

COUNTRY STUDIES

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Decentralization  
of Public Administration  
in the Republic of Croatia  
—Reform Process Management

MASTERING DECENTRALIZATION  
AND PUBLIC ADMINISTRATION REFORMS  
IN CENTRAL AND EASTERN EUROPE



# Decentralization of Public Administration in the Republic of Croatia—Reform Process Management

*Teodor Antić*

## INTRODUCTION

After the multi-party elections in 1990, the enactment of the Constitution of the Republic of Croatia on 22 December 1990 and the announcement of independence on 25 June 1991, Croatian administration was for the first time fully defined through the regulations of the Croatian Parliament.

In addition to the general problems facing all administrative systems, the Croatian administration was, while in the process of its shaping, confronted with special circumstances related to its historic development: the dissolution of the Socialist Federative Republic of Yugoslavia and the struggle for the independence of the Croatian state, the transition from a one-party to a multi-party political system, the transition from an economy based on social ownership, to a market economy with a mostly private ownership structure, and finally war that brought part of the territory under military occupation and destruction of great magnitude. These circumstances indicated the need for the shaping and strengthening of all parts of the administrative system appropriate for an independent state.

As a consequence of that situation, the system of state administration leaned towards unity and centralization, even after the mentioned extraordinary circumstances had ceased to exist, while the interests emerging from regional and local differences were neglected, thus developing the swift expansion and extraordinary concentration of the Croatian state administration.

In these circumstances, a system of local self-government was enacted in 1992 through the Act on Local self-government and Administration,<sup>1</sup> after which in 1993 the first local elections in accordance with the new system were held.

However, taking into account all of the above, this local self-government system was fundamentally shaped to provide for, and secure, a centralized management of public affairs.

Soon after the cessation of war activities and the re-integration of the occupied territories of the Republic of Croatia within its legal system, a need developed for a major reform of the system of state administration and local self-government:

- 1) firstly, in the direction of the opening up, differentiation and strengthening of the operational independence of administration, the de-concentration of power, and the decentralization of the political and administrative system,
- 2) Secondly, in the direction of strengthening local and regional self-government, so that it can gradually take over responsibilities from central state authority, and at the same time act as a counter-balance to this authority.

The target of the whole reform is to allow for the narrowing of the gap between citizens and the decision-making process and for their greater participation in this process, for a better identification of the problems, for the better meeting of needs and for citizens to assume greater responsibility in the management of public affairs, resulting in a lessening of the concentration of the political power of central state authority.

Starting Position and Guidelines for Decentralization. Although the need for decentralization was considered from the very beginning of the shaping of public administration in the Republic of Croatia, and although some steps were made in that direction early on, a more serious decision about reform was taken only in 2000, and the first moves were conducted in 2001.

The situation at the beginning of 2000 is as follows:

1. Central state administration is defined by the Act on the State Administration System, the Act on the Government of the Republic of Croatia, the Act on the System and Competence of the Ministries and State Administrative Organizations, the Act on State Officials and Employees and on the Salaries of the

Bearers of Juridical Authority, and by a string of other special laws and secondary legislation that defined specific areas of activities of state administrative bodies.<sup>2</sup>

The state administration system includes administrative bodies and organizations which the Government of the Republic of Croatia, as the highest state political-administrative body, directly guides and connects. These bodies are also directly, or through the Government of the Republic of Croatia, connected to the highest bearers of political authority in the state—the Parliament and the President of the Republic.

The bodies of the state administration are ministries (17), state administrative organizations (10), County Offices (9–11 in each county) and the City Office of the City of Zagreb.

State administration affairs include the direct application of laws (the resolution of administrative cases, managing inquest registers, issuing various certificates, and conducting other administrative and professional affairs), enacting regulations for the implementation of laws, conducting administrative supervision and other administrative and professional affairs.

From the point of view of administrative fields (portfolios), state administration affairs could be classified as:

- a) traditional state-authority portfolios: defense, internal affairs, foreign affairs, justice and finance,
- b) economic portfolios: the economy, agriculture and forestry, development, immigration and reconstruction, and tourism,
- c) technical services: maritime affairs, transport and communications, and science and technology,
- d) communal services: environmental planning, construction and housing,
- e) social services: culture, education and sport, labor and social welfare, and health,
- f) Special portfolios: care of the veterans of the Croatian War for Independence.

2. The local self-government system comprises 421 municipalities, 122 towns, 20 counties (which are at the same time local administration units) and the City of Zagreb (a special and unified territorial unit with the status of a county).

Local self-government is defined by the Act on Local self-government and Administration, the Act on the Territories of Counties, Towns and Municipalities in

the Republic of Croatia, the Act on Financing the Units of Local self-government and Administration, and the Act on the Definition of Affairs within self-government Competence of the Units of Local self-government and Administration.<sup>3</sup>

Local self-government affairs include environment planning and the arrangement of settlements, communal activities, environmental protection, pre-school education, culture, sport and social welfare.

