SPATIAL-ECONOMIC ASSESSMENT OF TERRITORIAL ORGANIZATION OF THE REPUBLIC OF SRPSKA (BiH)

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Abstract: The paper is based on the assumption that the root of the local development inequality is, among other factors, in inadequate territorial organization of local self-governments. The aim of this paper is to examine assessment of the territorial organization of the Republic of Srpska, with spatial and economic aspects. Due to the lack of planned spatial, functional and development model of territorial organization of local self-government in the Republic of Srpska, it is still not possible to adequately respond to the contemporary challenges of development in order to mitigate imbalance of territorial development. At the same time, the development of local communities nowadays is increasingly dependent on connectivity of the economy at the local, national and regional level. Developed local self-government is a prerequisite of active democracy and economic development, as on local level there are greatest needs and possibilities of participation of citizens in decision making process that directly affect their quality of life.

Key words: territorial organization, spatial planning, local economic development

Introduction

There are two kinds of different situations where there is a new procedure in order to solve specific problems related to territorial organization in specific countries. The territorial organization is one of the important spatial planning issues, both in theory and practice. Hudson (1979) points out that planning takes place mainly through the use of old methods for solving new problems and finding new methods to solve old problems. The key feature of planning is reciprocal relation between theory and practice, knowledge and action, conceptual methods and the real world. On the basis of the above mentioned facts, with the establishment of territorial organization of local self-government it is necessary first to review and analyze all of the components and characteristics of particular area, analyze the positive experiences of other countries, and only then start with solving the specific problem.
The problem of optimal size and organization of local governments is the subject of philosophical, political and scientific discussion between experts from Hellenic period to the present day. In his fifth book of the law, even Platon suggested that city-state (polis) should have 5,040 residents who are owners of the land needed for nutrition of the population, all of which are sufficient for the military defense of the area. It should be noted that in the literature there is no unambiguous and agreed normative theory of territorial division, on the basis of which it would be possible to assess how the territorial organization of a country is in the line with the basic theoretical postulates, that is, how much is appropriate from the standpoint of achieving of goals that local self-government sets for itself.

It is undeniable fact that the territorial organization and spatial, demographic, functional and infrastructural capacities of local governments are in the function of local development of the Republic of Srpska. Today, the local communities increasing their responsibility for providing necessary infrastructure to support development of business subjects working on their territory, as well as for creating preconditions and supportive environment for attracting new investments.

Many papers and publications (Draganić, Radulović, Srkalović, & Šero, 2006; Jakšić, Rodić, & Bomeštar, 2007; Zlokapa, 2007; Dmičić, 2008; Jusić, 2011) on the subject of local development of the Republic of Srpska indicate insufficient functionality and efficiency of the existing forms of territorial organization. That is one of the reasons for slow implementation of the European Charter of Local Self-Government, especially in the part related to the functional and fiscal decentralization, citizens’ participation in the performance of local functions and the right of local communities to organize themselves.

A mainstay of effective territorial organization of the Republic of Srpska can be found in spatial plan of the Republic of Srpska, which states that the basic problem and its sense is to establish guidelines for integrated (ecological-economic-social) development of the territory, with appropriate measures and planned protection solutions, development and sustainable use of territorial capital of each region and local government.

**Research methodology**

The complexity of the case studies required the use of appropriate methods. Methods used in this paper are statistical and analytical, comparative analysis as well as analyses of the legal framework.
The methodological approach was designed in accordance with the assumption that the issue of territorial organization at the local level is essential for the further development of the Republic of Srpska and its decentralization process. Strategy of the research is based on following principles:

- Comprehensiveness, both in the research subject (institutional framework, basic features of the current territorial organization, experience of other countries), and by the spatial coverage (city/municipality, entity, surrounding states);
- Urgency — this initiative is a continuation and condition for implementation of the Law on Territorial organization of the Republic of Srpska, in order to establish effective local self-government, taking into account their specificities;
- Comparative analysis of the territorial organization of the Republic of Srpska with some EU member states.

**Geographic determinants of the Republic of Srpska**

The territory of the Republic of Srpska is located between 42°33′ and 45°16′ north latitude and 16°11′ and 19°37′ east longitude and covers northern and eastern parts of Bosnia and Herzegovina. Republic of Srpska is among the continental areas without access to the sea. It is located at the contact of two large natural-geographic and socio-economic regional wholes — Pannonian and Mediterranean and has a special significance because it is crossed by viral communication links. This is primarily related to a meridian line that interconnected river valleys of Bosnia and Neretva, breaking the Dinara mountain complex (Dinaric Alps), connects central European and Mediterranean macro-region. Nothing less important is parallel direction that links Republic of Srpska with Central and Western European area. In this respect, it is necessary to emphasize the importance of the exit of the Republic of Srpska on the Sava River, which is linked to the Rhine-Main-Danube channel system. Thus, the area of the Republic of Srpska represents a link of the Pannonian and Adriatic basin from the one side, as well as Western Europe and central Balkans, from the other.

