

CROATIA: ADMINISTRATIVE REFORM AND REGIONAL DEVELOPMENT IN THE CONTEXT OF EU ACCESSION

Adrian Liviu IVAN
Claudia Anamaria IOV

Abstract

The analyses of researchers who manifested an interest in the study of the Balkan history and especially of the ex-Yugoslavian space always contained an exception: Croatia. Over the years it became more and more obvious that Croatia's destiny was a particular one and that this country would become a model of modernization for the other states in the region. For Croatia, the perspective of the European Union membership represents an additional driving force for reforms and modernization, requiring fundamental adjustments to the European governance principles and standards, as well as strengthening the administrative capacities, promoting horizontal decentralization and strengthening the role of local and regional self-government for the successful implementation of the "acquis communautaire" within a relatively short period of time. Missing the 2004 enlargement process, Croatia is today in a position to learn the lessons of that accession: not only how to negotiate but also how to implement necessary reforms in the best possible way.

Adrian Liviu IVAN

Professor, Faculty of History and Philosophy, Department of Contemporary History and International Relations, Babeş-Bolyai University, Cluj-Napoca, Romania
Tel: 0040-264-405.300
E-mail: adrian_ivan2007@yahoo.com

Claudia Anamaria IOV

MA Student, Department of Contemporary History and International Relations, Faculty of History and Philosophy, Babeş-Bolyai University, Cluj-Napoca, Romania
Tel.: 0040-747-817.226
E-mail: claudyayov@yahoo.com

1. Introduction

The year 2009 marked both 20 years from the fall of the Berlin Wall and Communism and five years since the EU began enlarging towards the Central and Eastern Europe states. For those states, which are not yet EU members, the accession perspective continues to represent the “vector” supporting their socio-economic reform programs which insures, more or less, a sense of peace, stability and modernization.

The EU enlargement process is nowadays taking place on a background of acute and extended recession which affects both the EU and the candidate states. Regional problems, bilateral disputes, the economic crisis should not affect the accession process, but the truth is that these issues have determined the EU to reconsider its capacity of expanding towards other European “problematic areas”. Despite all these, EU representatives reaffirm their commitment to the candidate states: “The enlargement strategy we present today is a demonstration of our commitment to the European future of the Western Balkans and Turkey. In these difficult times of economic crisis, the membership of Albania and Montenegro highlights our Union continuous power of attraction and our role in promoting stability, security and prosperity. Iceland’s application adds a new dimension to our enlargement agenda” (Olli Rehn – EU Commissioner for European Enlargement, 2010).

Among the candidate states, the Western Balkan states represent a particular challenge for the EU, first of all due to the necessity of implementing viable development policies in order to test the ground for a future possible accession to the EU and for maintaining the candidate states on the reform process path.

2. Administrative reform in the Western Balkan region

The states in the Western Balkan region, except Albania, are similar, but also different. They are connected through their conflictual past, their sinuous historical course, and their economical, political, social and cultural experiences - all of which have shaped their evolution and what they are today. In other words, their continuous division into smaller and smaller state formations proves the fact that the region is “a formation of states that share the same area without sharing the same space” (Delevic, 2007, p. 8).

Due to their historical evolution, the Western Balkan states had a weak institutional development and were rather inclined toward conflict. The historical inheritance strongly influenced their state organization, starting with the political-administrative institutions, the economical development and ending with citizen, minorities and human rights protection. The geographic position – always at “periphery” (Djuvara, 1999, p. 462) (at the periphery of the Byzantium Empire, of the Occident, of the Ottoman Empire, of the Islamic world and of the Russian influence space in Europe), represents one of the motives for which the Balkan area is characterized by a conglomeration of unfinished political, social, economical and cultural experiences. This explains the “forms without content” (Djuvara, 1999, p. 462) phenomenon in the region which further on determined its evolution untill nowadays.

Despite *inter* and *intrastate* differences, the destiny of these countries is “artificially” linked by the way they are being perceived at the international level. The projects and initiatives launched by the international community, which involve regional cooperation, are meant to help them exceed the problems of their shared past (armed conflicts, ethnic purification, refugees, post conflict reconstruction, the issue of surrendering war criminals), but at the same time they prepare them for the European future toward which the Balkans aspire. The situation is not simple though, since in the region there are still a series of problems – the memory of past conflicts, the violence which followed the breakdown of Yugoslavia, the high unemployment rate amongst the youths, the weak economic development, neglected road infrastructure, people trafficking, drugs, weapon smuggling and other types of organized crime – all of which block the Balkan states’ attempts to successfully accomplish the reform process, regional cooperation, modernization and NATO and EU accession process. The public administration reform is the domain in which the international community has invested the most in the Western Balkan states following actions taken for the post conflict reconstruction and repatriation of refugees.

The public administration reform registers different evolutions among the Balkan states, first of all because they find themselves in different stages of economic, political and institutional development. Secondly, the administrative reform is not “a native-born product” developed by the national, regional or local authorities, but it is rather an “international donors’ product” (European Bank for Reconstruction and Development, EU, and European Bank for Investments). Most of the time, these donors are tempted to import the efficient development models from other regions and to apply them to the current situation without creating, however, an administrative and coherent space in which the administration can develop. Sometimes the reform process has unrealistic expectations and omits the social part of the process for which the time for a reform implementation is measured in generations and not in short term project generating immediate effects. The reform efforts are also encumbered by the initiators’ lack of strategic vision along with the desire of introducing the modern ideas of the new public management in a context in which the administrative base is traditional, centralized, hyper politicized and hierarchical.

The public administration reform is not similar to the telephone system, where it is much easier to use a mobile telephone network than a landline telephone service. A nucleus is needed in the Western Balkans, a center to set the tone and to impose the rhythm for the reform process. Nowadays, this mobilizing force is located outside the region and it is represented by different international organizations or by the perspective of EU and NATO accession. In the region, the administrative reform implies a correlated work between technocrats, civil society (as beneficiaries) and private and public sector representatives (as service providers) under the strict supervision of the international community.