The competence of a county involves mostly the affairs of harmonizing the interests and positions of municipalities and towns within its territory, as well as equal development for both.

For seven years (from 1993 to 2000), competence for fire departments and cable registries has belonged to the local self-government scope of affairs after having been transferred from the state administration. However, this transfer was not accompanied by an appropriate increase of revenue with which local self-government units could finance these affairs.

The general assessment of public administration in the Republic of Croatia at the beginning of 2000 is as follows:

- The state administration system focuses on unity and tends towards centralization, neglecting interests stemming from regional and local differences. This results in its rapid expansion and extreme concentration. It is a heavily centralized, huge apparatus that cannot be flexible and has great difficulties in adapting to the new roles and tasks set before it;
- The uneconomical and large number of local self-government units and employees working in different administrative bodies has an impact on the level of public expenditure, while the centralization of many administrative tasks limits the efficiency of local self-government bodies. At the same time, the existing system of financing local self-government units hampers the development of an efficient communal infrastructure and is not able to meet the basic needs of citizens in terms of health care, social welfare, employment, education, culture and protection of the environment.

Consequently, it is clear that the state administration, in executing its competencies, needs to transform gradually as far as it can into an instrument for resolving the current problems of society. It should also take over the administration of the public sector rather than become a traditional

state administration. Its role should be to identify situations that cause problems in society, to develop programs for the resolution of these problems, and to implement these programs with the best possible cost-benefit ratio.

Therefore, it is becoming necessary to start as soon as possible the process of delegating administrative duties and transferring relevant administrative organizations and employees from state administration to the wider subsystems of the so-called public sector, which would decrease the influence of state authority centers on organizations. At the same time, within these organizations, the role of hierarchical structures would be decreased, since the focus of integration would be transferred to work methods. In parallel to this, part of the administrative duties should be obviously transferred to local self-government bodies, as these bodies are the closest to citizens.

## REFORM GUIDELINES, ACTIVITIES, RESULTS

### Guidelines and Initial Activities

The Government of the Republic of Croatia, formed after the parliamentary elections of 3 January 2000, through its action program (hereinafter: Government Program) and within the sphere of its internal policy during the period of its mandate, announced the reform of public administration aimed at decentralization.

The Government Program, among other issues, includes:

- halting the expansion of state administration, avoiding the establishment of new administrative organizations and the employment of new officials and employees,
- horizontal decentralization, delegating certain state administration affairs to autonomous organizations outside the state administration system,
- a critical analysis and assessment of the cost-effectiveness and efficiency of the state administration apparatus, implementing a program to reduce expenditures and increase savings,
- initiating a process leading to the broad decentralization and strengthening of the role of local and regional self-government, defining the competence's of local self-government through a general clause, introducing the principle of subsidiary, increasing the fiscal capacity of local and regional units,
- A gradual transformation of the territorial system, the establishment of a smaller number of regional

units, the coalescence of local self-government units aimed at increasing their capacity and raising the level of cost-effectiveness of local structures.<sup>4</sup>

In July 2000 the Government of the Republic of Croatia established the Office for the Development Strategy of the Republic of Croatia, as its expert service with the duty to co-ordinate work on preparing, developing and implementing the strategic guidelines of the Government Program, to prepare strategic development documents, and to provide the preconditions for the development and implementation of the Project on the Development Strategy 'Croatia in the 21<sup>st</sup> Century'.<sup>5</sup>

The Project on the Development Strategy 'Croatia in the 21<sup>st</sup> Century' (hereinafter: the Strategy Project) comprises 19 different areas related to economic and social life. An expert team was established for every area with the task to draw up a document on the strategy of development for that particular area ('a separate file'), as part of the total strategy of the development of the country. The Strategy Project has its Central Council that is presided over by the Deputy Prime Minister of the Republic of Croatia as co-ordinator of the development of the strategy, while its members are leaders of individual specific areas.

After the expert team has prepared the text of a proposal of a separate file for a particular area, the text is published on the Internet where it can be accessed by interested institutions and all citizens.<sup>6</sup>

Various forms of public debate on the text of a separate file are held (presentations, forums, round-tables) where ministries competent for the area in question and interested persons can participate.

It was envisaged that, once the final texts of all the separate files were completed according to the mentioned procedure, the Government would accept them all as a single document on the total development strategy of the Republic of Croatia, and would send the document to the Croatian Parliament for adoption by the end of 2001. However, since the separate files for some areas have not yet been completed, the Government has decided to receive each of the separate files individually as they are completed and send them in that order to Parliament for adoption.

The texts of some separate files dealing with certain areas contain an orientation towards the decentralization and 'de-statization' of certain tasks that are currently carried out within the scope of state administration. Such an

orientation is particularly dealt with in the separate files dealing with public administration, social welfare, education, and health.