The borders of the Republic of Srpska are defined by internationally recognized borders of Bosnia and Herzegovina with Serbia, Croatia and Montenegro, as well as the inter-entity line to the Federation of Bosnia and Herzegovina. The total length of the borders of the Republic of Srpska is about 2,170 km, of which inter-entity border line is 1,080 km.

**Territorial organization**

In Europe, the process of creating national states began during the 17th century in France, England and Spain. A necessary precondition for the successful creation of states was the establishment of a central authority that in France and Spain was supported by administrative apparatus, and in England by representative bodies (Fabbrini, 2009). This pattern was applied in the countries in which the process of formation of national states took place in the second half of the 19th century, such as Germany and Italy, where the establishment of the central government was supported by administrative apparatus or by establishment of representative bodies. Analysis of the historical development of European countries shows that, in the period from the 17th to the 19th century, development concept was based on the idea of “State is the nation, and the nation is the state“ (Puig: *Regionalization in Europe*, quoted in Vuković, Jovanović & Grubišić, 2012).

In the analysis of the territorial organization of the Republic of Srpska, a very important aspect is international-legislative position of the local self-government. All states that signed European Charter of Local Self-Government (1985) are obliged to abide its provisions. As it is known, this Charter does not contain a precise model, but only the general principles of local self-government that are broad enough for signatory countries to build national distinctive and specific models of local self-government, which will respect the same democratic principles, i.e. make lawful what is today considered as a standard in this area. The European Charter of Local Self-Government is only partially incorporated into the regulatory framework of the Republic of Srpska, especially in the part related to the functional and fiscal decentralization and citizens’ participation in obtaining of local functions.

In the Republic of Srpska legislation on local self-government does not make distinction between the municipalities from the point of jurisdiction, regardless of their size and economic strength, the degree of urbanization and any other characteristic. Local self-government is, normatively speaking, a very jagged
concept, and the EU insist on its implementation by application of gradual but wider decentralization (Zlokapa, 2007).

Republic of Srpska has a decentralized form of entity government and the responsibility of municipalities is the performance of regulatory affairs and management, as well as provision of services to perform various functions on its territory. Performing legally defined jurisdiction requires significant resources and qualified professional services. In practice, it is noted that the scope of the duties is not the same in all municipalities, and that depends on local circumstances. Due to a number of limitations, most often financial nature, sometimes municipalities are not able to perform some of the duties within its jurisdiction, which is why some problems appear in functioning and development of local self-governments.

In this context, there is the question of functionality of existing territorial organization of the Republic of Srpska. This issue arises from the fact that local self-governance units have the same rights, responsibilities and powers, regardless of their size of population (Banja Luka with population of 199,191 and East Drvar with population of 109 inhabitants), location and socio-economic characteristics.

It is characteristically for Bosnia and Herzegovina, and therefore for Republic of Srpska, that there was increase in the number of municipalities. That increase was not a result of zoning and planned development of local self-governments, but disorganized and politically irresponsible drawing of the inter-entity lines. In that process the boundaries of existing municipalities were not respected, which led to their splitting in a completely irrational way. Some parts of the territory which originally belonged to one of the municipalities are established as the new local government units, although their chances of survival and development were at the beginning very questionable (East Drvar, Petrovac, Kupres, East Mostar and Oštira Luka).

According to data of the Republic of Srpska’s Institute of Statistics and Republic Administration for Geodetic and Property Affairs, the largest municipality in terms of population (Banja Luka — 199,191 inhabitants) is 1,827 times greater than the smallest one (East Drvar — 109 inhabitants). By area, the largest municipality (Banja Luka — 1,239 km$^2$) is 42.7 times greater than the smallest one (East Ilidža — 29 km$^2$)$^2$. Republic of Srpska is no exception in this regard, because in Europe there are countries with similar territorial organization and

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disparities at the local level (Table 1). While large municipalities are cumbersome and very often self-sufficient, small municipalities cannot meet even the basic functions and therefore, are more interested in regional associations (amendments to the Spatial Plan of Republic of Srpska by 2025, “Official Gazette of the Republic of Srpska”, No. 15/15; Ministry of Spatial planning, Civil engineering and Ecology BiH, 2015). With the exception of the City of East Sarajevo, throughout the Republic has retained a single stage structure of local self-government.

