

General Principles and Challenges of Public Administration Organization in Croatia

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ABSTRACT

Public administration in Croatia has been fraught with organizational, political and personal challenges, which are gradually being addressed, particularly through accession to the European Union. Additionally, new reforms have been included in the current (2022–2027) National Plan for Public Administration Development, while the novel concept of wages was introduced in public services. The Constitution distinguishes between State and local authorities by limiting State authority to the right to self-governance. It also establishes mutual relations between the Parliament, government and State administration, as well as local and regional self-governments. Public administration in Croatia can be categorised into State administration, local and regional self-governments, and numerous entities with public authority. A majority of public services can be considered a part of public administration, although employees are not ‘real’ civil servants; they are ‘ordinary’ employees with a rather unique status. The State administration comprises two types of organizational units: ministries and State administrative organizations. Local and regional self-governments comprise municipalities and towns (local) and counties (regional), with local self-governments being particularly fragmented. An important aspect of public administration is the presence of legal entities with public authority, such as public institutions and regulatory agencies, which are *sui generis* legal forms.

KEYWORDS

public administration, organization, reforms, State administration, local and regional self-governments

1. Basic social, geographical and economic overview

The Republic of Croatia, an independent parliamentary republic since 1991 (internationally recognised in January 1992), is a Mediterranean and Central European country bordering Slovenia to the west, Hungary to the north, Serbia, Bosnia, Herzegovina and Montenegro to the east, and Italy to the south. Its territory spans 56,594 km² (ranked 19th in size among European Union (EU) countries) and its capital is Zagreb. According to its internal setup and Constitution, Croatia is a unitary state; however, its power is limited by its right to local self-governance. In the Republic of Croatia, laws (legislative acts) must conform to the Constitution, while other rules and

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regulations must adhere to the Constitution and law. Citizens are required to abide by the Constitution and law, and respect the legal order of the Republic of Croatia.

Croatia has two levels of local power, with the local self-government organized as a two-tier system; the first level includes municipalities and towns and the second represents counties. Overall, there are 20 counties (*županije*), 428 municipalities (*općine*) and 127 cities (*gradovi*), representing 576 units of local and regional self-governments. The law provides for the possibility of transfer of functions and competences between levels (upward and downward), thus offering flexible governance. Municipalities may acquire competences of the county but can also transfer their competences in the opposite direction.¹

The Republic of Croatia is established as a nation-State, representing the Croatian nation and the State comprising members of national minorities: Serbs, Czechs, Slovaks, Italians, Hungarians, Jews, Germans, Austrians, Ukrainians, Rusyns, Bosniaks, Slovenians, Montenegrins, Macedonians, Russians, Bulgarians, Poles, Roma, Romanians, Turks, Vlachs, Albanians, among others, who are its citizens; it has a total of 6,757 settlements. These minorities are guaranteed equal rights with citizens of Croatian nationality, including the exercise of national rights in compliance with the democratic norms of the United Nations and countries of the free world (Part I of the Croatian Constitution – Historical Foundation).

Croatia has 3,871,833 inhabitants, of which 1,865,129 are males (48.17%) and 2,006,704 are females (51.83%), according to the last census (2021).² In the last 150 years, several factors have influenced population development, with the most important being continual, occasionally intensive, emigration to European and more distant destinations, the two world wars and the Homeland War.³ Another demographic characteristic is the unequal distribution of the population, with almost two-thirds living in slightly more than one-third of Croatia's territory. The population is significantly concentrated in the capital city of Zagreb, where 19% of the country's population lived in 2021, and has exhibited increasing population density for several decades. The smallest concentration is in the county of Ličko-senjska, where only 1.1% of the population lives, and population density has been declining in the last 30 years.⁴ Croatia has one of the most marked and longest traditions of emigration among European countries, representing more than two-and-a-half million diaspora worldwide, including original émigrés and their descendants.⁵

According to the 2021 census, the share of Croats in the national population structure is 91.69%, Serbs 3.20%, Bosniaks 0.62%, Roma 0.46%, Italians 0.36% and Albanians 0.36%, while the remaining minorities comprise less than 0.3% of the population. Regarding religious affiliation, there are 78.97% Catholics, 3.32% Orthodox

1 Škarica, 2020, p. 217.

2 Državni zavod za statistiku, 2022.

3 The Miroslav Krleža Institute of Lexicography, 2024, p. 14.

4 The Miroslav Krleža Institute of Lexicography, 2024, p. 15.

5 The Miroslav Krleža Institute of Lexicography, 2024, pp. 85–87.

Christians, 1.32% Muslims, 4.71% non-believers and atheists, while 1.72% opted not to disclose their religious affiliation.⁶

After overcoming the immediate challenges surrounding the Homeland War, Croatia transitioned into a phase of augmenting its Gross Domestic Product (GDP). In 2003, GDP reached pre-war levels (USD 24.8 billion, 1990), and continued rising until 2008, before it fell and stagnated. In March 2018, Croatia was identified as having excessive macroeconomic imbalances linked to high levels of public, private and external debt, all largely denominated in foreign currency, in a context of low potential growth. In 2018, Croatia's GDP per capita relative to the EU average remained at levels present ten years earlier.⁷ However, in 2022, GDP growth was 6.2%, inflation 10.7%, unemployment 7.0%, general government balance (% of GDP) 0.4, gross public debt (% of GDP) 68.4 and current account balance (% of GDP) -0.2.⁸ Croatia has significant regional disparities, with GDP levels varying significantly across counties, particularly between the capital city and rest of the country. Zagreb accounted for 34% of national GDP in 2018, although it accounted for only 19.4% of the country's population, according to latest census data. GDP per capita data demonstrated that a majority of the country's population (67%) lives in areas with a GDP per capita below 60% of the EU average. In 2020, Zagreb's GDP per capita was 118% of the EU average, compared to 36% for counties in eastern Croatia.⁹

2. Public administration and constitutional order

The Croatian Constitution includes numerous norms that refer to and establish constitutional position of public administration, which will be analysed infra. However, there are other constitutional norms that determine the functioning of the State and public administration, and establish certain principles for public administration in the broader sense: principle of legality (Article 5¹⁰), principle of equality in front of the

6 Državni zavod za statistiku, 2022.

7 Ofak, 2020, p. 23.

8 European Commission, 2024. According to data from Eurostat and the Croatian Bureau of Statistics, Croatia recorded a government debt of 85.1% of the country's GDP in 2014. Government debt to GDP in Croatia averaged 51.72% from 2002 until 2014, reaching an all-time high of 85.1% in 2014 and a record low of 36.3% in 2002. Until the COVID-19 pandemic, the debt had been on a decline, driven by both strong GDP growth and reduction in headline deficit. The government debt ratio was estimated to have dropped to 71.3% in 2019. Ofak, 2020, p. 24.