In November 2000 the Government of the Republic of Croatia and the Open Society Institute—Croatia (hereinafter the OSI) concluded an Agreement on Co-operation, part of which deals with the decentralization of public administration.

On the basis of this Agreement, a contract on the implementation of the project 'Decentralization of Public Administration' (hereinafter: CLC Project) was concluded between the OSI and the Croatian Law Center (hereinafter: CLC).

The CLC Project deals with issues that regard the formulation of the aims of the decentralization of public administration and with the specific actions necessary for opening up a dialogue with local self-government and the citizens as end-users of the public administration reform.

The CLC Project covers several specific areas:

- the electoral system for local elections,
- the territorial organization of local and regional self-government,
- the legal status and competence's of local self-government,
- the status of local officials,
- the decentralization of primary and secondary education,
- the decentralization of health care,
- the decentralization of social services,
- decentralization in the field of culture and
- the financing of local and regional self-government.

A special expert team was created for each area. The expert teams are made up of lawyers, political scientists, economists, and experts in public finances, sociologists, historians, geographers, statisticians and experts in relevant areas of public services. The work of the expert teams is coordinated and directed by the Expert Council. About fifty experts are involved in the work, while representatives of government and non-government institutions, and representatives of local and regional self-government are involved in the implementation of the project.

For the purpose of implementing the project, a special office was established within the CLC with three full-time employees who are directly responsible to the CLC management. The Supervisory Board of the Project, whose

members are representatives of the OSI, the Government of the Republic of Croatia, and the CLC supervise the implementation of the CLC Project.

For each individual area, the project includes: an analysis of the situation and an identification of problems, a preparation of proposals for an appropriate policy<sup>7</sup> and alternative models, a legitimization of the proposals (through different discussions with various bodies), the adoption of the proposals and their application, and an evaluation of the results and success ratio.

In addition to this, starting from the beginning of 2000, a number of other partial programs have been introduced, consisting of individual areas where the decentralization process should be conducted. These programs are carried out by different domestic and foreign entities, receiving various levels of support and co-operation from state bodies, or are performed completely independently.

These projects are as follows:

- 1) Project on the Reform of Social Security—Ministry of Labor and Social Welfare of the Republic of Croatia, the World Bank and the DFID (UK),<sup>8</sup>
- 2) Fiscal Decentralization Project—Ministry of Finance of the Republic of Croatia, US AID and Barents Group LLC (USA),
- 3) Project of Technical Assistance in Formulating Frameworks for the Conceptualization of the Regional Policy of the Republic of Croatia (within the OBNOVA Program)—Ministry of Public Works, Reconstruction and Building of the Republic of Croatia and the European Union,
- 4) Public Expenditures Analysis—Ministry of Finance of the Republic of Croatia and the World Bank,
- 5) Local Financing and Local Budgets in the Republic of Croatia—the Institute for Public Finances (Croatia)
- 6) Project on the Reform of Local self-government and Administration—The Urban Institute (USA).

## Conducted Activities and Accomplished Results

### *Projects*

In the autumn of 2000, activities aimed at decentralization became more intensive. Some of the mentioned projects began to be implemented, and at the same time, some central state administration bodies directed their activities

towards the same goal. Since the first results of these activities were accomplished in 2001, it can be concluded that the process of decentralization has started.

In implementing the Strategy Project, the Office for the Development Strategy of the Republic of Croatia appointed leaders for separate areas, who then formed their expert teams and started working on their separate files. By the end of November 2001 half of the separate files were completed.

Out of these, the preliminary procedure has been completed for two of the separate files. This means that the Government of the Republic of Croatia has accepted the text of the relevant proposal following a public debate and a debate by expert bodies and forums, and sent it to the Croatian Parliament for adoption. Six of the separate files are currently in the process of being accepted by the Government of the Republic of Croatia and its working bodies. The remaining files are currently in the process of being drawn up, or expert institutions and the respective ministries are discussing the proposals. At the same time the CLC Project commenced.

The execution of the program started with forums under the title “Reform of Local self-government in the Republic of Croatia” held in co-operation with the Union of Towns and Municipalities of the Republic of Croatia in Našice, Varaždin, Karlovac, Crikvenica, Biograd and Makarska. A total of 414 representatives of local self-government units (mayors, municipality mayors, employees of local self-government units) from 283 towns and municipalities participated in the forums. The forums sought to present the Project to the representatives of local self-government, but also to collect information about local problems and needs, as well as views and suggestions regarding local self-government reform. The results of this survey and the conclusions from the forums which reflected the positions and thoughts of the representatives of local self-government units and which were debated at separate workshops are being used in the continuing work on the Project.

The expert groups involved in local elections and in the legal status and competencies of local self-government were drawn into the work of the Ministry of Justice, Administration and Local self-government in the process of preparing the Bill on Local and Regional self-government and the Bill on the Election of Members of Representative Bodies of Local and Regional self-government Units.