Table 1. A comparative review of the size of municipalities in eight European countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Size</th>
<th>Area (km²)</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>the biggest</td>
<td>674.0</td>
<td>743,104</td>
</tr>
<tr>
<td></td>
<td>the smallest</td>
<td>1.8</td>
<td>947</td>
</tr>
<tr>
<td>Germany</td>
<td>the biggest</td>
<td>405.1</td>
<td>1,244,676</td>
</tr>
<tr>
<td></td>
<td>the smallest</td>
<td>0.1</td>
<td>5</td>
</tr>
<tr>
<td>Denmark</td>
<td>the biggest</td>
<td>1,489.0</td>
<td>503,699</td>
</tr>
<tr>
<td></td>
<td>the smallest</td>
<td>9.0</td>
<td>2,058</td>
</tr>
<tr>
<td>Slovenia</td>
<td>the biggest</td>
<td>622.0</td>
<td>270,313</td>
</tr>
<tr>
<td></td>
<td>the smallest</td>
<td>6.9</td>
<td>402</td>
</tr>
<tr>
<td>Estonia</td>
<td>the biggest</td>
<td>874.2</td>
<td>406,357</td>
</tr>
<tr>
<td></td>
<td>the smallest</td>
<td>1.9</td>
<td>103</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>the biggest</td>
<td>1,364.3</td>
<td>1,191,700</td>
</tr>
<tr>
<td></td>
<td>the smallest</td>
<td>38.3</td>
<td>1,500</td>
</tr>
<tr>
<td>Slovakia</td>
<td>the biggest</td>
<td>404.8</td>
<td>7,063</td>
</tr>
<tr>
<td></td>
<td>the smallest</td>
<td>0.5</td>
<td>7</td>
</tr>
<tr>
<td>Finland</td>
<td>the biggest</td>
<td>15,172.8</td>
<td>568,531</td>
</tr>
<tr>
<td></td>
<td>the smallest</td>
<td>5.9</td>
<td>116</td>
</tr>
</tbody>
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Cooperation between municipalities is a necessity, especially in terms of the functioning of single local governments. The fact is that there are a number of different local business on which the inter-municipality cooperation could be established (water supply, solid waste disposal, flood protection, construction of modern roads, etc.). The existing legal framework is not an obstacle for these types of cooperation.

**Political and legal framework of newly formed local governments**

By Dayton Peace Agreement, the territory of Bosna and Herzegovina was divided on two highly-autonomous entities, at the ratio 49% (Republic of
Srpska) and 51% (Federation of Bosnia and Herzegovina). Later, in 1997 the Brčko District was established.

By drawing Danton demarcation lines, ethnic and some other arguments were more respected, rather than former administrative borders of municipalities. Depending on the volume of changes of the territory and the position of the seat of the municipality, in the territorial organization of the Republic of Srpska three groups of municipalities were differentiated (Figure 1). The first group consists of 33 municipalities which territory and the seat, compared to pre-war period, retained unchanged. These municipalities make up 73.9% of the Republic of Srpska with average area of 520.6 km² and average population of 31,429 inhabitants. The second group consists of nine municipalities which greater part of the territory (17.2%) and their seats remained in the Republic of Srpska. Those municipalities make up 14.5% of the Republic of Srpska, with average area of 472.1 km² and average population of 28,029 inhabitants. The third group consists of 18 municipalities formed after the signing of the Dayton Peace agreement, created from parts of the municipalities which greater part remained in the Federation of Bosnia and Herzegovina. Those municipalities make up 8.9% of the territory of the Republic of Srpska, with average area of 121.8 km² and 4,488 inhabitants. For example, the municipality Ribnik got 59.6% of the territory of the former municipality Ključ, and the municipality East Mostar got only 6.7% of the territory of the former municipality Mostar. Kostajnica municipality was formed by separating part of the territory of Novi Grad municipality, and the municipality Milići by separating part of the Vlasenica municipality.

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1Excluding the territory of Brčko District of Bosnia and Herzegovina from the Republic of Srpska, total area of Bosnia and Herzegovina (51,189 km²) is divided between: Republic of Srpska – 48.49%, Federation of Bosnia and Herzegovina — 50.55% and District Brčko — 0.96%.
Municipalities that fully maintained territory and seat from the previous period (33) are in average large municipalities, according to their area and population. Also, large municipalities are those that kept their earlier seat and most of the territory. However, most of the newly established municipalities with new seats are small, and thereby the number of inhabitants and their size are in the large gap.

