Regionalna razvojna agencija Koprivničko-križevačke županije; Razvojna agencija

Bjelovarsko-bilogorske županije; Regionalno razvojna agencija Primorsko-goranske županije; Javna ustanova Razvojna agencija Ličko-senjske županije – LIRA; VIDRA-Agencija za regionalni razvoj Virovitičko-podravске županije; Regionalni koordinator razvoja Požeško-slavonske županije; Centar za razvoj Brodsko-posavske županije; Agencija za razvoj zadarske županije ZADRA NOVA; Javna ustanova Županijska razvojna agencija osječko-baranjske županije; Javna ustanova Razvojna agencija Šibensko-kninske županije za koordinaciju i poticanje regionalnog razvoja Šibensko-kninske županije; Razvojna agencija Vukovarsko-srijemske županije; Javna ustanova RERA S.D. za koordinaciju i razvoj Splitsko-dalmatinske županije; Regionalni koordinator Istarske županije za europske programe i fondove; Regionalna razvojna agencija Dubrovačko-neretvanske županije; Javna ustanova za razvoj Međimurske županije REDEA; Razvojna agencija Zagreb za koordinaciju i poticanje regionalnog razvoja.

<sup>16</sup> County RDAs are empowered to oversee and coordinate the activities of local development agencies. Whereas county RDAs as public institutions may only be founded by public bodies, the latter may be established in the form of companies.

<sup>17</sup> Official Gazette of the RS, Nos. br. 51/2009, 30/2010 i 89/2015 – other law.

<sup>18</sup> It should be noted that Vojvodina Development Agency is established under the auspices of the Government of the Province Vojvodina to provide support for the implementation of the development policy of Vojvodina, agricultural policy and rural development policy.

<sup>19</sup> Regionalna razvojna agencija Južni Banat; Regionalna razvojna agencija za razvoj istočne Srbije – RARIS; Regionalni centar za društveno ekonomski razvoj BANAT; Centar za razvoj Jablaničkog i Pčinjskog okruga; Regionalna agencija za prostorni i ekonomski razvoj Raškog i Moravičkog okruga; Regionalna razvojna agencija JUG; Regionalna razvojna agencija Zlatibor; Regionalna razvojna agencija Bačka; Regionalna razvojna agencija Srem; Regionalna razvojna agencija Sandžaka – SEDA; Regionalna agencija za ekonomski razvoj Šumadije i Pomoravlja, Regionalna gancije za razvoj i evropske integracije Beograd; Regionalna razvojna agencija Podrinja, Podgovine i Radevine; Regionalna razvojna agencija Braničevo-Podunavlje; Regionalna razvojna agencija PANONREG; Agencija za regionalni razvoj Rasinskog okruga doo, Kruševac.

<sup>20</sup> Official Gazette of the RCG, Nos. 20/11, 26/11 and 20/15.

<sup>21</sup> Official Gazette of RMK, Nos. 63/07, 187/13, 43/14, 215/15 and 64/18.

<sup>22</sup> Centar za razvoj na Skopskiot planski region; Centar za razvoj na Istočen planski region – Štip; Centar za razvoj na Vardarski planski region; Centar za razvoj na Jugozapadniot planski region; Centar za razvoj na Jugoistočen region; Centarot za razvoj na Pelagoniskiот planski region; Centar za razvoj na Pološki planski region; Centar za razvoj na Severo-istočen planski region.

<sup>23</sup> Regionalna razvojna agencija za regiju Centralna BiH – REZ; Sarajevska regionalna razvojna agencija – SERDA; Regionalna razvojna agencija za sjeverozapad ARDA; Regionalna razvojna agencija za Hercegovinu – REDAH; Udruženje za razvoj NERDA (NorthEast Regional Development Association).

## References:

Amin, A. (1999) An institutional perspective on regional development, *International Journal of Urban and Regional Development*, 23(2), pp. 365-378.

Amin, A. & Thrift, N. (1994) *Globalization, Institutions and Regional Development in Europe* (Oxford: Oxford University Press).