The relevant expert group prepared a draft model on the status of local government employees, which was debated by a wide circle of experts and interested bodies (the Trade

Union of State and Local Officials and Employees of the Republic of Croatia, the Union of Towns and Municipalities of the Republic of Croatia, etc.). On the basis of the model and in co-operation with the Ministry of Justice, Administration and Local self-government a draft Bill on Local Officials and Employees was prepared. Currently, discussions are being held on the Bill with the representatives of local and regional self-government. Up to now, five debates have been held (Osijek, Sisak, Čakovec, Opatija, Zadar) while an additional one is planned (Dubrovnik).

By the autumn of 2001 fundamental discussions were conducted for the preparation of the draft model of the territorial organization of local and regional self-government, the legal status and competence’s of local and regional self-government, decentralization of primary and secondary education, decentralization of social services and financing of local and regional self-government. All experts engaged in the Project, representatives of the respective ministries and representatives of the Government of the Republic of Croatia were present at the discussions. A discussion including a wider expert circle was held in the area related to local elections.

In June 2001, the expert group for the decentralization of social services held a public forum named ‘Decentralization of Social Policy and A New Role for Local Authorities.’

By the end of November 2001 draft models on the decentralization of primary and secondary education, of health, and of culture were prepared.<sup>9</sup> The rest of the mentioned projects are in different phases of execution.

In most of these programs, in addition to civil servants from the respective ministries, the execution is conducted by domestic and foreign assistants—experts who periodically provide reports on their work and results to the appropriate bodies for the supervision of projects (Supervisory Board, Co-ordination Group, Steering Group). For the Government of the Republic of Croatia, respective ministries supervise the execution of each of these projects.

### *Regulatory Framework*

In 2001 the decentralization process was also undertaken in the normative sphere.

The amendments to the Constitution of the Republic of Croatia from November 2000 created the preconditions to expand the competence of local self-government on the

one hand, and introduced the concept of regional self-government on the other hand.<sup>10</sup>

At the beginning of March 2001 the Government of the Republic of Croatia decided on a 'package' of proposed bills, a starting point for the process of the decentralization of certain competencies of the state administration, which it was proposed would be transferred to the units of local self-government (municipalities and towns) and the units of regional self-government (counties). By the summer of 2001, the Croatian Parliament had enacted this 'package.'

The new Act on Local and Regional self-government (hereinafter: the Act)<sup>11</sup> on the one hand brings the changes necessary for decentralization (provisions on competence), and on the other hand provides for straightforward decentralization (provisions on organizational structure).

It is defined that towns and municipalities, within their self-government competence, deal with affairs of local significance that directly satisfy the needs of citizens, and for which the Constitution or the law confer no competence to state bodies. This wording is very similar to a general clause and it is equivalent to the principle of subsidiarity. The affairs that fall within the mandatory competence relate to:

- arrangement of settlements and residential affairs,
- environmental and urban planning,
- communal activities,
- child care,
- social protection,
- primary health protection,
- pre-school and primary education,
- culture, physical culture, and sports,
- consumer protection,
- environmental protection and enhancement,
- Protection against fire and civil protection.

The affairs of regional significance are dealt with by the counties, within their self-government competence, and in particular relate to:

- education,
- health,
- environmental and urban planning,
- economic development,
- transport and the transport infrastructure,
- planning and development of a network of education, health, social and cultural institutions.

However, under certain conditions, the units of local self-government may deal with the affairs, over which the county, in whose territory they are situated, has compe-

tence, if the unit is able to secure sufficient funds for that purpose.

Regarding organizational structure, the Act provides for no restraints in relation to the internal organization of the local units; the units can freely decide whether they will constitute a special executive body (certain categories of units only), or whether a number of units will have joint administrative bodies.

The Croatian Parliament also enacted amendments to the laws that regulate areas of primary and secondary education, health insurance and social protection. These amendments partially decentralize the administration and the financing of certain institutions in the mentioned areas.

The Law on the Amendments of the Law on Primary Education and the Law on the Amendments of the Law on Secondary Education transferred the right of establishing primary and secondary schools and halls of residence to the units of local and regional self-government. The mentioned laws also regulate the issue of managing schools; and they delimit the obligations to pay for the expenditures of schools and halls of residence.

The Law Amending the Law on Health Insurance partly transferred to the county obligations to secure the functioning of certain health institutions.

The Law Amending the Law on Social Protection partly transferred to the counties activities in the area of social protection; it regulated the issue of managing social protection centers; it delimited the obligations to pay for expenditures, and it transferred to the counties the right of establishment of some residences of social protection.

The above-mentioned laws are being implemented as of 1 July 2001.<sup>12</sup>

At the same time the Law Amending the Law on Financing the Units of Local self-government and Administration<sup>13</sup> was enacted. This Law regulates the financing of the decentralized affairs.

