

**STATE CAPACITY IN
THE WESTERN
BALKANS: FROM
CONTROL TO SUPPORT**

MIND Publications

Publisher

University of Belgrade – Faculty of Political Science

Date

December 2023.

Author

Milan Varda

Design

Kristina Pavlak

This publication is part of WP1 of the MIND project, led by the University of Belgrade – Faculty of Political Science.

This project was supported by the Science Fund of the Republic of Serbia, grant no. 7744512, Monitoring and Indexing Peace and Security in the Western Balkans – MIND.

The author is solely responsible for its content, it does not represent the opinion of the Science Fund of the Republic of Serbia and the Fund is not responsible for any use that might be made of data appearing therein.

INTRODUCTION

State capacity is one of the domains analyzed within the Balkan Peace Index. While state capacity is generally a broad concept, we have defined state capacity as the ability of the state to control its territory, to provide for its citizens, and to support vulnerable groups. This definition allows us to focus on dimensions that are relevant for establishing a more positive peace and reducing the chances of violent conflict.

The capacity of the state to control is assessed through the contestation of sovereignty, i.e. if there are internal groups opposed to the state control, the presence of foreign troops, which examines if foreign troops limit state control and border disputes. The capacity of the state to provide is measured through the state's ability to distribute wealth and provide healthcare, and education. Meanwhile, the state capacity to support vulnerable groups is measured through the ability of the state to support children without parental care, the elderly, Roma population, and to provide social assistance.

There are significant issues with regard to state capacity in the Western Balkans, with all countries scoring medium to low score. This is largely a result of past conflicts of the 1990s and early 2000s, and the transition from socialist to capitalist economies.

This policy brief will first examine major issues within the three indicators of the state capacity (control, provision, support) and then it will propose policies to tackle these issues.

STATE CAPACITY AT THE GLANCE

When it comes to **state control**, major issues are the internal groups contesting sovereignty in Serbia, Kosovo* and to a lesser extent Bosnia and Herzegovina and North Macedonia. Serbian sovereignty is internally contested by attempts at secession of Kosovo, while Kosovo's is contested by Serbs in the North. Meanwhile, BiH and North Macedonia are facing ethnic cleavages. The presence of foreign troops in Serbia (Kosovo and Metohija), BiH, and Kosovo further erodes the state capacity to control the territory. It is also important to note that all countries except Albania and North Macedonia have border disputes. Because of these developments, Serbia, BiH and Kosovo have low state control scores, with North Macedonia scoring medium and others a high score.

With regards to **state provisions**, all of the countries have overall low to medium scores. Issues are easily visible when it comes to **redistribution**. The Gini index has risen in several countries during recent years, most notably in Serbia (34.5) and Montenegro (36.8), with only Croatia (28.9) and Kosovo (29) maintaining lower Gini and North Macedonia (31.4),

* All references to Kosovo in this document shall be understood in full compliance with United Nations Security Council resolution 1244 and without prejudice to the status of Kosovo.

BiH (32.7) and Albania (33.2) maintaining medium levels of inequality. There is a noticeable lack of redistributive policies in the region, with only Croatia and Albania pursuing progressive taxation in order to curb the rising inequality.

The overall **healthcare** coverage has Serbia and Croatia leading the way with both having [UHC index](#) of 71 and 73 respectively, while Albania is at the end of the spectrum with UHC index of 62. There is a notable lack of UHC data about Kosovo, but because of the lack of a universal healthcare system that would cover most of the costs beyond primary care, it is significantly behind the others. However, the high healthcare investments in terms of the percentage of GDP leads Serbia (8.67%) to the helm in overall healthcare provision, while low investments in Albania (5.23%) and especially Kosovo (4.1%) bring them to the lowest rating in this field.

Countries in the region also have various scores when it comes to **education**. The Albanian percentage of GDP spent on education is the lowest in the region (3.1%), followed by Serbia (3.6%), while Kosovo (4.6%), due to its work on reforming the education system, and BiH (4.6%) have the highest spending, with other countries being in between. However, it is the attainment of education that also matters. Kosovo, despite high investments, has very poor higher education attainment rates. Meanwhile, Montenegro has the highest overall attainment rates of primary, secondary, and tertiary education, all while maintaining moderate investment (4.2%). In general, Albania and Kosovo score low in terms of state provisions, with other states medium score.

The score for the **support for vulnerable groups** of countries in the region is low to medium. The countries of the region have very limited support for the elderly population, with Croatia being a slight outlier. Spending on social assistance strongly lacking in Serbia (1.6% of GDP), North Macedonia (1.8%) and especially Montenegro (0.6%), with Kosovo having especially high spending on social assistance (4.61%). On the other hand, Serbia leads the way in caring for children without parents by focusing on foster care (with 88,9% of children being in foster homes), followed by Croatia (73%), while BiH (30%) and Kosovo (41%) are especially lacking in this area as their care is centred on residential institutions. Meanwhile, there are numerous issues with supporting the well-being of Roma citizens in every country of the region, as Roma citizens have a far worse standard of living than the rest of the population, most notably in Albania, BiH and especially Croatia. In general, Albania, BiH and Montenegro have low scores when it comes to support for vulnerable groups, while Serbia, Croatia, Kosovo and North Macedonia have medium scores.

MEASURES TO INCREASE THE STATE CAPACITY

Given that scores of regional actors in the domain of state capacity range from low to medium, there are numerous measures that could improve the state capacity in the Western Balkan. Here is the list of some of the measures that should be taken:

- The major area that needs improvement in most of the countries is redistribution, as policies in this area can generate funding for increasing the state capacity in other areas. There is a notable lack of progressive taxation in the region that could curb inequality, with the exceptions of Albania and Croatia. Adopting both progressive taxation and a wealth tax could greatly reduce inequality, in addition to creating a source of revenue for the state to pursue other policies.
- All of the countries should focus on making more robust geriatric care programs in order to help support the elderly population.
- Countries of the region, especially Albania, BiH and Croatia, should pursue affirmative action policies in order to improve the well-being of the Roma population.
- Serbia, North Macedonia, and most notably Montenegro should increase their spending on social assistance.
- Regional actors, most notably Bosnia and Herzegovina and Kosovo, should focus on facilitating foster care instead of care in residential institutions for children without parents.
- Despite great investment, educational outcomes remain poor in Kosovo, and the reform must continue.
- Albania has poor healthcare coverage and increasing the investment could alleviate the issues.
- Kosovo should increase its investment in healthcare and focus on making a universal system with broad coverage that goes beyond primary care to a wider share of the population.

CONCLUSION

In general, the state capacity of countries in the region is low to medium. This is largely due to the lower scores in state provision and the support for vulnerable groups. State control in some countries is limited due to the legacy of the Yugoslav wars. The countries of the region are facing numerous issues in the field of state provisions, ranging from wealth inequality and poor healthcare to issues with the educational system. There

are also numerous issues with support for vulnerable groups, as can be seen with general poor support for the elderly population and Roma citizens in the region, as well as the lack of foster care and limited social assistance in particular countries.

In order to improve their state capacities, countries should focus on creating progressive and wealth tax systems in order to be able to increase the capability of the welfare state to provide to its citizens and support vulnerable groups. Similarly, all countries should focus on improving geriatric care and affirmative action for Roma citizens, as well as to focus on solving particular issues with regard to their state capacities.

Milan Varda is a Junior Researcher and PhD Student at the University of Belgrade – Faculty of Political Science.