- Ansell, C. (2000) The Networked Polity: Regional Development in Western Europe, *Governance*, 13(3), pp. 303-333.
- Ateljević, J., O'Rourke, T. & Zolak Poljašević B. (2013) Local Economic Development in Bosnia and Herzegovina: Role of Local Development Agencies, *Journal of Balkan and Near Eastern Studies*, 15(3), pp. 280-305, doi: 10.1080/19448953.2013.789319.
- Bache, I. & Andreou, G. (2011) *Cohesion Policy and Multi-Level Governance in South East Europe* (New York: Routledge).
- Bache, I., Andreou, G., Atanasova, G. & Tomsic, D. (2011) Europeanization and multi-level governance in south-east Europe: the domestic impact of EU cohesion policy and pre-accession aid, *Journal of European Public Policy*, 18(1), pp. 122-141, <https://doi.org/10.1080/13501763.2011.520884>.
- Bachtler, J. & Mendez, C. (2007) Who Governs EU Cohesion Policy? Deconstructing the Reforms of the Structural Funds, *Journal of Common Market Studies*, 45(3), pp. 535-564, <https://doi.org/10.1111/j.1468-5965.2007.00724.x>.
- Bachtler, J. & McMaster, I. (2008) EU Cohesion policy and the role of the regions: investigating the influence of structural funds in the new member states', *Environment and Planning C: Government and Policy*, 26(2), pp. 398-427, <https://doi.org/10.1068/c0662>.
- Barca, F., McCann, P. & Rodríguez-Pose, A (2012) The case for regional development intervention: place-based versus place-neutral approaches, *Journal of Regional Science* 52(1), pp. 134-152, <https://doi.org/10.1111/j.1467-9787.2011.00756.x>
- Bartlett, W. (2009) Economic Development in the European Super-Periphery: Evidence from the Western Balkans, *Economic Annals*, 54(181), pp. 21-44.
- Bailey, D. & De Propris, L. (2002) EU structural funds, regional capabilities and enlargement: towards multi-level governance?, *Journal of European Integration*, 24(4), pp. 303-324, <https://doi.org/10.1080/0703633022000038959>.
- Bailey, D. & de Propris, L. (2004) A Bridge Too Far? EU Pre-Accession Aid and Capacity-Building in the Candidate Countries, *Journal of Common Market Studies*, 42(1), pp. 77-98, <https://doi.org/10.1111/j.0021-9886.2004.00477.x>.
- Beer, A., Clower, T., Houghton, G. & Maude, A. (2005) Neo-liberalism and the Institutions for Regional Development in Australia, *Geographical Research*, 43(1), pp. 49-58, <https://doi.org/10.1111/j.1745-5871.2005.00292.x>.
- Bellini, N., Danson, M. & Halkier, H. (2012) *Regional Development Agencies: The Next Generation? Networking, knowledge and regional policies* (London: Routledge).
- Blakely, E. & Leigh, N. (2010) *Planning local economic development: Theory and practice* (Newbury Park: Sage).
- Börzel, T. (2010) The Transformative Power of Europe Reloaded. The Limits of External Europeanization, *KfG Working Paper Series*, No. 11, available at: [http://userpage.fu-berlin.de/kfgeu/kfgwp/wpseries/WorkingPaperKFG\\_11.pdf](http://userpage.fu-berlin.de/kfgeu/kfgwp/wpseries/WorkingPaperKFG_11.pdf) (January 14, 2019).
- Boschma, R. A. (2006) Competitiveness of Regions from an Evolutionary Perspective, In: Martin R., Kitson M. & Tyler P. (eds) *Regional Competitiveness* (London and New York: Routledge), pp. 11-24.
- Breathnach, P. (2013) Regional governance and regional development: Implications of the Action Programme for Effective Local Government, *Administration*, 61(3), pp. 51-73.
- Bruszt, L. (2008) Multi-level governance – the eastern versions: emerging patterns of developmental governance in the new member states', *Regional and Federal Studies*, 18(5), pp. 607-627, <https://doi.org/10.1080/13597560802351622>.