3. Croatia – historic evolution and the 2000 democratic turning point

The analyses of researchers who manifested an interest in the study of the Balkan history and especially of the ex-Yugoslavian space always contained an exception: Croatia. It became more and more obvious that Croatia's destiny was a particular one and that this country would become a model of modernization for the other states in the region.

Historically speaking, Croatia, even when part of Yugoslavia, wanted to be in the "European Club" which represented and still represents the "vector of change" for this country. The 1990s were difficult, the country fought for existence, international *reconnaissance* and democratic future. What did they receive instead? They were caught in a defensive war within its own borders while trying to safely pass the transition period in three fields: from a federal republic to a sovereign state, from a one-party system to a plural democracy and from a forecasted economy to a market one. During this period Croatians felt discriminated by the Western states which permanently criticized them for their exaggerated nationalism and marginalized them because of the "Balkan etiquette" (Peskin and Boduszynsky, 2003, p. 1125). Meanwhile the Croat writers tried to explain the situation in Croatia by invoking the armed conflict and the international community's incapacity, in general, and Europe's, in particular, to settle the conflict.

Since 2000 the internal situation of Croatia radically changed; Croatia has matured from the political point of view, it managed to reach the economic development standards which seemed impossible to reach 20 years ago and it started the negotiation process for EU accession. The year 2000 represented the turning point for Croatia; the successful formula of political, economic and social reforms rendered credibility to the Croatian state for starting the negotiations with the EU. Unlike the other Balkan states, Croatia had three advantages: "structural clarity, sustainable economy and especially it did not have major security problems" (Vlahutin, 2004, p. 23).

The change came to Croatia in January/February 2000 with the parliamentary and presidential elections, when the Croatian Democratic Union Party (HDZ) came to power along with a new coalition government ruled by Ivica Račan's¹ Social Democratic Party. This was the first Croatian coalition government in the history of this state. Stipe Mesić² was elected president over the HDZ candidate, being the first president without any political affiliations, therefore a president for all Croatians (he

1 Ivica Račan was born in a nazi camp in Germany. He was in a coma following a car accident in 1970, after which he had to learn how to walk, read and write all over again. He won the elections in 2000 with a non-nationalist coalition.

2 Stipe Mesić has a tumultuous past. He was imprisoned in the 1970s for contra-revolutionary instigations, for promoting liberal and nationalist oppositions against Belgrade centralism. After being released, he grew in the communist politics and in 1991 he became the last rotating president of Yugoslavia before its breakdown. He supported Tudjman and Croatia's declaration of independence and became his close counselor.

left the HDZ party one month before the elections). His impressive political past left little to suspect that he would become a convinced “democratic reformer” (Vlahutin, 2004, p. 24).

The new president and the prime minister opened the country to the West, they brought it into the NATO Partnership for Peace (PfP), they ended the press harassment, suspended the financial aid to Croatian separatists in Herzegovina, they promised to cooperate with the Hague International Criminal Tribunal for Former-Yugoslavia, they have launched economic reforms, started the decentralization and administrative reform process, and revived the tourism.

But the essential ingredient for change in Croatia, after 1999, was the Stabilization and Association Process launched in 2000. This revived Croatian domestic and foreign policy, ending with the Commission’s positive answer for starting the accession negotiation procedure initiated in April 2004 and followed in June by the decision of the European Council to offer Croatia the EU candidate status. It is a well-known fact that the accession promise was useful to the EU as a „tool for preventing conflicts and as a catalyst in the transition and development process which contained everything from democracy consolidation activities to economic reforms” (Vlahutin, 2004, p. 26).

The negotiations with EU regarding the conclusion of the Stability and Association Agreement started in the fall of the year 2000. Most of the Agreement was dedicated to stabilization issues and post conflict situation management: economic reconstruction, financial aid, repatriation of refugees, solving the collective memory problems. The part referring to the association was rather limited; but for that period, being nominated as a prospective member was the EU’s most ambitious policy toward Croatia. This agreement identified the Croatian priorities with regard to the EU accession: completion of the Copenhagen criteria – 1993³, the conditions imposed by the Association and Stability Agreement, The Zagreb Summit Final Declaration of 2000 and the Thessaloniki Agenda (Commission of the European Communities, 2004, p. 5).

The effort made by this state in the regional cooperation field – a necessary precondition for the accession of the Balkan states to the EU, was of a great importance. Croatia was the most active state within this program, first of all due to its advanced economic development and high level of internal stability in comparison with the other states in the area. This situation allowed Croatia individualization in the region and transformed it into a role model for the other countries following the road to the EU.

The accession negotiations have been opened based on the completion of the criteria imposed by the European Council of Copenhagen, also stipulated in the Charter of

3 “The Copenhagen criteria” that the candidate states must fulfil are: the stability of the democratic institutions, the rule of law, human rights and protection of minorities; the existence of a functioning market economy and the capability to cope with competitive pressure and market forces in the EU; the capacity of embedding all EU member obligations including those referring to political, economic and monetary union.

Fundamental Rights (Commission of the European Communities, 2004, p. 9). Croatia is a functional democracy, with stable institutions which guarantee the rule of law, with no major problems regarding human rights protection. Its institutions are functioning within the framework of their own competences through cooperation. The 2000 and 2003 elections were free and correct and the opposition plays an active role in the political field. Nevertheless, one must still work on the minorities' rights protection particularly regarding the Serb minority, the repatriation of refugees, on continuing the "war" against corruption (Commission of the European Communities, 2004, p. 16), on the public administration reform, on decentralization or on regional development. Croatia can also be considered as having a functional economy capable to cope with the pressure and the market forces in the EU, if it continues the reform programs for: improving market mechanisms, privatization, diminishing the unemployment rate, modernizing the agricultural sector, reforming the public finances sector and attracting direct foreign investments.

EU waits for Zagreb to continue the implementation of political and economic reforms, to respect democratic principles, human rights, fundamental liberties and the rule of law; to continue the cooperation with the Hague International Criminal Tribunal for Former-Yugoslavia, to progress in the judicial reform field, to fight against corruption, criminality, to successfully finalize the refugees' repatriation process.