On the basis of this Law, the Government of the Republic of Croatia adopted the Regulation on Calculating Clearing Assistance for the Decentralized Functions of the Local and Regional Units for the period from 1 July to 31 December 2001, which provides for a detailed procedure of calculating the amount of support for the these affairs.

For the purposes implementing this Regulation, the Government of the Republic of Croatia also adopted the Decision on the Criteria to Secure Minimal Financial Standards of Public Needs in Primary Education in 2001; the Decision on Criteria to Secure Minimal Financial Standards of Public Needs in Secondary Education in 2001; the Decision on Minimal Financial Standards for Investment Maintenance of Health Institutions in 2001 in respect of the decentralized functions for the period from 1 July to 31 December 2001; and the Decision on Minimal Financial Standards for Current Expenditure of Social Protection Centers and Expenditure for Heating Assistance in 2001.<sup>14</sup>

In the area of culture, a number of laws implementing decentralization in respect of founders' rights were adopted. Approval by the minister of culture is no longer required in matters concerning the appointment and dismissal of directors of museums, libraries, public theatres and other public institutions in the area of culture.<sup>15</sup>

In addition to this, decentralization of the decision-making process and of financing in the area of culture was implemented by the adoption of the Law on Cultural Councils.<sup>16</sup>

Cultural councils for specific areas of culture were established by this Law, through which employees in the area of culture and artists could influence decisions relevant for culture and art (proposals related to the aims of cultural policy and measures to achieve the aims; co-decisions in defining cultural policy; the provision of expert proposals and opinions; opinions on annual programs for public needs in culture).

## Current Situation

When considering the current situation in the areas where the process of decentralization has started, it is more appropriate to speak about the consequences and effects than about the results, and there are two reasons for this:

- 1) The process is still in its early stages, and the results in terms of the realization of the proposed goals are not yet available;
- 2) The adopted regulations, through which the process of decentralization has come to life, are not the outcome of the above-mentioned projects; the drafting of the regulations, as well as their adoption, was not linked to the implementation of the projects.

To summarize, the current situation is as follows:

- 1) Central state administration is defined by the Act on the State Administration System, the Act on the Government of the Republic of Croatia, the Act on the System and Competence of the Ministries and State Administrative Organizations, the Act on State Officials and Employees, and by a string of special laws and secondary legislation that define specific areas of activities of state administrative bodies.<sup>17</sup>

The bodies of the state administration are: ministries (19, two more than at the beginning of 2000), state administrative organizations (8, two less than at the beginning of 2000), County Offices (one office in each county), and City Offices of the City of Zagreb.

- 2) The system of local self-government in the wider sense of the word includes 424 municipalities (three more than at the beginning of 2000), 122 towns, 20 counties (as units of regional self-government), and the City of Zagreb (which has the status of county).<sup>18</sup>

Local self-government is defined by the Act on Local and Regional self-government, the Act on the Territory of Counties, Towns and Municipalities in the Republic of Croatia, the Act on the Elections of Members of Representative Bodies of the Units of Local and Regional self-government, the Act on Financing the Units of Local and Regional self-government, and the Act on the City of Zagreb.<sup>19</sup>

3. In May 2001 local elections pursuant to the new electoral law took place. Out of 546 local self-government units; representative bodies in 541 units were constituted, as well as in each county and in the City of Zagreb. Executive and administrative bodies were constituted and their functioning was brought into line with the provisions of the new law on local self-government. In 5 units the elections were repeated and the process of constituting the representative bodies is still under-way.
4. On 1 July 2001 laws decentralizing certain activities in the areas of social security, primary and secondary education and health came into force. At the same time, funds were transferred from the state budget for decentralized activities to the units entrusted with decentralized activities.
- 5) In the area of social security, some counties have not yet started with the partial financing of the expenditures of social security centers.

Management councils have not yet been established in a certain number of social security centers.

The right of establishing homes for older and disabled persons will be transferred to the counties on 1 January 2002.

The funds for heating costs have not yet been secured by a certain number of counties.

The regulation providing for registries of social rights users has not yet been adopted by a certain number of counties.

- 6) In the area of education, the right of establishing primary and secondary schools, and pupils' halls of residence has not yet been taken over by the majority of units.

School councils have been successfully established in a large number of schools.

- 7) In the area of health, funds for the investment maintenance of health institutions, which are set up by the county, have been determined in accordance with the proposals of each individual county.

## PROBLEMS IN THE IMPLEMENTATION OF DECENTRALIZATION

The decentralization measures that have been carried out so far, contrary to some catastrophic warnings, have not led to larger functional impediments in terms of the affairs that have been partially decentralized.

However, some of the adopted measures are encountering in their implementation huge problems and uncertainties for which there is no solution at the moment. At the same time, the decentralization process is advancing at a slow and inefficient pace.

Putting it mildly, the first phase of decentralization can be considered, with regard to the results achieved so far, as being partially successful,

The reason for this lies in a string of objective but also subjective factors, for which both the state as well as local bodies can be blamed.