- Clark, G., Huxley, J., & Mountford, D. (2010) *Organising local economic development: The role of development agencies and companies* (Paris: OECD).
- Clarke, S. E. (2016) Local Place-Based Collaborative Governance. Comparing State-Centric and Society-Centered Models, *Urban Affairs Review*, 53(3), pp. 1-26., <https://doi.org/10.1177/10780874166637126>.
- Conzelmann, T. (1998) 'Europeanisation' of Regional Development Policies? Linking the Multi-Level Governance Approach with Theories of Policy Learning and Policy Change, *European Integration Online Papers*, 2(4), available at <http://eiop.or.at/eiop/pdf/1998-004.pdf> (January 14, 2019).
- Danson, M., Lloyd, G. & Hill, S. (1997) *Regional Governance and Economic Development* (London: Pion).
- Danson, M., Halkier, H. & Damborg, C. (1998) Regional Development Agencies in Europe, an Introduction and Framework for Analysis, In: Halkier, H., Danson, M. & Damborg C. (eds) *Regional Development Agencies in Europe* (Oxford: Taylor and Francis), pp. 13-25.
- De Bruijn, P. and A. Lagendijk (2005), Regional Innovation Systems in the Lisbon Strategy, *European Planning Studies* 13, pp. 1153–1172, <https://doi.org/10.1080/09654310500336519>.
- Deželan, T., Maksuti, A. & Uršič, M. (2014) Capacity of Local Development Planning in Slovenia: Strengths and Weaknesses of Local Sustainable Development, *Lex Localis – Journal of Local Self-Government*, 12(3), pp. 547-573.
- Đulabić, V. & Manojlović, R. (2011) Administrative aspects of regional and cohesion policy in Croatia: In search of a better coordination of parallel processes, *Croatian and Comparative Public Administration*, 11(4), pp. 1041-1074.
- Elbasani, A. (2009) EU Administrative Conditionality and Domestic Downloading: The Limits of Europeanization in Challenging Contexts, *KFG Working Paper Series*, No. 2, (Berlin: Free University of Berlin).
- EURADA (1999) *Creation, Development and Management of RDAs: Does It Have to Be so Difficult?* (Brussels: European Association of Development Agencies).
- European Commission (2014) *Internal Guidance on ex-ante Conditionalities for the European Structural and Investment Funds*, [ec.europa.eu/regional\\_policy/sources/docgener/.../eac\\_guidance\\_esif\\_part1\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/.../eac_guidance_esif_part1_en.pdf) (January, 14 2019).
- European Movement in Montenegro (2018) *Instrument for Pre-Accession Assistance and the Countries of the Western Balkans* (Podgorica: European Movement).
- Ferčič, A. (2012) Durchsetzung des Beihilferechts in (Östeuropäischen) EU-Ländern. *WiRO: Wirtschaft und Recht in Osteuropa*, 21(12), pp. 365-370.
- Ferčič, A. & Samec Berghaus, N. (2014) European Union state aid law and policy, and local public services *Lex Localis – Journal of Local Self-Government*, 12(2), pp. 267-287.
- Ferrannini, A. & Canzanelli, G. (2013) The role of Local Economic Development Agencies for Innovation – *The emblematic cases of Vlore Region (Albania) and Sumadija and Pomoravlje Region (Serbia)*, ILS LEDA Paper n°20, February 2013, [http://www.ilsleda.org/usr\\_files/papers/paper\\_20\\_the\\_ro\\_396145.pdf](http://www.ilsleda.org/usr_files/papers/paper_20_the_ro_396145.pdf) (January 14, 2019).
- Ferry, M. & McMaster I. (2013) Cohesion Policy and the Evolution of Regional Policy in Central and Eastern Europe, *Europe Asia Studies*, 65(8), pp. 1502-1528. <http://dx.doi.org/10.1080/09668136.2013.832969>.



- Gradstein, M. (2004) Governance and Growth, *Journal of Development Economics*, 73(2), pp. 505-518, <https://doi.org/10.1016/j.jdeveco.2003.05.002>.
- Grief, G. (2015) Cohesion Policy in Slovenia: A Magic Wand or a nightmare?, In: Petak Z. & Lajh, D. (eds.) *EU Public Policies from a National Perspective: Slovenia and Croatia in the European Union (Ljubljana: Faculty of Social Sciences)*, pp.153-166.
- Halkier, H. & Danson, M. (1997) Regional development agencies in Western Europe: a survey of key characteristics and trends, *European Urban and Regional Studies*, 4(3), pp. 241-254, doi: 10.1177/096977649700400304.
- Halkier, H., Danson, M. & Damborg C. (1998) *Regional Development Agencies in Europe*, (Oxford: Taylor and Francis).
- Halkier, H. (2010) Regional Policy in European Regions. A Survey of Regional Development Agency Policies and Their Knowledge Implications, (Aalborg: Center for Regional Udvikling), <http://vbn.aau.dk/files/34409590/Halkier%20WP1c%20Report%20final%20150710.pdf> (January 14, 2019).
- Halkier, H. (2012) Regional development agencies, regional policy and knowledge dynamics, In Bellini, N., Danson, M. & Halkier, H. (2012) *Regional Development Agencies: The Next Generation? Networking, knowledge and regional policies* (London: Routledge), 24-51.
- Halkier, H. (2012b) Knowledge Dynamics and Policies for Regional Development: Towards a New Governance Paradigm, *European Planning Studies*, 20(11), pp. 1767-1784, <https://doi.org/10.1080/09654313.2012.723420>.
- Harmaakorpi, V. & Niukkanen, H. (2007) Leadership in different kinds of regional development networks, *Baltic Journal of Management*, 2(1), pp. 80-96, <https://doi.org/10.1108/17465260710720264>.
- Hooghe, L. (1996) *Cohesion Policy and European Integration: Building Multi-Level Governance* (Oxford: Oxford University Press).
- Hoppe, B. & Reinelt, C. (2010) Social network analysis and the evaluation of leadership networks, *The Leadership Quarterly*, 21, pp. 600-619, <http://dx.doi.org/10.1016/j.leaqua.2010.06.004>
- Huggins, C. (2014) Local Enterprise Partnership and the Development of European Structural and Investment Fund Strategies in England, *European Structural and Investment Funds Journal*, 2(2), pp. 183-189.
- Jovanić, T. & Sredojević, S. (2017) Strengthening the Determinants of Local Government Capacities for the Successful PPP Implementation in the Western Balkans, In: Asquer, A., Becchis, F. & Russolillo, D. (eds.) *The Political Economy of Local Regulation* (London: Palgrave, Macmillan), pp. 237-254.
- Kaufmann, F. X., Majone, G. & Ostrom V. (eds.) (1985) *Guidance, Control, and Evaluation in the Public Sector* (New York: Walter de Gruyter).
- Keating, M. (2001) Governing cities and regions: territorial restructuring in a global age, In: Scott, A. J. (ed.) *Global City-Regions* (Oxford: Oxford University Press), pp. 371-390.
- Krešić, I. (1975) *Prilozi izgradnji naše regionalne teorije* (Zagreb: Ekonomski institut).
- Kubović, B. (1974) *Regionalna ekonomika* (Zagreb: Informator).
- Lagendijk A., Kayasu, S. & Yasar, S. (2009) The Role of Regional Development Agencies in Turkey – From Implementing Regional Directives to Supporting Regional Business Communities, *European Urban and Regional Studies*, 16(4), pp. 383-396, <https://doi.org/10.1177/0969776409102188>.