The accession negotiations are in progress and, based on the last report issued by the European Commission regarding the progress made by Croatia, one can clearly observe that there is an advanced rhythm (European Commission, 2010, p. 3).

4. The Croat public administration reform between 1990 and 2000

After gaining the independence, a new semi-presidential republic was born based on the French model and a new Constitution. During this period, until "the democratic turnover" in 2000 and the administrative reform in 2001, the Croat administrative system can be described by four characteristics: statism, centralized system, excessive authoritarian politicization, and low levels of expertise, facilities and professionalism among the employees.

At the beginning of the 1990s, Croatia faced a series of special circumstances, considering its historical evolution, that slowed down the administrative reform process: the authoritarian political, economic and social system which this state has inherited from its past, the negative public perception on the public administration reform, the refugees problem and the war between 1992 and 1995 which caused loss of resources and human lives.

The political and democratic values were suppressed, and the justice was perceived merely as a political tool. The lack of coordination was compensated with ad-hoc or arbitrary political interventions. The political-administrative system was closed, rigid, bureaucratized and nontransparent (Kopric, 2001, p. 27).

In the 1990s the public administration and the governance system reform were not a priority on the national political agenda because they were exceeded in importance

by matters such as post conflict effects settlement, political stability, starting the economic development process and repatriating the refugees. The economic crisis, the high level of unemployment and the social movements were the most important problems (Alberti, 2007, p. 15) and they represented the reason for which little progress was made in creating a breach in the old nomenclature's system and in developing a modern administrative system able to facilitate the implementation of a democratic system in Croatia and the transition toward a market economy. The regime which came to power during the conflicts and the following years blocked the modernization process, the rule of law and facilitated the rise of an obscure culture along with the political demagoguery and corruption.

The local and regional reform took place in 1992-1993 with the help of the Law on Local and Regional Self-Government and other administrative regulations. The French model of state organization was transposed to the Croat state. The regional/county level – the middle level between the national authorities and the local ones – had the central role in this political-administrative model.

The purpose of the reform was to reduce the distance between the administrative decision factors and the citizens in order to settle the democratic deficit which characterized Croatia in the 1990s. In the same time, one sought to eliminate the previous communist practices, to support a more active involvement in identifying the local and regional problems by the citizens, to formulate adequate political-administrative solutions. But the first measures toward a real decentralization have not been implemented until 2001, despite this being an older idea among the political elites in the 1990s.

The first local elections took place in 1993 (for mayors) according to the new legislation, and in 1993 two laws were passed simultaneously: the Law on the State Civil Servants and Employees and the Law on the Salaries of the Civil Servants and Employees in Public Services. After these laws entered into force, the number of employees in different public sectors dropped (sports, culture, health, research) proportionally with the increase in the number of employees in other sectors (defense, police, justice, foreign affairs). A series of competent persons were fired and others hired on political or clientelism grounds (Kopric, 2001, p. 5). These measures were taken by the party in power, the HDZ⁴, in order to settle the military and economic crisis installed as a result of the war, but also in order to gain better control both at national and regional level through the loyal state employees.

5. The administrative reform program during 2000 and 2010

The year 2000 represented a turnover point for Croatia; the successful formula of the economic, political and social reforms managed to shape a possible model to follow by the Western Balkan states, but also a possible candidate for NATO and the EU.

4 HDZ-Croat Democratic Union Party created in 1989 by the Croat nationalist dissidents ruled by Franjo Tudjman

At the moment, the public administration modernization process in Croatia is based on two elements: the new public management doctrine and the good governance principle. Starting with 1980, the new public management doctrine has been very influential. It is oriented toward the market economy, developing the entrepreneurial behavior, reform process, increasing the professionalism level; generally speaking it represents: “transposing the values, practices and instruments from the private sector management into the public sector management” (Kopric, 2001, p. 8).

Here, the reforms target the structure and the functionality. This doctrine is widely spread across the USA, New Zealand, Great Britain, Australia and Canada. The main international organizations that guarantee the viability of implementing this doctrine in Croatia are: the World Bank, IMF, EU or UN. In time, these organizations, which monitored the reform implementation in the public administration field in Croatia, noticed the occurrence of some negative practices such as: lack of dialogue with the civil society, lack of transparency, corruption and they have, therefore, decided to introduce the good governance principle in order to fight against the illicit practices and to revive the reform process. The main targets are: an active involvement of the citizens in the public administration field, the promotion of transparency, efficiency and coherence in taking applicable and responsible measures. The citizens are considered to be an active part in the process of obtaining the final goals in the administrative field, for “all in all, good governance is [...] a combination of democratic and effective governance” (Kopric, 2001, p. 9).

Based on the two doctrines, in the accession process context, the Croat public administration has to reach two goals: the modernization and the europeanization.

The modernization implies profound changes of the structure, mechanisms and instruments used by the public administration in the framework of the new administrative tendencies. But, as the Croat public administrations has not fully fulfilled the standards of the Weberian organization model (well organized, with clear regulations, unipersonal governance, clearly specified hierarchy, high levels of professionalism, result orientated), one can identify a third objective for the Croat public administration: the administrative development based on the traditional model where the principles organizing the administrative system are both “traditional” and “new”. These principles are traditional - because they basically are the political-economic-administrative values identified at the basis of every democratic state, and new - because they received new valences in the Croat EU accession context. The principles, which become a priority in the EU accession framework and which are referred to in the Association and Stability Agreement, in the Conclusions of the Zagreb Council – 2001, or Thessaloniki – 2003, are the following: subsidiarity and decentralization; morality, impartiality and no corruption; quality of the public services; coordination, horizontal networking and computerization; entrepreneurship, competitiveness and market orientation.

On the other hand, the Europeanization of the Croat public administration process refers to reaching the development standards imposed by the EU accession process

and by the so-called “European administrative space” (composed of the common principles of public administration from the EU member states; an evolutionary process of the convergence between the national administrative laws and the administrative practices of the member states).