According to current data from the Croatian Bureau for Statistics, the rate of unemployment stands at 5.8%, inflation at 7.3%, average gross salary at 1,590 euros and GDP growth at 2.7%. (Godina Hrvatske Statistike, 2024).

9 European Commission, 2022.

10 'In the Republic of Croatia, laws shall comply with the Constitution. Other regulations shall comply with the Constitution and law.

All persons shall be obliged to abide by the Constitution and law and respect the legal order of the Republic of Croatia'.

law (Article 14, paragraph 2¹¹), right to protect personal data (Article 37¹²), freedom of expression (Article 38, paragraphs 1 & 2¹³), right to access information (Article 38, paragraph 4¹⁴), right to participate in public affairs made to be granted access to public services (Article 44¹⁵), right to send petitions and complaints and suggestions to State bodies (Article 46¹⁶), right to referendum (Article 87¹⁷) and right to submit a complaint to the Ombudsman (Article 93, paragraph 2¹⁸).¹⁹

The Constitution also prescribes that the organization, responsibilities and operation of the State administration shall be regulated by law. Certain responsibilities of the State administration may be entrusted by law to bodies of the local and regional self-government, and legal persons vested with public authority. The status of civil servants and labour laws concerning government employees shall be regulated by law and other regulations (Article 114).

It is also worth noting that Article 3 includes the highest constitutional values of constitutional order of the Republic of Croatia: freedom, equal rights, national and

11 'All persons shall be equal before the law'.

12 'The safety and secrecy of personal data shall be guaranteed for everyone. Without consent from the person concerned, personal data may be collected, processed and used only under the conditions specified by law. Protection of data and monitoring of the operations of information systems in the State shall be regulated by law.

The use of personal data contrary to the express purpose of their collection shall be prohibited'.

13 'Freedom of thought and expression shall be guaranteed.

Freedom of expression shall particularly encompass freedom of the press and other media, freedom of speech and public opinion, and free establishment of all institutions of public communication'.

14 'The right of access to information held by any public authority shall be guaranteed. Restrictions on the right of access to information must be proportionate to the nature of the need for such restriction in each individual case and necessary in a free and democratic society, as stipulated by law'.

15 'Every citizen of the Republic of Croatia shall have the right, under equal conditions, to participate in the conduct of public affairs and access to public services'.

16 'Everyone shall be entitled to file petitions and complaints and submit proposals to State and other public bodies, and to receive responses thereto'.

17 'The Croatian Parliament may call a referendum on proposals to amend the Constitution, a bill or any such issue as may fall within its remit'.

The President of the Republic may, at the proposal of the Government and with the countersignature of the Prime Minister, call a referendum on a proposal to amend the Constitution or any such issue as he/she may deem to be of importance to the independence, integrity and existence of the Republic of Croatia.

The Croatian Parliament shall call referenda on issues specified in paragraphs (1) and (2) of this Article in accordance with law, when so requested by 10% of the total electorate of the Republic of Croatia.

At referenda, decisions shall be made by a majority of voters taking part therein.

Decisions made at referenda shall be binding.

A law shall be adopted on referenda. Such law may also stipulate conditions for holding consultative referenda.

18 'Everyone may lodge a complaint to the Ombudsman if he/she deems that his/her constitutional or legal rights have been threatened or violated as a result of any illegal or irregular act by State bodies, local and regional self-government bodies and bodies vested with public authority'.

19 See Koprić et al., 2021, p. 182.

gender equality, peacemaking, social justice, respect for human rights, inviolability of ownership, conservation of nature and environment, rule of law and democratic multiparty system, forming the basis for interpreting the Constitution. The rule of law should be particularly highlighted as it is also achieved by the basic provision of Article 5 (principle of legality). This suggests that all are required to abide by the law—citizens are allowed to act when not prohibited, but the State is allowed to do only what is explicitly allowed under law.²⁰

In the Croatian constitutional order, the State is organized on the principle of the separation of power to legislative, executive and judicial branches, and is limited by the constitutionally-guaranteed right to local and regional self-governments (Article 4, paragraph 1). However, constitutional principle of separation of powers encompasses forms of mutual cooperation and reciprocal checks and balances, under which there is no ‘supreme’ power among the three State bodies and all are equal, within the frame of its limited powers and bound by the Constitution.²¹ It is worth noting that the Constitutional Court, which is called an ‘inter power’, ‘oversight power’, ‘guardian of the Constitution’, controls all State powers, with its jurisdiction established by the Constitution and constitutional law of equal legal force.²² The Court manages all public bodies in Croatia, as everyone is entitled to claim that their constitutional rights have been violated by an individual act and lodge a constitutional complaint. Therefore, every individual act of a public body can be challenged before the Constitutional Court after exhaustion of available regular legal remedies. It is safe to say that the Constitutional Court’s influence on public administration has been significant in the last 30 years.