- Liha Matejiček., A (2015) The Europeanisation of Regional Policy in Croatia: From Institutional Absorption to Transformation, In: Petak, Z. & Lajh, D. (eds.) *EU Public Policies from a National Perspective: Slovenia and Croatia in the European Union* (Ljubljana: Faculty of Social Sciences), pp. 167-180.
- Lindstrom, N. (2005), *Europeanization and Sub-National Governance in Slovenia*, Paper presented at the ECPR Joint Sessions of Workshops, Granada, 15-19 April 2005, <https://ecpr.eu/Filestore/PaperProposal/76d206bf-5659-48c4-9d57-0c6887afa72c.pdf> (January 14, 2019).
- Loughlin, J., Hendriks, F. & Anders Lindström (2011) *The Oxford Handbook of Local and Regional Democracy in Europe* (Oxford: Oxford University Press).
- Maleković, S., Puljiz, J. & Bartlett, W. (2011) Decentralisation and Regional Policy in Croatia: The Impact of EU Accession and the Prospect of Territorial Reorganisation, Research Paper Number 5, LSEE Papers on Decentralisation and Regional Policy. [http://www.lse.ac.uk/europeanInstitute/research/LSEE/Research/SEE\\_Programme/images/Research\\_Paper\\_5.pdf](http://www.lse.ac.uk/europeanInstitute/research/LSEE/Research/SEE_Programme/images/Research_Paper_5.pdf) (January 14, 2019).
- Maleković, S. Puljiz, J. & Keser I. (2018) The Impact of Cohesion Policy on Croatia's Regional Policy and Development, *POLO-Cro28 Policy Paper*, Institute for Development and International Relations – IRMO, available at: <http://polocro28.irmo.hr/> (January 9, 2019).
- Mansfield, E. D. & Solingen, E. (2010) Regionalism, *Annual Review of Political Science*, 13(1), pp. 145-163, <https://doi.org/10.1146/annurev.polisci.13.050807.161356>.
- Martin R., Kitson M. & Tyler P. (2006) Regional competitiveness: an elusive yet key concept, In: Martin R., Kitson M. & Tyler P. (eds) *Regional Competitiveness* (London and New York: Routledge), pp. 1-11.
- Miftari, B. (2013) *Kosovo legislation to ensure implementation of regional economic development*, Thesis (Rochester: Institute of Technology).
- Morgan, K. (1997a) The regional animateur: taking stock of the Welsh Development Agency, *Regional and Federal Studies*, 7(2), pp. 70-94, <https://doi.org/10.1080/13597569708421006>
- Morgan, K. (1997b) The Learning Region: Institutions, Innovation and Regional Renewal", *Regional Studies*, 31(5), pp. 491-503, <https://doi.org/10.1080/00343409750132289>.
- Ocić, Č. (1998) *The Economics of Yugoslav Regional Development* (Beograd: Ekonomika).
- Ocokoljić, S. & Dolapčev, V. (2014) *Od principa do prakse: ka delotvornim i efikasnim regionalnim razvojnim agencijama u Republici Srbiji* (Belgrade: BOŠ).
- OECD (2010) *Regional Development Policies in OECD Countries* (Paris: OECD).
- OECD/ Mountford D. (2009) *Organising for local development: the role of local development agencies*. Summary Report, working document, CFE/LEED, OECD (Paris: OECD), available at: [www.oecd.org/dataoecd/54/41/44682618.pdf?contentId=446](http://www.oecd.org/dataoecd/54/41/44682618.pdf?contentId=446) (January 14, 2019).
- OECD (2012) *Promoting Growth in All Regions. Lessons from across the OECD* (Paris: OECD).
- Ott, K., Bronić, M. & Stanić, B. (2018) *Pomoći Europske unije županijama, gradovima i općinama 2015. i 2016.* Newsletter, No. 114 (Zagreb: Institut za javne financije).
- Pike, A., Rodriguez-Pose, A. & Tomaney, J. (2006) *Local and Regional Development* (London: Routledge).
- Pogačnik, A., Zavodnik Lamovšek A. & Drobne, S. (2009) A proposal for Dividing Slovenia into Provinces, *Lex Localis – Journal of Local Self-Government*, 7(4), pp. 393-423.