There is no ideal administrative organization at the European level that the candidate states can adopt and which stipulates the size, the structure or the organization of the public administration according to the state’s size or resources. Most of the times it is all about transferring the experience from the European level to the national, regional or local one, as generally accepted principles – such as transparency, decentralization or coordination principles.

The more the negotiation process with the EU is prolonged, the more the demands and the standards Croatia has to reach modify according to the development and the progresses registered in the construction of the Union. The convergence level changed from 1986 - when Portugal and Spain acceded to the EU – to 1995 when it was Austria, Finland and Sweden’s turn, as well as it changed in 2007 when Romania and Bulgaria acceded (Cardona, 2009, p. 4). These requirements will become more and more complex in the future, when other states (like Croatia or Turkey) will accede to the EU due to the challenges these countries will bring along with their history, their economic development level, geographical position, issues regarding the minorities’ treatment, human rights protection or their borders problems – all these aspects will need to be reflected in the Union’s general organization framework.

The perspective of EU accession represents the most successful instrument for stimulating the development and modernization of Croat public administration in comparison with other instruments used by the international community. If in the 1990s the administrative reform was not a priority on the Croat political agenda, in the last decade it became more and more obvious that this was not of secondary point, but a “necessary precondition” (Alberti, 2007, p. 15) for obtaining the intended results in other fields of development both at national, local and regional level.

The expectations regarding the role of the public administration in the modern society changed dramatically in the last ten years. The globalization, technological discoveries, communication channels, all contributed to both the revival of the social development process and the rise of a new perception regarding the administrative structures needed for a modern, transparent and efficient administration.

The traditional hierarchical model has lost ground against this new model based on negotiation, cooperation, dialogue, horizontal networking, and partnerships with the social actors and the NGOs in order to deliver quality public services to the citizens.

The review of the Constitution in November 2001 marks the beginning of the modernization and decentralization process of the Croat public administration. The amendments made to the Constitution in April 2001 (art. 66-71) created the necessary conditions for starting the decentralization process. The semi-presidential regime was replaced by a parliamentary one. The new amendments brought a series of changes such as: the introduction of the principle of subsidiarity and solidarity, the

introduction of the local and regional self-government principle, the administrative competences of the local and regional authorities have been extended and as well as the state's commitment to granting financial aid to the less developed areas. In this context, in June 2001 the Law on Local and Regional Self-Government enforced a gradual transfer of attributions from the central level toward the public administration at regional and local level, with respect to the decentralization process, in fields such as: education, health, social protection, urbanism and infrastructure.

The decentralization process is extremely slow as it implies a large number of ministries, departments and offices, and transferring a considerable amount of financial and human resources from the central level to the regional and local level. Until the administrative reform in 2000/2002, Croatia had 19 ministries, but after the reform their number decreased to 14. The large number of ministries is characteristic for the economic transition period. When a state's economy is underdeveloped there is a need for fragmenting the ministry portfolios in order to obtain a stricter evaluation and supervision.

The decentralization is based on the principle of subsidiarity defined in the Maastricht Treaty. After the Treaty entered into force (1993), the Croat government made some amendments to the Constitution through which it introduced the concept of "local self-governance" (Croat Constitution, art. 128-131).

Thenceforth, the administrative personnel statute was modified by the Law on State Public Servants and Employees (2001), whereby the Croat government aimed to: hire in the administrative system qualified personnel according to the job description, to unify the payment system for the public servants and other state employees so as to make the salary directly proportional with the quantity of the work and with its complexity.

In order to implement the decentralization process, the Croat government and the Open Society Institute concluded a Cooperation Agreement in November 2000, by means of which they have realized a project for decentralizing the public administration for three years. The project targeted the decentralization, but more importantly the introduction of a new communication channel between the local authorities and the citizens. It reaches several specific domains: the organization of the electoral system for the local elections, the administrative-territorial organization at the local and regional level, the regional and local authorities' competences and legal statute, the decentralization of the primary and secondary education, culture and health department, social services and insuring the sustainability at the local and the regional levels in order to implement the reform program.

The success of the reform process is conditioned by the existence of certain competences and managerial abilities which the public servants and employs at the local and regional level do not have, for they are more inclined to performing routine activities and are reluctant toward new administrative challenges or toward complex assignments which involve a high level of responsibility. This is the reason why the assistance from foreign experts or international organization is required. Professional

training programs have been initiated since 2000, mostly at the initiative of the international organizations and institutions in partnership with the Croat institutions at national, regional or local level, such as: the project “Croatia in the 21st century”, “the Fiscal decentralization project” – carried out by the Finance Ministry in partnerships with US AID and the Barents Group LLC (USA), “Croatian Local Government Reform Project” – directed by US Urban Institute, the professional training program “Local Democracy Embassy” – directed by the Council of Europe or the administrative reform project within the European Commission’ CARDS⁵ program. In 2003 almost 1.5 million € were invested through the CARDS program for the implementation of the decentralization process of the public administration in Croatia, with special attention to improving the quality of the public services at the local level.

All these attempts, even if some have failed, prove the constant preoccupation of the Croat government for reforming the public administration; but with no specialized human resources, no medium and long term coherent strategies, these processes can not have a successful outcome. The confusion came even from the terms and their meaning. We can choose for example the term “decentralization” which does not represent a purpose or a goal in itself, but an instrument for reaching a goal such as strengthening the democratic system, reducing the democracy deficit by bringing the decision making process closer to the citizens. In this context, the lack of a coherent and long term strategy raises some question marks regarding the efficiency of implementing the decentralization process.