According to the Constitution, the key influence on public administration, especially the State administration, lies with the Croatian Parliament (Parliament) as legislative power, the President of the Republic (President) and the government of the Republic of Croatia (Government) as the executive branch of power. The Parliament has between 100 and 160 members (151 currently) elected on the basis of direct, universal and equal suffrage by secret ballot (Article 70), with its jurisdiction prescribed by Article 80 of the Constitution.²³

20 Smerdel, 2013, p. 183.

21 Smerdel, 2010, p. 19.

22 Smerdel, 2013, p. 283.

23 ‘The Croatian Parliament shall:

- decide on the adoption of and amendments to the Constitution;
- adopt laws;
- adopt the State budget;
- decide on war and peace;
- adopt documents expressing the policy of the Croatian Parliament;
- adopt the National Security Strategy and Defence Strategy of the Republic of Croatia;
- exercise civilian oversight of the armed forces and security services of the Republic of Croatia;
- decide on alterations of the borders of the Republic of Croatia;
- call referenda;
- conduct elections, appointments and dismissals in conformity with the Constitution and law;

The Parliament provides certain powers to the State administration: normative, organizational, personal, economic and supervisory.²⁴ The normative instruments include the Constitution, laws and other acts of Parliament (e.g. strategies). Organizational instruments represent the power of Parliament to establish and abolish bodies of State administration and determine their jurisdiction, as the Constitution prescribes that organization, responsibilities and the operation of State administration shall be regulated by law (Article 114, paragraph 1). Personal instrument relates to authority to appoint and dismiss officials and foremost ministers as members of the government, who are also heads of ministries as bodies of State administration. Economic instruments are primarily related to the State budget, which finances all State administrations, while supervisory instruments concern the *ex-post* political control of the Parliament of State administration.²⁵

The President is a prominent political and constitutional figure in the Croatian constitutional system, elected directly by a secret ballot on the basis of universal and equal suffrage for a term of five years, so he has immense political legitimacy prescribed under Article 98.²⁶ Although Croatia abandoned the 1990–2001 semi-presidential position of the President and adopted the parliamentary republic model, it nevertheless has, according to the Constitution, certain important powers with regard to public administration. Essentially, the Constitution prescribes that the President ‘shall ensure the regular and balanced functioning and stability of State authority’ (Article 94, paragraph 2) and that he/she is ‘responsible for the defence of the independence and territorial integrity of the Republic of Croatia’ (Article 94, paragraph 3.) The President plays an important role in foreign affairs and defence, and can also entrust the mandate to form the government to an individual who, based on the distribution of seats in the Croatian Parliament and completed consultations, enjoys the confidence of the majority of all Members of Parliament (Article 98). He/she (shared authority with the government) decides on the establishment of diplomatic missions and consular offices of the Republic of Croatia abroad, and makes decisions on the appointment and recall of the heads of diplomatic missions of the Republic of

- supervise the work of the Government of the Republic of Croatia and other holders of public office reporting to the Croatian Parliament, in conformity with the Constitution and law;
- grant amnesty for criminal offences; and
- perform any such other tasks as may be specified by the Constitution’.

24 Smerdel, 2013, p. 183.

25 Smerdel, 2013, p. 183.

26 ‘The President of the Republic shall:

- call elections for the Croatian Parliament and convene its first session;
- call referenda in conformity with the Constitution;
- entrust the mandate to form the Government to a person who, based on the distribution of seats in the Croatian Parliament and completed consultations, enjoys the confidence of the majority of Members of Parliament;
- grant pardons;
- confer decorations and awards specified by law; and
- perform any such other duties as may be specified by the Constitution’.

Croatia abroad (Article 99²⁷). He/she is also Commander-in-Chief of the Armed Forces of the Republic of Croatia (Article 100). The President (also shares authority with the government) has the authority to appoint the heads of security services (Article 103).

The 'Prime Minister-Designate', with the mandate provided by the President to form the government, is obliged to present its policies to the Parliament and seek a vote of confidence immediately upon forming the government, or within 30 days of the mandate. The government shall assume office when a vote of confidence is passed by a majority of members of the Croatian Parliament.²⁸ Although constitutionally it is not the case, the Croatian government is the most important branch of power, as it comprises the parliamentary majority. It can be said that Croatia now has, not *de iure*, but *de facto*, a chancellor system.²⁹ However, it is unrealistic to believe that the majority in Parliament will provide good foresight to the government.

Smerdel argued that it is important to further develop, and not change the relatively efficient system of checks and balances, where the competition between the President and Prime Minister in certain especially sensitive areas of competence in a certain measure serves as a supplement for an almost complete absence of parliamentary oversight.³⁰

It is important to highlight the government and its relationship with public administration, especially towards State administration, given that the government represents the political and administrative leadership of State administration.³¹ Essentially, the government exercises its executive power in accordance with the Constitution and law, determining, directing and coordinating enforcement of policies and programmes. To enable this, it also proposes and enacts strategies, provides directions, introduces acts and enforces other measures required to determine relations in the area of its jurisdiction.³² The government is accountable to the Parlia-

27 'The President of the Republic and the Government of the Republic of Croatia shall cooperate in the formulation and implementation of foreign policy.

The President of the Republic shall, at the proposal of the Government and with the countersignature of the Prime Minister, decide on the establishment of diplomatic missions and consular offices of the Republic of Croatia abroad.

The President of the Republic shall, at the proposal of the Government and subject to the opinion of the relevant committee of the Croatian Parliament and prior countersignature of the Prime Minister of the Republic of Croatia, make decisions on the appointment and recall of the heads of diplomatic missions of the Republic of Croatia abroad.

The President of the Republic shall receive letters of credence and letters of recall from heads of foreign diplomatic missions'.

28 If the Prime Minister-Designate fails to form a Government within 30 days of accepting the mandate, the President of the Republic may extend the mandate for an additional 30 days. If the Prime Minister-Designate fails to form a Government in such an extended period or if the proposed Government fails to secure a vote of confidence from the Croatian Parliament, the President of the Republic shall confer the mandate to form a Government to another person (Article 109a).