## Limiting Factors in Relation to the State

A number of entities are included in the decentralization process in terms of the state administration: the Government of the Republic of Croatia (as a political body), individual ministers (as heads of the ministries), ministries (as bodies of the state administration), civil servants from individual ministries (as individuals), and each one of them has a different role.

However, in the implementation of the process, each of the entities is surrounded by a large number of objective and subjective circumstances, which are slowing down, limiting and making more difficult the course of events and progress towards the desired results.

- 1) The Government of the Republic of Croatia rightly started the whole process off by adopting its Program that put the principle of decentralization in the center of its future work in a number of areas. In the Program itself, as well as in its subsequent conduct, the Government of the Republic of Croatia has constantly stressed its unquestionable political will for the decentralization.

However, no implementing documents were adopted in the meantime to define clear goals, provide for elaborated methods and practical tasks, appoint bearers and set deadlines and criteria to assess the results, i.e. the goals of the decentralization process.

Decentralization is not a goal itself; it is merely a means to achieve the goal. Therefore, the absence of any document or documents (in relation to specific portfolios) of a general nature leads to an unclear situation and provokes doubts in relation to practical questions as regards the implementation of decentralization: where, when, how and why?

Indeed, everyone is involved in the implementation of decentralization, but no entity is fully entrusted with this task.

- 2) As a consequence of what has been mentioned above, decentralization, on all levels of the decision-making process, is often considered as one of many regular, ordinary activities, and it is dealt with in this manner. It is not rare that the tasks in relation to the decentralization process are 'dealt with' as a matter of technicality, and not as something that has strategic importance. Even more frequently, tasks relating to

decentralization are put aside because of the everyday problems that have to be solved. Since decentralization is considered as a long-term activity, it is thought that it can always wait another day.

- 3) The pressure to fulfil public expectations in a short period of time resulted in the fact that the decentralization process started before any development strategy could be adopted, and before the decentralization projects previously begun could have brought any results. The first phase of decentralization was prepared in a very short period of time. This did not allow for a complete analysis of the current situation at that time, and what was lacking in particular were alternative solutions with outcome simulations and impact projections; the main method selected was the method of trial and error.
- 4) Decentralization demands specific research and managerial knowledge, and skills to manage the process, and a large number of officials have no training in this area. The majority has been trained to perform routine tasks, and they are not prepared for such a typical work. For this reason the assistance and advice of foreign experts is frequently used. However, from time to time, problems arise in the co-operation between government officials and foreign experts; language is perhaps the most banal problem, but nonetheless it is often the most important.
- 5) Since a relatively small number of domestic administrative staff has specialized knowledge and skills (ranging from the knowledge of language to the ability to manage certain processes), these individuals are heavily burdened. In addition to their regular working duties, they are involved in a constantly rising number of projects, seminars, working groups, co-ordination bodies and similar types of structures. On the one hand, the advantage is that these persons greatly contribute to the functioning of the above-mentioned types of structures, since they have the opportunity to obtain a great amount of information by participating in them. On the other hand, the activities partly overlap, and since there is no co-ordination, time and energy are unduly spent.

In addition, such an engagement has its objective boundaries, which are frequently not taken into account, influencing the quality of work and the execution of the tasks.

- 6) Decentralization encounters opposition from some officials. The reasons vary: the mildest explanation is the fear of the new. Decentralization leads to new relationships, which change the conditions in which the work has been done for years and to which everyone has grown accustomed; for that reason, there is fear of the possible difficulties to be encountered in adapting to the new circumstances.

Another explanation might be that employees fear that their position and importance will be lost or reduced, and in the most extreme case, that they will lose their job. Some state officials will lose more, and some less, of the activities they have been performing so far because of the transfer of competence from state administration to local units. This will certainly affect their position and all that it entails.

### Limiting Factors in Relation to Local Self-government

From the very beginning of the process of establishing local self-government in the Republic of Croatia, local units expressed their resentment to the highest-ranking state bodies that among other things their competence was too narrow and not sufficiently important. This was often picturesquely presented in the statement 'the competence of local self-government is confined to cutting the grass.'

However, when the first phase of decentralization was about to start a large number of units were opposed to this process. This opposition continued even after the first measures of decentralization were implemented.

Some reasons for this opposition are of an objective, and some of a subjective, nature:

- 1) A large number of municipalities and towns in the Republic of Croatia cover a small area. On average, municipalities have a population of about 3,600 and a surface of 86 square kilometers, whereas towns have a population of about 2,000 and a surface of 167 square kilometers. According to European standards they would be put into the category of small local units.<sup>20</sup>

A large number of local units simply have no capacity to perform the tasks that should be executed by the local self-government. And this relates not only to financial capacity, but also to staff capacity.