We do not have to lose sight of the basic problem: at the local and regional level one needs financial resources in order to perform reform activities, and coherent development strategies in order to have sustainability (Lawrance, 2009, p. 7); but as the fiscal decentralization is at its beginnings, the local and regional authorities rely on the funds coming from the national level but especially on the funds coming from the international level, from the IMF, the World Bank or the EU. In this context, the decentralization and regional development process can be characterized by the “sticks and carrots” principle (Lawrance, 2009, p. 5), where the conditionality is represented by the “sticks” and the foreign funds injection, while pre accession funds and specialists represents the “carrots”. The missing element in this picture is the implementation and sustainability part of all reform projects, strategies and modernization in progress. The implementation part represents the key element which can determine, in the end, Croatia’s accession to the EU. In this respect, but also in order to accelerate the process, Croatia should abandon the “as soon as possible” reform policy and adopt the “as soon as ready” one (Ott, 2006, p. 2). In a context

5 CARDS (Community Assistance for Reconstruction, Development and Stabilisation). Through the CARDS program, Croatia received 262 millions of Euro. Between 2001 and 2004 the money were invested in the repatriation of refugees policies, sustainable development in different political and economic fields, social cohesion, justice reform, migration and asylum, the fight against organized crime, public institutions reform, environment and minorities.

where the accession negotiations are “asymmetrical” (Ott, 2006, p. 12) due to EU’s overwhelming attraction and negotiation force and the weakness of the candidate state in carrying out the required reform and development actions, Croatia’s haste to finalize the accession progress can affect in a negative way the administrative and the regional reform process. If these processes- motivated by the ambitious desire of settling the democratic deficit- are being conducted in a hurry, they can favor the spread of corruption, the abusive spending of public money without obtaining tangible results, and in extreme cases they can favor even the segregationist tendencies of some ethnic groups and thus generating an instability climate in the regions.

In the European Commission’s Report on the progresses made by Croatia in 2007, in the public administration and decentralization reform field, it is stipulated that both the towns and the districts are not yet sufficiently developed (from an economic, administrative or financial point of view) for coping with the new responsibilities and for implementing the proposed reforms. The Report identifies a series of factors which block the administrative reform in general such as: inadequate administrative-territorial organization, the lack of implementation mechanisms, the lack of an efficient local and regional management, poor professional performances from the clerks or the tendency to over-politicize.

Nowadays, Croatia is divided – from an administrative point of view – in 425 municipalities, 124 towns (including Zagreb which is both a town and a county) and 20 counties. This organization has been made without a previous analysis of the particularities and capacities each territory has in order to fulfill its obligations. The result was the fact that almost one third of these territorial units do not have the fiscal capacity or the competent human resources for implementing the reform process. Considering the heterogeneity of the natural, social, historical, economic and political factors, it is very difficult to offer clear solutions for identifying the optimal size for the local or regional territorial units.

Among all reform fields, the fiscal decentralization is the most difficult to obtain, due to the reduced fiscal capacities of one third of the territorial units, but also due to low levels of contributions these units have made to the state budget (only 10.32% compared to other states such as Poland with 28.8%, Hungary with 26.7% or the Czech Republic with 20.8%).

The human resource management in the public administration represents an urgent matter. The successful fulfillment of the reform program is also the result of some competent civil servants and employees.

The Revised Accession Partnership from February 12, 2008, stipulated among the main reform priorities “the quick adaptation and implementation of the general administrative reform framework” (European Commission, 2008, p. 6). In the text of the document this activity was detailed as having the following objectives: “the full implementation of the administrative reforms regarding the administrative procedures on administrative personnel recruitment, system depolitization and the transparency of the public activities” (European Commission, 2008, p. 24).

The steps toward achieving these are objectives slowed down by certain factors or stereotypes. An example would be the way in which the administrative sector is being perceived by the citizens: as an executive mechanism which implements obediently the political decisions. The population's cultural policy is weak, and its capacity of monitoring and analyzing is relatively low. The public opinion's perception regarding the public administration reform is a negative one; therefore there is a low support for a quality reform program.

To conclude, public administration reform is a complex process with far-reaching implications for the whole society. For Croatia, which is facing the huge task of implementing simultaneously the transition and European integration agendas, it is of vital importance to involve a greater number of actors whose input could facilitate and accelerate the whole process.

6. Decentralization and regional development

Even since the declaration of independence, and especially after the end of the war (1995), Croatia faced a series of problems in the regional development field, such as: socio-economic disparities between different regions, depopulated areas (caused by the homeland war), large number of refugees, neglected technological and transport infrastructure (UNDP, 1999, p. 48), lack of funds and qualified personnel for reform and modernization. In this context, the regional development policies "composed of a set of governmental measures targeting the economic growth support and the improvement of life conditions by valorizing the local and regional potential" (Frohlich, 2006, p. 5) are aimed toward the fulfillment of three primary objectives:

- Diminishing the development disparities among regions, with emphasis on a long term and equilibrated development, in order to prevent new asymmetry and to revitalize the under developed (under-privileged) areas;
- Integrating the sectorial policies at a regional level and stimulating the inter-regional cooperation with emphasis on a long term socio-economic development; and
- Preparing the necessary national institutional framework in order to meet the EU accession criteria and to access the structural and cohesion funds, after having obtained the member state status.

The implementation unit of the regional development policy is represented by the development region. Such an area is established after the voluntary association of several neighbor counties, without forming a territorial-administrative unit or having legal personality.

In April 2007, Eurostat announced the division of Croatia into three development areas following the NUTS II⁶ type:

6 EU Nomenclature of Territorial Units for Statistics - according to which regions are divided in 2 categories, according to their population: NUTS I – territories with a population between 3 to 7 million; NUTS II – territories with a population between 3 million to

- North- Vest Region formed by the Zagreb county and town, and the counties Krapina, Zagorje, Varazdin, Koprivnica, Krizevci, Medimurje;
- Central and Eastern Region with the counties: Bjelovar-Bilogora, Virovitica-Podravina, Pozega-Slavonia, Brod-Pasanina, Osijek-Baranja, Vukovar-Syrmium, Sisak-Moslavina;
- Coast Region/South Region (Croatian Adriatic) with the counties: Primorje-Gorrsiskotar, Lika-Senj, Zadar, Sibenik-Knin, Split-Dalmatia, Istria, Dubrovnik-Neretva.



Figure 1. The three Croat development areas

The Croatian regional diversity from economic, social, cultural and geographic point of view represents an extremely valuable treasure for the Croat economy, but unfortunately this advantage is not fully explored by the authorities. On the other hand, this regional diversity also has a series of disadvantages, mostly due to the communist political-administrative inheritance, the homeland war or the incoherent regional development strategies applied in the 1990s.