29 See Smerdel, 2010, p. 28.

30 Smerdel, 2010, p. 41.

31 Koprić et al., 2021, p. 186.

32 Koprić et al., 2021, p. 186.

ment as it supervises its work, as well as other holders of public office reporting to the Parliament (see Article 80).³³

As mentioned earlier, the government has different jurisdictions and instruments of influence towards the State administration.³⁴ It enacts normative acts through which laws are complemented, administration is specifically directed or other purposes are achieved; the most important among this is regulation, although it also includes decisions, conclusions, and so on.³⁵ Personal jurisdiction is related to the appointments and dismissals of officials and leading civil servants,³⁶ while organizational instruments determine principles for internal organizations as well as office operations of all State administration bodies that are regulated by the government. Economic instruments relate to the control of administrative financing, as the government proposes the distribution of budgetary funds. As a supervisory authority, the government coordinates and supervises the performance of the State administration. The government's actions relate to the direction of work and actions of the administration (determining principles binding the administration, allocating concrete assignments to bodies of State administration, and so on).³⁷ It is also worth noting that the administrative apparatus is directly subordinate to the government, as it represents an important aspect of public administration. First, the Prime Minister's Office is established in accordance with the Government of the Republic of Croatia Act. It performs professional and administrative functions for the Prime Minister as per his/her request (Article 18). Second, there is the General Secretariat of the Government, established by the same act, which performs professional, analytical, administrative-legal, administrative, general, technical functions for the government and its members (Article 20). One of the most important offices established by the government is the legislative office, with a mission to ensure compliance with regulations and other acts from the scope of the government with the Constitution and legal order of the Republic of Croatia, while respecting the legal system of the EU. It also ensures an efficient and independent system for assessing the effects of regulations and ensuring an effective system of consultation with the public in the procedures for passing laws and other regulations, and cooperating with the Office of the Prime Minister and State administration body responsible for the development of the digital society.³⁸

As mentioned previously, State power is limited by the right to local self-government. Central-local relations are determined by a set of standards: principle of subsidiarity, constitutionalisation of the right to self-government, and principles

33 Ombudsman, commissioner for the right to access information etc.

34 Koprić et al., 2021, p. 188.

35 Koprić et al., 2021, p. 189.

36 The Government appoints different leading civil servants: the directors of the administrative organization in the ministry and chief inspector in the ministry, chief secretary of the ministry, deputy State secretary of the central state office, deputy chief director of the State administration, State institutes and the State directorate, deputy chief state inspector, chief secretary of the State administrative organization. Koprić et al., 2021, p. 189.

37 Koprić et al., 2021, p. 190.

38 Ured za zakonodavstvo, 2023.

of autonomy, legality, proportionality, efficacy and economics, aid and solidarity and European multi-level governance.³⁹ From this perspective, the central power has ways of influencing local self-governance; for example, by legally regulating it, determining which tasks fall under its jurisdiction, aiding local units, the system of control, and so on.⁴⁰ The Central State has supervisory powers that differ with regard to the type of affairs being controlled. Self-governing affairs fall under the control of constitutionality and legality moderately, while transferred affairs are more tightly controlled. If drastic illegalities in the functioning of local bodies are determined, the State has the power to invoke drastic measures—to dissolve local representative bodies or dismiss⁴¹ executive officials.⁴²

Croatia's two-tier local organization: – the first tier is comprised of municipalities and towns, and the second tier is comprised of 20 counties. They employed employs approximately 42,500 local civil servants,⁴³ with the current territorial structure introduced during the war at the beginning of 1993, with almost one-third of the State territory under occupation. The first elections under the new system were held in February 1993. The reform introduced 487 units at the lowest level of government, with a distinction between (418) rural municipalities (*općine*) and (69) urban towns (*gradovi*). At the mid-level, 20 counties (*županije*) were established, while the capital city of Zagreb continues to enjoy the dual status of a county and town.⁴⁴ Zagreb, which also has the dual status of a municipality and county, performs competences of both, as well as a bulk of State administrative tasks.⁴⁵ Practically (some new municipalities and towns⁴⁶ were established), the system remains the same to this day, notwithstanding severe criticism⁴⁷ as being extremely centralised and politicised.⁴⁸ Between 1993 and 2001, counties served as the backbone of the entire territorial system and played a dual role: simultaneously performing State administrative tasks and self-government functions. The latter is relatively limited and restrictively regulated; the narrow scope of local

39 Koprić et al., 2021, p. 329.

40 Koprić et al., 2021, pp. 330–331.

41 This can be done in limited number of cases, for example, if it does not suggest the budget for next year. See more *infra* on the executive body.

42 Koprić et al., 2021, pp. 331–333.

43 Koprić, Musa and Đulabić, 2016, p. 202.

44 Menger, 2019, p. 113.

45 Škarica, 2020, p. 215.

46 Of the 128 towns, 55 acquired their status in view of a very flexible interpretation of the legislation, Koprić, 2016, p. 45. Specifically, Croatia has only one small metropolis (Zagreb), three more polis (more than 84,000 inhabitants), greater number of small polis (more than 12,000 inhabitants), while a major part of local units that have the status of a town should in reality be villages (between 1,715 and 12,005 inhabitants). Koprić et al., 2021, p. 293.

47 Klarić, 2017, p. 817. For example, although the average number of inhabitants of a county is 174,887 and the average size of a county is 2,789 square kilometres, there are significant disparities. For example, the county of Ličko-senjska has only 51,000 inhabitants, while the largest—Splitko-dalmatinska—has 455,000 inhabitants. The smallest is Međimurska county—spanning only 729 square kilometres—and the largest is Ličko-senjska—5,353 square kilometres. Koprić et al., 2021, p. 296.