- 2) There has been some negative experience so far with the transfer of the affairs of state administration to local self-government, i.e. there has been no transfer of financial funds (e.g. fire departments, cable registries) and this has intensified the fear that it would not be possible for local self-government to carry out the tasks entrusted to it.
- 3) The situation in the areas where the transfer is to take place is sufficiently grave, and therefore there is additional fear that, besides executing the new tasks, the responsibility for the difficult situation would be also transferred in the process of decentralization, a situation for which the local units bear no responsibility.
- 4) In a large number of units, especially in smaller units, local officials lack sufficient knowledge, skills and experience for the taking over of new, extremely complex tasks. Most of them have been trained to perform routine tasks, and are consequently not prepared for the new tasks that involve high levels of responsibility.
- 5) Some of the high-ranking local officials have no wish to take on more responsibility. Decentralization would force them to manage resources differently and would oblige them to spend the means from the state budget in new priority areas, areas that rarely provoke public interest and are neutral in terms of popularity. Moreover, decentralization imposes on official's direct responsibility with regard to citizens in the execution of certain activities, and the opportunity to shift responsibility to the state level would no longer exist.

## RECOMMENDATIONS FOR THE FUTURE IMPLEMENTATION OF THE PROCESS

The decentralization process in the Republic of Croatia has recently started. In its beginnings, it has involved central state administration and local self-government (in its wider sense), although not to the extent that would allow us to say that the whole administrative system was being decentralized.

For the process of decentralization to run more efficiently and successfully, some recommendations for the future implementation may be obtained from the experiences gained in the preparation and implementation of the first phase of decentralization.

Some of those recommendations could be the following:

- 1) The individual ministries responsible for the areas where it is planned to carry out decentralization (whether it is intended to transfer tasks from the ministries to state administrative regional units or from the state administration to local self-government) should draft a document to define the basic elements of decentralization: its goals, methods and modalities of execution, concrete tasks with bearers and deadlines, as well as criteria for the assessment of results, i.e. of the achievement of the goals of decentralization. These documents should be proposed by responsible ministries and adopted by the Government of the Republic of Croatia and they should be an integral part of the development strategy of the Republic of Croatia.
- 2) A special co-ordinator should be entrusted with the task of supervising the decentralization process and co-ordinating the activities of relevant ministries. This person should have wide knowledge and experience and be actively involved in the implementation of decentralization in specific ministries, and at the same time this person should constantly unite and co-ordinate in operational matters the activities of various institutions, including all projects carried out either in co-operation with the bodies of state administration or independently.

In order to execute the above-mentioned tasks, no new organizational unit need be established, since the co-ordinator could be located in the Office for Strategy or alternatively be directly linked to the Deputy Prime Minister (who is in charge of decentralization).

- 3) The additional education of public officials should become a permanent activity as well as an obligation, both of state institutions (which must allow it) and of the officials themselves (who must undergo it as a precondition for the performance of certain tasks).
- 4) The implementation of each decentralization measure should be first well prepared in every available way: organizing seminars, preparing brochures, making available information and guidelines, etc. Several goals should be achieved by doing this: established solutions will be well fitted to practical needs, entities will be pre-trained to execute their tasks, political support for the adopted measures will be secured.

- 5) In order to improve the capacity of local structures to perform more and more tasks that are becoming increasingly complex, it is essential to intensify co-operation with non-governmental organizations capable of executing these, perhaps decisive, tasks.

These organizations could be entrusted with tasks of independent impact assessments of the implemented decentralization measures, in order to detect and remove difficulties and obstacles and possibly to make modifications in the implementation.

- 6) Particular attention should be devoted to areas that are not capable of executing their tasks (areas under special state protection, islands, etc.). Special measures should be proposed for the units in these areas, which would build their capacity to function independently and to implement to the largest extent possible the tasks within their competence. If the planned goals were not achieved within the proposed deadline, this would certainly show that organizational changes in the system would have to be made.

The above-mentioned recommendations are certainly not the only ones that could be given in order to secure the successful implementation of the decentralization process and to achieve the awaited results.

It is therefore essential to include in the process the largest number of entities possible (institutions and individuals), both from the administration (in the widest sense of the word) and from civil society, whose knowledge and experience would facilitate and accelerate this process.

The reform of any system in the direction of decentralization is politically always a highly sensitive process and is of a very complex nature. For this reason, the aptitude of institutions and individuals is of crucial importance.

The Croatian administration is capable of such a reform. However, in order to carry out this task successfully it has first to identify the limitations and obstacles that lie in wait, and find efficient ways to overcome them. This is the only way to bring to life any of the targets of decentralization.