The situation has changed at the beginning of the EU accession negotiations, when these policies became a priority. The Union has greatly contributed to the post conflict reconstruction actions in the 1990s, but the coherent measures started to be applied only after 2000 (along with the democratic changes that took place in Croatia that year) with the CARDS programs, and after 2004 with SAPARD, PHARE or ISPA programs (all these being replaced by IPA in 2007).

800.000; NUTS III - territories with a population between 800.000 to 300.000. The administrative territorial division was made according to the EC Regulation No 1059/2003 of the European Parliament and of the Council from May 26, 2003 based on a common classification of the territorial units according to NUTS.

In order to launch a long term regional development program it is necessary to have a high level of commitment and cooperation among different institutions (both at national and regional level), among economic and social actors – even at the lowest level, where the individual is directly involved – a cooperation based on trust between state institutions and private economic agents. But in reality the inter-regional and inter-institutional cooperation is low; the idea of cooperating in order to find solutions to similar problems has no tradition here, and this affects a lot of fields such as the environmental domain, transport infrastructure, energy or social problems.

We are now witnessing a new approach in the Croat administrative, political and economic field, a new distribution of responsibilities between the regional and local level, turning away from the “Top-Down” approach to the “Bottom-up” one (Frohlich, 2006, p. 10), based on the subsidiarity and partnership model and which harmonizes the national priorities with the regional specificity.

In the annual European Commission’s reports on the progresses made by other states which acceded to the EU, a series of factor or premises have been identified, which favored the regional development. These new member states, which have been presented as positive models for Croatia, have formulated and implemented efficient policies, strategies and actions in order to settle the identified regional imbalances. They have taken actions toward specializing and flexibilizing the work force, developing transport and technological infrastructure, applying measures for long- term economic and social development, developing the SME sector, building a modern, competent and responsible administrative body (Frohlich, 2006, p. 2).

In this respect, and with the help of the European experts, the purpose of the national strategy regarding the regional development is to create the conditions necessary for the economic development, to reduce the regional imbalances, and to help the under developed regions.

Even though Croatia is relatively a small economy (compared to other EU states), it has a series of socio-economic development differences between its regions mostly due to its geographical location, but also to its conflictual past and the effects that emerged. There are certain areas with a high risk of instability which represents a priority point of interest for the state. These are the areas which were under occupation during the war, areas which have suffered great losses, and the under-developed areas (category which includes the hilly, mountain and coast areas, and the number one priority – the border areas).

The first two categories are the less developed areas from the economic and social point of view, with a high level of instability, neglected infrastructure and a very high unemployment rate, way above the state average.

The hilly and mountain areas have a “geographic handicap” (Frohlich, 1993, p. 12) due to its accidental relief which makes them unattractive for investors. The organization in scattered villages makes the access to public, social and medical services difficult. Due to under developed economical situation, to migration of youth to towns, these regions face population aging and an acute economic decline.

The coast areas are interlinked by the potential tourism exploitation, the need for a stable and diversified economic development based on natural and environmental resources, the need for developing a healthy infrastructure in order to attract foreign investments in the area. The coast area is “a very heterogeneous group” (Frohlich, 1993, p. 17) which coexists both in less developed areas and in very developed areas, such as Dubrovnik.

The border areas are the most sensible and problematic due to the large number of kilometers of border: 3,300 out of which 2,372 on land and 1,011 fluvial⁷, situation that imposes the necessity of a very good cross-border cooperation policy. For these regions, the Cross-Border Cooperation Program was initiated. This program unifies within the same political framework the advertising and cross-border cooperation activities at local and regional level, and the activities meant to facilitate the Croat regional and local products’ penetration in the European market. Considering the fact that 17 among the 20 Croat counties are border counties, the border issue is of national, local and regional concern, and it is a part of the National Strategy for Regional Development.

Besides the differences generated by the geographic position, there are other differences among the regions generated by the number of inhabitants, the GDP/capita, the unemployment rate, the life standards, the economic development, the opportunity for contracting co-financing projects in order to access pre-accession funds.

From the perspective of GDP/capita, the town of Zagreb and the county of Primorje-Gorski have the highest values; from the point of view of economic development and export rate, the town of Zagreb and Istria county are in the top of the list. They have the lowest unemployment rate. On the other hand, the lowest GDP/capita is registered in the following counties: Vukovar-Syrmium, Brod-Posavina, Požega-Slavonia, Sibenik-Knin, and Krapina-Zagorje” (Frohlich, 2006, p. 7). Only 5 counties have a GDP/capita over the average rate: Zagreb, Istria, Lika-Sey, Primorje-Gorsky and Kotar.

Croatia is characterized by a significant population concentration in several regional and macro-regional centers. The highest population density is registered in Zagreb, that has a population 7.5 times higher than the town in the second place – Medimurje and 15.5 times higher than the Croatian average (78,4 inhabitants/km²).

From the economical point of view, the income-generating activities are mainly concentrated in urban areas and in the surroundings. Significant discrepancies are also noticed in the unemployment rate at regional units’ level, where Istria has 8,8% unemployment rate, while Vukovar County registers a record value of 33,6% (Tondl, 2001, p. 42).

Despite the Croat authorities’ attempt to focus on the under-developed areas, the current development policy is quite fragmented with incoherent implementation

7 The longest border line is with Bosnia Hertegovina - 1,009 km, then with Slovenia - 667,8 km, Hungary - 355,5 km, Serbia - 317,6 km and Montenegro - 22,6 km.

strategies; this being the reason for which they did not manage to reach their anticipated results. The regional development policy oriented mainly toward the under-developed, problematic and unstable regions has been replaced in the last years with a complex regional policy which can cope with different regional needs according to their development degree. The main document regarding the Regional National Programming politics within the EU accession framework is the National Development Plan, which includes the prior strategies for regional and sector development. The National Plan has been drafted based on the Regional Development Plans and it reflects the National Development Strategy and the Operational, Regional and Sectorial Programs.