48 Menger, 2019, p. 114.

affairs combined with the excessive supervision of local government policies secured hierarchical, top-down and central-local relations. The primary purpose of these counties is integrative.⁴⁹ Local democratic processes and institutions were also troublesome, because executive committee members received remuneration for their performance; this financially drained the already weak municipalities, towns and counties.⁵⁰ In September 1997, Croatia ratified the European Charter of Local Self-Government, binding itself to introduce legislation on local self-government in accordance with European standards.⁵¹ Croatia fully ratified the charter in 2008,⁵² but even before its full ratification, the constitutional amendments of 2000/2001 introduced a modern European concept of local self-government based on subsidiarity and the general nature of local competences and provided guarantees for a wide scope of local government affairs.⁵³

The second stage of local government development was introduced in 2000 through constitutional amendments,⁵⁴ a new Law on Local and Regional Self-Government was adopted in 2001, and bicameralism was abolished the same year. Similarly, starting in 2001, the President no longer needed to confirm county governors, while in 2005, a new category of local units was introduced: large towns (*veliki gradovi*). This status was granted to 17 towns with populations of 35,000 or more. Their scope of affairs was moderately broadened⁵⁵ compared to other towns.⁵⁶

Local units have representative bodies: municipal councils, town councils and county assemblies (with the exception of Zagreb, which has a Town Assembly considering its dual role). The number of members of the representative bodies is always uneven and depends on the number of inhabitants. They were elected only through proportional electoral system, with a legal threshold for entry set at 5% of voters for a renewable term of four years. The representative body has various regulatory,⁵⁷ financial,⁵⁸ personal,⁵⁹ organizational⁶⁰ and controlling⁶¹ powers.⁶²

49 Škarica, 2020, p. 215.

50 Menger, 2019, p. 114.

51 Ivanišević et al., 2001, p. 184.

52 Škarica, 2020, p. 215.

53 Škarica, 2020, p. 215.

54 Klarić, 2017, p. 816.

55 Menger, 2019, p. 115. These included maintenance of public roads, issuing building permits and implementation of zoning plans. Škarica, 2020, p. 216.

56 Smaller towns and municipalities turned out to be severely under-capacitated in terms of financial, human and organizational resources to provide even elementary services; therefore, the counties took over their role by providing services to citizens in health, education, social welfare and other areas. Menger, 2019, p. 115.

57 It enacts the statute and other decisions of the local unit etc.

58 It enacts the budget and yearly settlement, it enacts local taxes etc.

59 This power is rather limited because of the position of executive power.

60 It establishes its own working bodies, determines the functioning of administrative bodies of the local unit, establishes public institutions, companies and other legal persons for performing tasks from the self-governing scope.

61 It controls the local executive power through councilmen questions, semi-annual report and ad hoc reports on certain issues.

62 Koprić et al., 2021, p. 322.

Executive power lies with directly elected mayors (of municipalities and towns—*općinski načelnik, gradonačelnik*) and governors (*župan*). Local political bodies tend to strengthen the positions of local mayors and governors. In 2009, executive committees were abolished, and direct elections⁶³ for mayors and governors were organized. Their position was further strengthened in 2017 during the budgeting process at the expense of a representative body. Current legislation enables mayors and governors to manipulate the budgeting process in a manner so as to provoke the dissolution of the assembly while remaining in power. Finally, local executives that are virtually untouchable.⁶⁴ They have strong power,⁶⁵ enabling them to act as the main local political figure.⁶⁶ Despite decentralisation efforts, Croatia has remained a centralised country with functionally-differentiated municipalities, where the share of local government budgets in general government expenditure has remained around 15%, and their share in GDP has stagnated at 6–7%.⁶⁷

The civil service system is regulated by three main laws: State Servants Law⁶⁸ (2005; previously the Law on State Servants and Employees of 1994 and 2001), Law on Servants and Employees in Local and Regional Self-Government⁶⁹ (2008) and Law on Salaries in Public Services (2001; it regulates only the pay system in public services financed by the State Budget). In the public sector, there are four categories of civil servants and other professionals whose status is regulated separately by special legislation.⁷⁰ There are approximately 59,500 civil servants and employees in the State administration, excluding military and intelligence personnel and police officers. In all local governments and counties, there are approximately 14,500 executive functionaries with professional status civil servants and employees. Centrally-financed public services employ more than 180,000 individuals (including those in agencies, funds and other bodies), while locally-financed public services employ an additional 26,500. The fifth category in the public sector comprises employees of public companies whose status is regulated by the Labour Act, for example in utility services, State oil companies, postal services, electric power industries, etc. (about 88,500).⁷¹

63 Mayors are elected in a majority two-round system. The candidate receiving more than 50% of total votes is elected. If none of the candidates receives more than 50% of votes in the first round, a second round is organized two weeks after the first involving the two most successful candidates from the first round, in which case the candidate who obtains more votes wins. Mayoral candidates are not obliged to present a candidacy list for the council or to ally with any of the competing lists, but this rarely happens and usually with non-partisan candidates. Škarica and Vukojić Tomić, 2022, p. 399.

64 Menger, 2019, p. 116.

65 They represent the local unit, prepare the suggestions of local general acts, suggest the budget, directs the functioning of administrative bodies and controls their work etc.

66 Koprić et al., 2021, p. 327.

67 Škarica and Vukojić Tomić, 2022, p. 396.

68 OG nos. 92/05, 140/05, 142/06, 77/07, 107/07, 27/08, 34/11, 49/11, 150/11, 34/12, 49/12, 37/13, 38/13, 01/15, 138/15, 61/17, 70/19, 98/19, 141/22.

69 OG nos. 86/08, 61/11, 04/18, 112/19.

70 Koprić, 2019, p. 12.

71 Koprić, 2019, p. 12.

3. Organizational principles and structure of public administration

The State administration in Croatia developed in three main phases: establishment (1990–1993), consolidation (1993–2001) and Europeanisation (after 2001).⁷² The first systematic law to regulate Croatian State administration was the Act on the System of State Administration of 1993. Reforms at the local level were carried out in 1993 through the Law on Local Self-Government and Administration and certain other regulations. For the first time, the Law on State Civil Servants and Employees of 1994 regulated their status, with the Law on the Salaries of the Civil Servants and Employees in Public Services being passed simultaneously.⁷³ The reforms continued with the enactment of the Law on State Civil Servants in 2005, the same law concerning local civil servants in 2008, and the Law on the Salaries of Civil Servants and Employees in Public Services in 2010.⁷⁴ After 2000, the Constitution transferred the responsibility for a significant part of public affairs to local and regional units.⁷⁵ In the public sector, there are four categories of civil servants: in State administration, local and regional self-government, centrally-financed public services (health, education, etc.) and locally-financed public services (e.g. kindergartens). The last two categories are not formally considered civil servants, but rather ‘ordinary’ employees to whom general labour legislation applies and whose employment is based on a contractual relationship with their organizations as employers. In sum, Croatia’s public administration comprises the State administration (ministries and State administrative organizations), local self-government (municipalities, towns, counties and the city of Zagreb) and legal persons with public authority (agencies, funds, institutes, etc.).