## NOTES

- <sup>1</sup> The Official Gazette, No. 90/92.
- <sup>2</sup> The Act on the State Administration System, Official Gazette, No. 75/93, 92/96 (Article 31 of the Act Amending the Act on the System and Competence of the Ministries and State Administrative Organisations) and 48/99; the Act on the Government of the Republic of Croatia, Official Gazette, No. 101/98; the Act on the System and Competence of the Ministries and State Administrative Organisations, Official Gazette, No. 48/99; the Act on State Officials and Employees and on the Salaries of Bearers of Juridical Authority, Official Gazette, No. 74/94, 86/94 and 75/95.
- <sup>3</sup> The Act on Local self-government and Administration, Official Gazette, No. 90/92, 94/93, 117/93, 5/97 (Decision of the Constitutional Court of the Republic of Croatia), 17/99 (Decision of the Constitutional Court of the Republic of Croatia), and 128/99; the Act on the Territories of Counties, Towns and Municipalities in the Republic of Croatia, Official Gazette, No. 10/97, 124/97, 50/98 (Decision of the Constitutional Court of the Republic of Croatia), 68/98, 22/99, 42/99 (Decision of the Constitutional Court of the Republic of Croatia), 117/99 and 128/99; the Act on the Financing of the Units of Local self-government and Administration, Official Gazette, No. 117/93 and 69/97 (Article 28 para. 3 of the Act on the Tax on Trade in real-estate); the Act on Definition of Affairs within self-government Competence of the Units of Local self-government and Administration, Official Gazette, No. 75/93, later repeatedly changed through special laws defining specific administrative competencies.  
Local self-government is also defined by some other laws, which are outside the scope of this paper.
- <sup>4</sup> The Work Programme of the Government of the Republic of Croatia for the Period 2000–2004, Government of the Republic of Croatia, Zagreb, 8 February 2000, pp. 31–32.
- <sup>5</sup> The Regulation on the Office for the Development Strategy of the Republic of Croatia, the Official Gazette, No. 77/00.
- <sup>6</sup> All information on the Project and the integral texts of strategic documents for specific areas can be found at [www.hrvatska21.hr](http://www.hrvatska21.hr)
- <sup>7</sup> Issues of policy, and not of politics.
- <sup>8</sup> The Project can be found at [www.mrss.hr \(project/soc-zastita.htm\)](http://www.mrss.hr/project/soc-zastita.htm).
- <sup>9</sup> The Project ‘Decentralisation of Public Administration:’ Work Report for the Period from 1 September 2000 to 31 August 2001, and data from the CLC.
- <sup>10</sup> Amendments to the Constitution of the Republic of Croatia, the Official Gazette, No. 113/00, Arts. 66–71.
- <sup>11</sup> The Official Gazette, No. 33/01.
- <sup>12</sup> Each one of the above-mentioned acts was published in the Official Gazette, No. 59/01.
- <sup>13</sup> The Official Gazette, No. 59/01.
- <sup>14</sup> The Regulation and the above-mentioned decisions were published in the Official Gazette, No. 75/01.
- <sup>15</sup> The Law Amending the Law on Libraries, the Official Gazette, No. 104/00; The Law Amending the Law on Theatres, the Official Gazette, No. 127/00; The Law on Managing Public Institutions in the Area of Culture, the Official Gazette, No. 96/01.
- <sup>16</sup> The Official Gazette, No. 53/01.
- <sup>17</sup> The Act on the System of State Administration, the Official Gazette, No. 75/93, 92/96 (Article 31 of the Act Amending the Act on the System and Competence of Ministries and State Administrative Organisations), 48/99, 15/00, 127/00 (valid interpretation) and 59/01; the Act on the Government of the Republic of Croatia, the Official Gazette, No. 101/98 and 15/00; the Act on the System and Competence of Ministries and State Administrative Organisations, the Official Gazette, No. 48/99, 15/00 and 20/00 (correction); the Act on State Officials and Employees, the Official Gazette, No. 27/01.

- <sup>18</sup> Figures from the Ministry of Justice, Administration and Local self-government, November 2001.
- <sup>19</sup> The Act on Local and Regional self-government, the Official Gazette, No. 33/01 and 60/01 (valid interpretation); Act on the Territory of Counties, Towns and Municipalities in the Republic of Croatia, no. 10/97, 124/97, 50/98 (Decision of the Constitutional Court of the Republic of Croatia), 68/98, 22/99, 42/99 (Decision of the Constitutional Court of the Republic of Croatia), 117/99, 128/99, 44/00, 129/00 and 92/01; the Act on the Elections of Members of Representative Bodies of the Units of Local and Regional self-government, the Official Gazette, No. 33/01; the Act on Financing the Units of Local and Regional self-government, the Official Gazette, No. 117/93, 69/97 (Article 28 para. 3 of the Law on the Trade in real-estate), 33/00, 73/00, 127/00 (Article 172, para. 11 of the General Tax Act) and 59/01; the Law on the City of Zagreb, the Official Gazette, No. 62/01.
- <sup>20</sup> S. Ivanišević, Territorial Basis of Local and regional Self-Government with a Special Review of the Position of the City of Zagreb and Its Self-Governance, in the journal «Croatian Public Administration», 4, 2000, p. 586.