Given that the replacement of territorial organization and new municipalities’ establishment came in very specific conditions, and that those changes were only one in the last 45 years, it is understandable that it is difficult to set it under any exact criteria for establishing and functioning new municipalities. For this
reason, they may be comparatively analyzed and assessed in relation to traditional municipalities, and of course in terms of modern solutions in the European environment.

Most of the newly established municipalities meet the criteria by which municipalities operate continuously, and some of them have certain parameters (population size, municipality center influence, infrastructure etc.) that make them more compact and more functional than the so-called “old municipalities”. According to the area or size of population, most of these municipalities are larger than some traditional (like Ribnik, Petrovo, Vukosavlje, Pelagićevo, Osmaci, Donji Žabar, East Stari Grad, East Ilidža and East Novo Sarajevo (Table 2). However, the status of municipality got some groups of settlements that would be difficult to meet criteria for obtaining the status of local government, and in relation to existing structure of municipalities, that were utterly unacceptable solutions. Nevertheless, their fate and changing of present status should be seen in the context of the circumstances of the establishment of territorial and administrative apparatus in the Republic of Srpska.
As it can be seen from the table above, the newly established municipalities cover almost 9% of the total number of settlements. As for the population, it is clear that the population density in these municipalities has increased, compared to pre-war period, which can be attributed to war migration and the fact that they
are given the status of municipalities with infrastructure, which previously was not the case. From the economic point of view, the average net salary in these municipalities is lower, compared to the average net salary in RS in 2013 (data for 1991 are not available). However, if we consider the municipalities that belong to the City of East Sarajevo, we can see that their net salaries were above the average, given the fact that these municipalities, as well as the City of east Sarajevo, became a sort of administrative center, for RS and BiH as a whole. It is needed to highlight the municipality of East Mostar, which stands at the height of the average net earnings, due to the fact that the majority of the employed population makes its earnings in the bodies of local self-government. A similar situation is with the East Drvar municipality, with the difference that there are some economic capacities (wood processing industry) that raise the average level of earnings.

From the comparative analysis of the municipalities of the Republic of Srpska and structure of municipalities in some EU countries or candidate countries (countries that their local self-governance organized in accordance with the European Charter of Local Self-Government), it is clear that the territorial organization of the Republic of Srpska is not in accordance with the present charter, which refers primarily to the size of local government units (area and population), but also the scope of work, responsibilities, and structure of income sources.

Law on Local Government (Official Gazette of the Republic of Srpska, 2004, No. 101/04) defined some of the fundamental issues relating to property and the financing of local governments, with the special laws covering all other issues in this field. Article 63 on the Law of Local Self-Government stipulates that all movable and immovable assets, needed for the execution of mandatory functions of local governments, are given to the local self-governments in their ownership. These are:

– Public infrastructure;

4 However, with regard to the territorial organization it was carried out in a special geopolitical circumstances, it is unlikely the full implementation of the Charter, which is based on experiences of the EU states with long tradition in organizing of local self-government. In this regard, in the coming period the models of more efficient models of territorial organization of local self-government in the RS, as well as neighboring countries, will be considered in details.

5 The Law on the Status of Officials of Local Government (Official Gazette of the Republic of Srpska, 2005; No. 96/05); The Law on the City of Banja Luka (Official. Gazette of the Republic of Srpska, 1997; No. 6/97); The Law on the City of East Sarajevo (Official Gazette of the Republic of Srpska, 2005; No. 25/93, 8/96, 27/96, 74/05); The Law on Establishment and Rights to Dispose of Asset to Local Government Units (Official Gazette of the Republic of Srpska, 2006; No. 70/06) and others.
– Business and other public utility companies founded by the local government, or objects financed from the budget of the local government or by citizens; and
– Other property that the local government unit acquired as the legal successor of institutions that have ceased to exist.

**Review of demographic, economic, social and other indicators of local self-governments in the Republic of Srpska**

With the implementation of Dayton Peace Agreement radical changes started in the political and territorial organization of Bosnia and Herzegovina, because Dayton demarcation line between the two newly created entities has caused major changes in the internal territorial organization of the entities. The demarcation line has cut many of the municipal units, even smaller ones. In addition, during the war the process of population displacement started, intensively continued in the early post-war years and has not been yet completed (Đurđev, Marinković, Jakšić, & Popović, 2011). At the same time, the war events in the countries of origin of refugees lead to severe economic disruptions and poverty, which further complicates the precise distinction between economic migrants and refugees (Lukić, 2005).