As previously mentioned, Croatian public administration is divided into three levels: State administration, local and regional self-government, and legal persons with public authority. They are involved in public administration and perform different sets of tasks. Some authors have stated that contemporary public administration consists of State administration, local and regional self-governments, and public services (services of general interest).⁷⁶

3.1. State administration

The Constitution prescribes that the organization, responsibilities and operation of State administration shall be regulated by law (Article 114, paragraph 1). However, it also prescribes that certain responsibilities of State administration may be entrusted by law to the bodies of local and regional self-government and legal persons vested with public authority (Article 114, paragraph 2). Therefore, the tasks of the State administration can be transferred to other units of public administration, which

⁷² See Koprić, 2008.

⁷³ Koprić, 2008, p. 553.

⁷⁴ Koprić, 2014, p. 25.

⁷⁵ Koprić, 2008, p. 554.

⁷⁶ Giljević, Lalić Novak and Lopizić, 2021, p. 221.

perform such tasks as transferred jurisdiction, for the State. The responsibilities and operations (tasks) of the State administration are set up by the System of State Administration Act (SSAA),⁷⁷ and its organization is set up by the Organization and Scope of State Administration Bodies Act.⁷⁸ Currently, there are only two types of State administration bodies: ministries and administrative organizations. The main difference between these organizations is that ministries have greater political significance because their heads are members of the government, which is not the case for the heads of State administrative organizations.⁷⁹ Therefore, State administration exists only at the State level, and there are no State administration bodies at the regional or municipal levels. Prior to the enactment of SSAA, every county had a State administration office with vast jurisdiction; however, after the enactment of SSAA, the tasks were transferred to county administrative bodies.

Ministries are multifunctional administrative organizations established to perform State administration tasks in more administrative areas.⁸⁰ Prior to 2000, there were two types of ministries: State ministries and ministries. State ministries were involved in interior, defence and foreign affairs, with the later addition of finance, development and reconstruction.⁸¹ The number of ministries varied between 13 and 21; State ministries were abolished in 2000.⁸² Currently, there are 16 ministries: foreign and European affairs; interior; defence; finances; economy and sustainable development; justice and administration; science and education; culture and media; tourism and sports; regional development and EU funds; labour, pension system, family and social policy; agriculture; sea, traffic and infrastructure; spatial development, construction and State property; Croatian defenders; and health. Every ministry has its own interior organizational structure and division of organizational units by layer, from lower to higher hierarchical levels. For every State administrative body, the interior organization is set up by a special government regulation in accordance with the type, complementarity connectivity, and scope of tasks, all of which are set by the Regulation on General Rules for Internal Setup of State Administration Bodies.^{83,84} Ministries are set up through internal administrative organizations such as departments, institutes or inspectorates run by high-ranking civil servants, which are further organized into sectors, services and sections.

77 OG no. 66/2019.

78 OG nos. 85/20, 21/23.

79 Giljević, Lalić Novak and Lopžić, 2021, p. 221.

80 Koprić et al., 2021, p. 191.

81 See Organization and Scope of Ministries and Other Bodies of State Administration Act (OG no. 55/92), Act on amendments of the Organization and Scope of Ministries and Other Bodies of State Administration Act (OG no. 44/93), Organization and Scope of Ministries and Other Bodies of State Administration Act (OG no. 72/94), Act on amendments on Organization and Scope of Ministries and Other Bodies of State Administration Act (OG no. 92/96).

82 See Act on amendments of the Organization and Scope of Ministries and Other Bodies of State Administration Act, OG no. 15/00.

83 OG no. 70/19.

84 Koprić et al., 2021, p. 191.

When discussing the executive aspect of ministries, they are all run by ministers who are members of the government through whom a link between the executive and State administration is formed. Ministers can have one or more State secretaries, who are State officials named and dismissed by the government upon the suggestion of the Prime Minister, to whom, together with the minister, they are obligated.⁸⁵

In addition to these ministries, the other State administration body is the State administrative organization (12 in total). They are established by law where their tasks demand special autonomy or the application of special conditions and manners of performing set tasks, or they are necessary to enact legally binding acts of the EU. Such tasks are therefore performed outside ministries and with relatively lower influence of daily politics.⁸⁶ They have been established as central State offices⁸⁷, departments⁸⁸ or institutes.⁸⁹ Central State offices are operated by their State secretaries and other State administrative organizations by their directors, except for the State Inspectorate, which is managed by its Chief State Inspector. There is no clear distinction between the different types of organizations at the central level, neither in systemic legal regulation nor in practice. Both types of organizations—ministries and State administrative organizations—have similar competences, including public policies, drafting legislation and administrative supervision. Practically, making decisions about the number of types, number of organizations and their classification with regard to the types is predominantly a political matter.⁹⁰

All State bodies have certain obligatory internal organizational units, such as chief secretary, minister's cabinet and independent internal revisions. Within ministries and State administrative organizations, for the purpose of performing State administration tasks, regional units can be organized as: regional offices (*područni uredi*), for areas covering one or more regional self-government units and branches (*ispostave*) and for areas covering one or more local self-government units (Article 50, paragraph 2 SSAA). Koprić stated that there were 1,279 branch offices of various ministries and other State administration bodies.⁹¹ The territorial organization of branch offices is complex, as only 30% follow the country's division into counties, which further fragments the State administration system within the territory. The new SSASA provides this branch of knowledge. Offices should be established in one or

85 Koprić et al., 2021, p. 192.

86 Koprić et al., 2021, p. 193.

87 Central State Office for Demography and Youth, Central State Office for the Development of the Digital Society, Central State Office for Central Public Procurement, Central State Office for Reconstruction and Housing, Central state office for Croats outside the Republic of Croatia. Two additional Central State offices were established by special laws: Croatian Fire Brigade Association and State Inspectorate.