The National Development Plan (NDP) rediscusses the inter-ministerial cooperation and coordination mechanisms by establishing models and common management, reporting and implementation strategies and by consolidating the evaluation and monitoring independent system.

After the accession negotiations have started, the regional development policy became a priority for the government, and it started to be perceived as being an essential part of the National Development Strategy. The NDP tries to offer more efficient mechanisms and instruments for achieving a long-term socio-economic development in all the regions in the country. In this regard it supports the concrete activity of the national, local and regional level institutions. NDP has identified several priority development axes around which it has built the objectives, the measures and the projects referring to the regional and sector development programs. These axes are: improving and developing the transport and technical infrastructure, supporting the private initiatives, the SME initiatives and their competitiveness in the economic field, developing the production sector, environmental protection, increasing the employees' professionalism, increasing the force labor and its capacity to adapt to the market demands; supporting the agriculture and rural developments, providing support for a long-term and equilibrated regional development, and stimulating the research and innovation programs.

In 2006, the Croat government adopted the Framework Development Document for the period 2007-2013, that comes to complete the NDP. This document intends to improve the regional development process by offering the necessary instruments for completing the management, monitoring and evaluation plans, for avoiding new economic imbalances, for reviving the slow development areas while sustaining the development rhythm in the developed ones.

The Ministry of Maritime Affairs, Tourism, Transport and Development is the competent institution at national level, responsible for the implementation of the regional development policy.

The pre-accession instruments – which are representative for the regional policy – in the Central and Eastern European states are: ISPA- for environmental affairs, infrastructure and transport, SAPARD – for agriculture and rural development, PHARE – for institution set up, economic and social cohesion – all these replaced since 2007 with IPA; and the CARDS program. PHARE took in charge the efforts for setting up

the necessary institutions and the cross-border cooperation issues, program started with the help of CARDS, and continued to finance Croatia in the good neighboring programs. Both ISPA – involved in the environmental and transport infrastructure affairs, and SAPARD – involved in the rural development issues, have introduced new assistance elements in the EU pre-accession context by financing the actions and investments which have not been initially covered by the CARDS program.

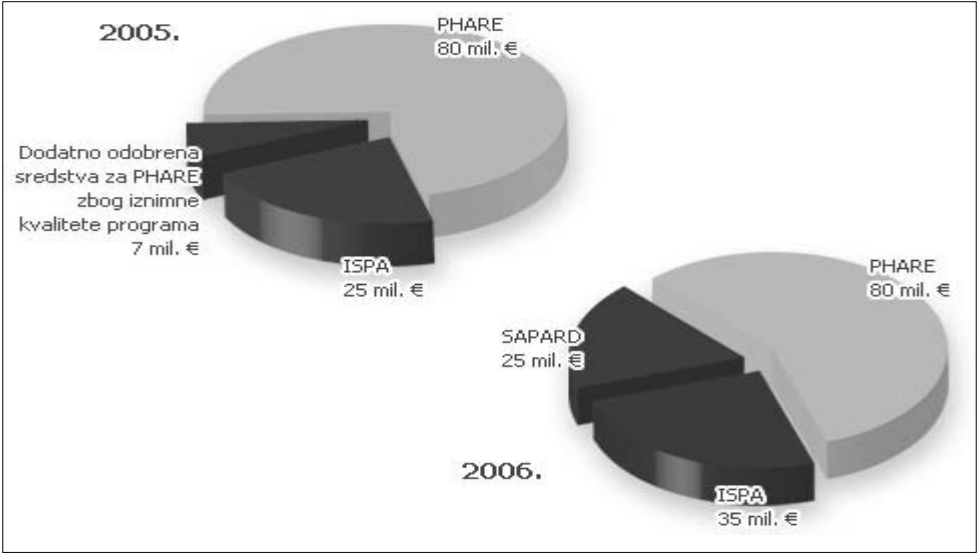


Figure 2: ISPA, SAPARD, PHARE Programs for Croatia 2005-2006

The objective of the EU pre-accession assistance is to help the candidate state to fulfill the political, economic and social accession criteria. The main challenge for Croatia for the following period will be the consolidation of the progresses achieved, the acceleration of the reforms especially in the judicial and public administration field, the fight against corruption and the acceleration of rhythm imposed for the economic development.

Between 2000 and 2006 the CARDS priority was to diminish the existing regional imbalances, to support the under-developed regions, to implement the long-term development project for the areas affected by the war and the rural and insular areas, to decentralize and consolidate the attributions of the regional and local authorities (CARDS Programs for Croatia, 2005, p. 9).

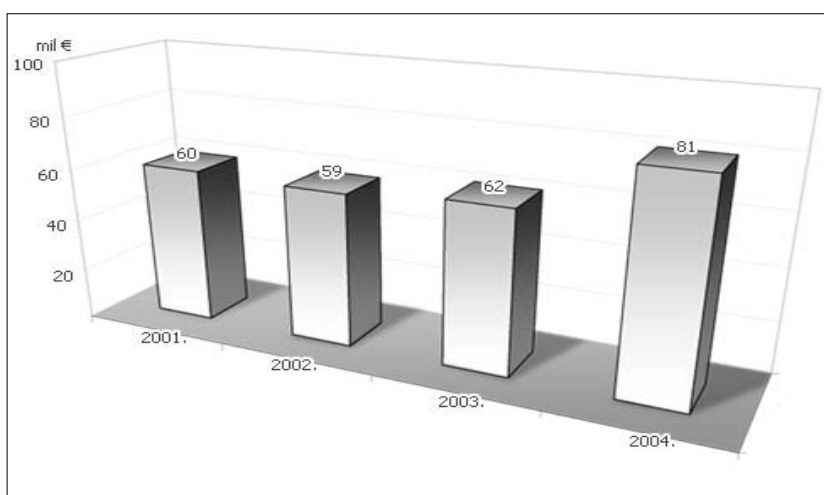


Figure 3: The CARDS Program for Croatia 2001-2004

For the period 2007-2013, these programs have been replaced with the IPA program which targets four intervention fields: assistance for overcoming the transition period, institutional reform, cross-border cooperation and rural development.