- Bajo, A. & Puljiz, J. (2017) Institucionalna potpora za strateško planiranje i gospodarski razvoj Republike Hrvatske, *Aktualni osvrti*, 93, pp. 1-4.
- Putnam, R. (1993) The prosperous community: social capital and public life, *The American Prospect*, 13, pp. 35-42.
- Reményi, P., Végh, A. & Pap, N. (2016) The influence of ethnic policies on regional development and transport issues in Bosnia and Herzegovina, *Belgeo*, 1, <https://doi.org/10.4000/belgeo.18991>.
- Rocheska, S., Angeleski, M., Milevska, M., Kostoska, O. (2014) Territorial cohesion and regional development in the context of EU integration – the case of Macedonia, *Eastern Journal of European Studies*, 5(1), pp. 67-77.
- Rodriguez-Pose, A. (2008) Milestones and challenges of LED practice and academic research, *Local Global*, 5, pp. 22-24.
- Rodriguez-Pose, A. (2010) Do institutions matter for regional development? *IMDEA Working Papers Series in Economics and Social Sciences*, No. 02., available at: <http://repec.imdea.org/pdf/imdea-wp2010-02.pdf> (January 14, 2019).
- Rodríguez-Pose, A. & Wilkie, C. (2017) Revamping Local and Regional Development Through Place-based Strategies, *Cityscape: A Journal of Policy Development and Research*, 19(1), pp. 151-170.
- Roseland, M. (2000) Sustainable Community Development: Integrating Environmental, Economic, and Social Objectives, *Progress in Planning*, 54, pp. 73-132, [https://doi.org/10.1016/S0305-9006\(00\)00003-9](https://doi.org/10.1016/S0305-9006(00)00003-9).
- Scherpereel, J. (2010) EU Cohesion Policy and the Europeanization of Central and East European Regions, *Regional and Federal Studies*, 20(1), pp. 45-62, <https://doi.org/10.1080/13597560903174899>.
- Stroper, M. (1997) *The Regional World: Territorial Development in a Global Economy* (New York: The Guilford Press).
- Šćepanović, V. (2016) *EU Regional Development Policy in the Accession Countries: Opportunistic Decentralization, Fiscal Risks, and the Premature Death of Multi-Level Governance*, EU Working Paper MWP, No. 08 (Florence: EUI).
- Yuill, D. & Allen, K. (1982) European regional development agencies – an overview, In Yuill D. (ed) *Regional Development Agencies in Europe* (Aldershot: Gower).
- Wamser, G., Woon Nam, C. & Schoenberg, A (2013) The Lisbon Agenda and Innovation-oriented Cohesion Policy: A New Challenge for Economic Integration among the EU Regions, *Journal of Economic Integration*, 28(1), pp. 37-58, <https://doi.org/10.11130/jei.2013.28.1.37>.
- Živković, J. (2011) *Evropska regionalna politika i regionalizacija Srbije*, Primenom evropskih standarda do regionalnog razvoja Srbije Zbornik radova (Belgrade: Centar za demokratiju, pp. 13-17.

Reproduced with permission of copyright owner. Further reproduction prohibited without permission.