88 State Geodetic Administration.

89 State Hydrometeorological Institute, State Institute for Intellectual Property, State Institute for Metrology State Institute of Statistics.

90 Koprić, 2018, p. 110.

91 Koprić, 2018, p. 106.

several counties (Article 50), which may lead to the standardisation of their territorial organization.⁹²

The State administration performs tasks established by law as State administrative affairs, with Article 3 of SSAA dividing them into the following types: 1) implementation of State policy, 2) direct law implementation, 3) inspection and administrative supervision and 4) other administrative and professional affairs. The implementation of State policy includes the following tasks of State administration: drafting of laws, draft regulations and proposals for other acts of the government; drafting of strategic and planning documents; monitoring the effectiveness of the implementation of laws, regulations and other acts of the government; representation of the Republic of Croatia in bodies of the EU and international organizations; European affairs; and realisation of international cooperation in accordance with a special law (Article 17). Direct law enforcement includes the following tasks: deciding on administrative matters, maintaining prescribed registers and other official records, issuing certificates and other public documents on the facts where prescribed eyewitness accounts and other official records are maintained (Article 19). Inspection supervision includes supervisory procedures that provide direct insight into general and individual acts, conditions and working methods of supervised legal and physical persons to establish facts and take prescribed measures and actions to bring the determined situation and operations into compliance with the law and other regulations (Article 21, paragraph 1). Administrative supervision includes supervisory procedures, measures and actions that ensure the legality and regularity of State administrative tasks. It monitors the legality of general acts, legality and regularity of work and treatment towards citizens and other parties, and qualification of officials for the direct performance of State administration duties (Article 28). The last category, other administrative and professional affairs, includes a series of crucial tasks of the State administration, which enable and support all other State administration affairs. However, they also perform independent and purposeful civil servant tasks to improve enforcement of public policies and implementation of regulations.⁹³ Such tasks include gathering data and drafting professional analysis and reports; enforcing measures to improve the determined status of affairs in a specific administrative area; providing legal and professional aid; providing opinions to legal and physical persons on the application of laws and other regulations; and ensuring professional cooperation (Article 31).

It is important to mention that regulative powers of State administration, as heads of State administration bodies, have the authority to enact bylaws for the enforcement of laws. This authority was specifically characterised as State administration task in the former SSAA, but has been omitted from the current SSAA because, in reality, normative power is not a State administration task but a normative clearance by the legislator.⁹⁴ The heads of State administration bodies have the authority to enact

92 Giljević, Lalić Novak and Lopižić, 2021, p. 222.

93 Koprić et al., 2021, p. 196.

94 Koprić et al., 2021, p. 197.

bylaws—ordinances and instructions (*pravilnici i naputci*)—when directly authorised by law and in the boundaries set by law (Article 38, paragraph 1).⁹⁵ According to SSASA, only ministers, ministerial State secretaries, heads of State administrative organizations and their deputies are political appointees, while heads of administrative organizations within ministries are senior civil servants (Article 45). While this legislative change aimed to promote the professionalisation of State administration, since these senior civil servants are still appointed by the government, this normative solution has not constituted a significant step towards the depoliticisation of State administration, as there is no guarantee that professional standards would be respected in their appointment.⁹⁶

The State administration is not the only performer of State administrative tasks, as these tasks can be entrusted to the bodies of local and regional self-government and to legal persons with public authority. These are delegated State administration tasks,⁹⁷ and can be performed with regard to local self-government if entrustment is justified based on the nature of entrusted tasks and the special interests of the people. With regard to legal persons with public authority, entrustment can be done if needed to implement legally-binding acts of the EU, to ensure effective and less costly performance of such tasks, and when the tasks demand special technical and professional conditions that cannot be met within the State administration (Articles 33 and 34).

3.2. Local and regional self-government

As mentioned above, the Croatian Constitution set certain principles of local self-government—principles of subsidiarity,⁹⁸ effectiveness and economics, and solidarity.⁹⁹ It also established principles of independence in the self-governing scope of affairs, free disposal of one's own income, proportionality of revenues and powers, and independence of the internal structure.¹⁰⁰ The type, competences, manner of performing tasks and supervision of the units of local and regional self-government were prescribed by the Local and Regional Self-Government Act (LRSA)¹⁰¹ in 2001 (with numerous amendments). The right to local self-government is, in reality, such that local units must wait for the State to regulate certain activities in order to be able to perform them, they do not have a say in their regulation (of their activities), minimum self-government

95 There is also the authority to enact Orders (*naredbe*) as temporary interventional measures in extreme circumstances when such measures are necessary to protect the legal order, life, security, health of the population or property in a greater extent in a certain administrative area (see Articles 39 and 40 SSAA).

96 Giljević, Lalić Novak and Lopižić, 2021, p. 222.

97 Koprić et al., 2021, p. 198.

98 Local tasks should be given so that bodies closest to the citizens have priority in their handling.

99 The State is obliged to aid financially weaker local units (see Article 131, paragraph 3 of the Constitution).

100 Koprić, 2014b, p. 136.

101 OG nos. 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 36/09, 150/11, 144/12, 19/13, 137/15, 123/17, 98/19, 144/20.

scope is determined by law, by the State, and supervision is always in the grey area (to see whether the local units ensured conditions to perform their tasks in reality).¹⁰²

As mentioned above, there are two tiers of local self-government—regional that comprises counties (*županije*) and local, that is comprised of municipalities (*općine*) and towns (*gradovi*) (with the special category of large town). Municipalities are legally defined as units of mostly rural characteristics that are established (as a rule) for more inhabited settlements according to the interest homogeneity principle (the common interests of the inhabitants make for an integrative factor).¹⁰³ Towns are mostly urban units with more than 10.000 inhabitants, but this category has been expanded (mostly for political reasons) to administrative (every settlement that is a county seat is legally a town), gravitational (all adjacent settlements can be attributed to the central settlement to make it a town), historical, economical, and so on.¹⁰⁴ Counties had very different setups prior to 2001, when they were units of local administration and self-government; after 2001, they became regional self-governing units.