Since 2008, the regional development problems have been handled by IPA and they benefit from the largest amount of funding coming from the EU. The funding granted to the candidate states through IPA were in 2007 of 1255,2 million Euro and for 2010 it grew to 1621,7 million Euro. The largest part of the funding through IPA goes to Turkey and Serbia.

In these conditions, Croatia should speed up a little the reform process, in order to finalize as soon as possible the accession process. Croatia, as well as Slovakia, as a candidate state, aligns to the “country in a hurry” typology, where there is no place for hesitations and delays if it wants to create a modern administrative system and a coherent regional development policy. The development and modernization process is in the same time a process which must find the answer to a series of questions: “When? How? What? Who?”. By finding the answer to these questions Croatia must try to establish a connection between the development and reform needs and the actual capacities of the country.

7. Conclusions

The complexity of the reforms imposed by the accession process usually overburdens the national system, making the modernization and economic, politic, financial and administrative development very difficult both at national and regional level. In order for the process to succeed, it is necessary to have cooperation between the non-governmental actors and the private sector. The public administration reform is a process that covers the entire civil society in its whole complexity, being more like a social process which takes place over generations. The experience of other

states which have acceded to the EU shows that the successful implementation of a public administration reform takes years, usually more than a political mandate. After having made the first steps – the basic reforms – a continuous effort is needed in order to maintain a successful program regarding both the administrative reform and the regional development.

According the Annual Progress Reports, Croatia proved to have the capacity of assuming its obligations as a candidate state, but there is still a long road ahead regarding the modernization and reform of the administrative structure and the other changes it must undergo for adopting the community *acquis*.

The final objective of the reforms is to bring the citizens closer to the decision-making process, to have greater citizen participation, and a more comprehensive meeting of needs with the ultimate result being the reduction of the concentration of political power in the central government of the state and to reduce the democratic deficit.

The perspective of EU membership is a crucial engine that helped the country pass through its ‘democratic catharsis’ and reach standards of democratic development that had been almost unthinkable less than ten years ago.

References:

1. Alberti, A., ‘Challenges and Priorities in Reforming Governance and Public Administration in the Middle East, Northern Africa and Western Balkans’, DPADM Discussion Paper, Fatna Sayed, United Nations, New-York, August, 2007.
2. Cardona, F., ‘Integrating National Administration into the European Administrative Space’, Conference on Public Administration Reform and European Integration, Budva, Montenegro, March 26-27, 2009, SIGMA, [Online] available at <http://sigmaweb.org>, accessed on February 16, 2010.
3. ‘Croatia in the 21th Century’, [Online] available at www.hrvatsha21.hr, accessed on July 12, 2009
4. European Commission, ‘Strategy Paper of the European Commission on Progress in the Enlargement Process’, COM(2004)657 final, Brussels, 2004, [Online] available at http://www.ena.lu/strategy_paper_european_commission_progress_enlargement_process_october_2004-020005679.html, accessed on April 23, 2010.
5. European Commission, ‘Council Decision on the Principles, Priorities and Conditions contained in the European Partnership with Croatia’, Brussels, 2004, [Online] available at http://www.mvpei.hr/ei/Download/2004/06/01/part_croat.pdf, accessed April 23, 2010.
6. European Commission, ‘Croatia 2009 Progress Report’, Brussels, 2010, SEC (2009)1431 [Online] available at <http://www.ec.europa.eu/en.html>, accessed April 23, 2010.
7. Djuvara, N., *Civilizații și tipare istorice*, București: Humanitas, 1999.
8. Delevic, M., ‘Regional Cooperation in the Western Balkans’, *Chaillot Paper*, no. 104, Institute for Security Studies European Union, Paris, July, 2007, [Online] available at <http://www.iss.europa.eu/chaillot/chail104.pdf>, accessed on February 16, 2010.
9. Frohlich, Z., ‘Croatian Regional Strategy in the Framework of the EU Accession Process’, Zagreb Chamber of Economy, 46th Congress of the European Regional Science Association, Volos, Greece, 30 August-3 September 2006.

10. Frohlich, Z., 'The Classic Aspects of Regional Development in Croatia', in *Development Strategies in the Alpine-Adriatic Region*, Centre for Regional Studies, Hungarian Academy of Science, Pecs, 1993.
11. Kopric, I., *Priority Areas in Reforming Governance and Public Administration in Croatia*, Zagreb: Intra Doc Groups, 2001.
12. Lawrance, R., 'Capacity Building in Central and Eastern Europe: Institutional Adaptation, Elite Creation or Neo-Colonialism?', Draft Paper for UACES Conference, Angers, 2009.
13. Ott, K., *Croatian Accession to the European Union: the Challenges of Participation*, Zagreb: Institute for Public Finance, 2006.
14. Peskin, V. and Boduszynsky, M. P., 'International Justice and Domestic Politics: Post Tudjman Croatia and the International Criminal Tribunal for the Former Yugoslavia', 2003, *Europe-Asia Studies*, vol. 55, no. 7, pp. 1117-1142
15. Rehn, O., EU Commissioner for Enlargement, Press Conference 'The EU Enlargement Process: A Year of Progress in the Western Balkans and Turkey', Brussels, 21.02.2010, [Online] available at <http://www.ec.europa.eu/en.html>, accessed on April 24, 2010.
16. Strategy and Capacity Building for Regional Development, CARDS Programme for Croatia, Analyzing Section for Strategy, Zagreb, 2005.
17. The Constitution of Croatia, Law on Local and Regional Self-Government, April 2001, [Online] available at <http://www.hrcak.srce.hr/file/74921.html>, accessed on July 12, 2009.
18. Tondl, G., *Convergence after Divergence? Regional Growth in Europe*, New-York: Springer Verlag Wiev, 2001.
19. UNDP, Human Development Report, Zagreb, Croatia, 1999.
20. Vlahutin, R., 'The Croatian Exception', Chaillot Paper: The Western Balkans Moving on, no. 70, Institute for Security Studies, European Union, Paris, 2004.