Very scarce statistical documentation for the municipalities and the lack of data prevent serious comparative analysis of the economic situation of municipalities and their level of development. If it is known that the main indicator of the population on the municipalities’ level was unreliable, it is clear that all other available indicators cannot provide a true picture of demographic and socioeconomic characteristics of local government.

For the municipality level, there are population data (Institute of statistics, Republic of Srpska, 2013), some social indicators (unemployment) and several infrastructure indicators. Regarding exact economic indicators, there are data available for level and structure of budgetary spending. Indicators of economic activities and business are unreliable due to high frequency in the establishment, shutting down and change of the seats of enterprises.

In this development phase, when there are no data available for GDP or gross value added, its structure and use, the most reliable economic indicator should be the economic activity of the population (employment and unemployment).

The market economy implies the establishment and functioning of an integrated market which means that, in addition to the market of goods, services and capital, the labor market also works — market of knowledge (know-how) and
skills that people possess. When it comes to the labor market, in addition to numerous other functions, it also performs the allocative function, i.e. the allocations of workers to jobs in the territorial, branch and every other way. Issues related to the problems of unemployment are one of the crucial issues of each country, because the level of unemployment, in addition to the level of GDP per capita, is one of the most important indicators of the efficiency of the economy. However, there are different methods of measuring this phenomena, and the question is who is employed and who unemployed person. In this regard, it is very hard to give the exact answer about number of employed or unemployed persons in one country at a given point in time (Radovanović & Maksimović, 2010).

When it comes to the Republic of Srpska, the unemployment rate which should represent the highest weighted indicator, in this case it is not. For example, in the municipalities of East Drvar, East Mostar and Kupres (three smallest and least populated municipalities), and municipalities Vukosavlje and Donji Žabar (two highly populated municipalities), there are no registered unemployed citizens. At the same time, two municipalities (East Drvar and Kupres) have no school or post office.

Overall, the newly founded municipalities with a larger population and with better social (education, health) and technical infrastructure (toads, motorization) show a higher level of correlation between some indicators, including budgetary spending, total and per capita, while in smaller municipalities there is no such correlation. The above indicates that the level of economic activity has been reduced to marginal values, which the economic indicators made disqualified and unreliable.

Conclusion

The Republic of Srpska in its territorial organization delayed the reform process, and does not follow the European experience and not apply the necessary level of provisions of the European Charter of Local Self-Government. In this regard, it is logical that the current system of territorial organization of local government is not in accordance with the real needs of citizens and obligations that Republic of Srpska and Bosnia and Herzegovina have.

In the Republic of Srpska, between local governments there are large discrepancies in demographic characteristics, size of the territory, level of infrastructural equipment, fiscal and administrative capacity, economic resources, etc. Disproportions that in territorial organization were inherited, especially the size of the municipalities and accordingly their potential and
responsibilities, were increased by assigning the status of municipalities to some territories that left behind borders of earlier municipalities and municipal seat.

With the exception of Banja Luka and Trebinje, and to a lesser extend Bijeljina, there are not many municipalities where in municipal seat live more than one-fifth of their population, meaning that most municipal seats are located in a large suburbanized area. Such municipalities are not functional because their seats do not have capacities to provide a balanced development of the whole region and meet needs of all their citizens.

Bearing in mind the conditions in which the new municipalities were created by drawing the inter-entity lines, all of them are made in border areas and are connected to other municipalities that have a continuity of existence, earlier in SRB&H and today in the Republic of Srpska. In addition, there are big differences in their size and compactness, available resources and the economic potential, especially their geographic position in relation to other municipalities. Some new municipalities have inherited a sparsely populated and low urbanization space outside the main traffic communication and without proper urban seat (Petrovac, Istočni Drvar, Kupres and Istočni Mostar). In contrast, a group of municipalities, especially those in the Sava river (Vukosavlje, Donji Žabar and Petrovo) basin were given the opportunity on a much smaller area, but on more compact and favorable environment, to ensure sustainable development.

An important element is the international legal aspect of local government. All states that signed the European Charter of Local Self-Government, among them Bosnia and Herzegovina, too, are obliged to abide its provisions. The Constitution of BiH (Official Gazette of Bosnia and Herzegovina, 2009, No. 25/09) does not address issues of local government, which means that the regulation of those issues is under jurisdiction of entities, which do not diminish its social and political significance. With the ratification of the Charter (July 12, 2002), BiH committed itself, through its legislation, to implement the principles of the Charter.

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References