Public tasks performed by local self-governing units in countries where local self-government developed predominantly under the influence of the Germanic tradition, including Croatia, can be classified into tasks from their own, self-governing original scope and tasks of State administration that have been transferred to them.¹⁰⁵ Both municipalities and towns have constitutionally-guaranteed functions related to settlements and housing, spatial and urban planning, communal activities, childcare, social care, primary health care, upbringing and basic education, culture, physical culture and sports, consumer protection, protection and improvement of the natural environment, fire protection and civil protection. Counties also have constitutionally-guaranteed functions related to education, health, spatial and urban planning, economic development, transport and transport infrastructure, as well as the planning and development of a network of educational, health, social and cultural institutions.¹⁰⁶ The law has provided for the possibility of the transfer of functions and competences between levels (upward and downward), thus creating flexibility in the local government system. Municipalities may acquire competences of the county but can also transfer their competences in the opposite direction.¹⁰⁷ There is no official

102 Koprić, 2014b, p. 137.

103 Koprić et al., 2021, p. 295.

104 Koprić et al., 2021, p. 296.

105 Koprić, 2005, p. 44.

106 Koprić, 2005, p. 58. With the introduction of large towns in 2005 such units of local self-government received powers of the counties. Those are cities with over 35,000 citizens and are economic, financial, cultural, health, transportation and scientific centres of the extended area. Apart from the works of municipalities and cities, large cities and capitals of counties also have the authority to perform works related to issuing of construction and location permits and other construction related documents and implementation of physical planning documentation, as well as maintenance of public roads. However, large cities and capitals of counties can, in their area, also perform works from the scope of the county (Article 19a, 21 of the LRSA).

107 Škarica, 2020, p. 217.

data on the frequency and characteristics of such functional transfers, although it seems that they rarely occur.¹⁰⁸

The Constitution specifically stipulated that the county's powers can be entrusted by law to larger towns for certain tasks, which the law slightly specified, such as those related to introducing as a condition 'ensuring conditions', i.e. for units with less than 35,000 inhabitants 'ensuring sufficient income', the decision of the county assembly and consent of the Central State body administration responsible for local and regional self-government affairs.¹⁰⁹ The city of Zagreb deserves special mention, as it should have a wider scope than other units, as well as a greater degree of independence in decision-making. In addition to the fact that it has already received the status of both the city and the county, it should have a greater degree of autonomy, while respecting the normal interests of the central government to ensure equality for all citizens and maintain legal order in the State.¹¹⁰

Local units perform local tasks or tasks of the self-government scope that are legally prescribed by municipalities, towns and counties. Local tasks expanded when, in 2020, State administration offices in counties were completely abolished, contrary to existing strategic documents that proclaimed their strengthening, and counties assumed their powers.¹¹¹ A major portion of their competence was delegated to counties that also took over their employees. Although announced as a reform aimed at racionalising public administration organization and decentralisation, a recent *ex-ante* evaluation determined that these objectives are unattainable by this reform.¹¹² Practically, counties re-acquired their role and competences in 1993–2001 and consolidated their position in the Croatian territorial governance system, although this time it was done without explicit superiority over municipalities.¹¹³

Administrative departments and services (administrative bodies) were founded to perform tasks from the self-government scope of local and regional self-government, as well as the tasks of State administration transferred to those units. Prior to 2020, a single administrative department was founded in municipalities and cities with up to 3,000 people. In municipalities and cities with a population of more than 3,000, there could have been more than one administrative department. After 2020, this restriction is no longer in place; all municipalities can establish as many administrative departments as they determine adequate. Administrative departments are managed by heads who are, on the basis of a public tender, appointed by the municipal mayor, city mayor or county governor (Articles 53 and 53a).¹¹⁴

Local and regional self-government units have assets comprising movable and immovable property (Article 67). They have revenues within their scope that they

108 Škarica, 2020, p. 218.

109 Koprić, 2005, p. 58.

110 Koprić, 2005, p. 60.

111 Škarica, 2020, p. 217.

112 Škarica, 2020, p. 217.

113 Škarica, 2020, p. 217.

114 See also in Ljubanović, 2018, p. 133.

autonomously dispose of, as determined in Article 68 of the Act governing local self-government (such as municipality, city, or county tax, surtax, fees, contributions and duties, revenues from assets of units, property rights and others). Their budget is proposed by the only authorised proposal maker, the municipality mayor, city mayor or county prefect (Articles 67–69). The material and financial operations of the municipality, city and county are monitored by the representative body, and the legality of their operations is controlled by the Ministry of Finance or other institutions as determined by law (Articles 71 and 72).¹¹⁵ Against the individual acts of municipal and town administrative bodies that resolve administrative matters, there can be a complaint to the administrative body of the county or an administrative dispute could be initiated. Against some individual acts in administrative affairs that are decided in the first instance by the administrative bodies of the council and large cities, a complaint can be filed with the competent ministry if the special law does not prescribe otherwise, or an administrative dispute can be initiated (Article 76). However, against the individual acts of the representative body or the municipality mayor, city mayor or county prefect that resolve administrative matters, a complaint cannot be filed; there can only be an administrative dispute (Article 77a).¹¹⁶

The legality of the operations of the representative body of the local and regional self-government unit is monitored by the Central State administration entity competent for local and regional self-government. It has the right to, in case of determined irregularity, by their own decision, declare a session of the representative body or a part of it illegal and to make acts from such a session void. In cases determined by law, the government shall, at the proposal of the aforementioned Central State administration entity, dissolve the representative entity. If the budget is not brought within the legal time frame, or there is no decision on temporary financing, the government shall, simultaneously, dissolve the representative entity and suspend the municipality mayor, city mayor or the county prefect and their deputy who was elected with them and the government shall appoint a commissioner to perform the works of the representative and executive body and call an early election. Against the aforementioned decisions of the Central State authority entity or government, an administrative dispute can be initiated (Articles 78a, 85a–85c).¹¹⁷

3.3. Legal persons with public authority

Public authority can only be vested by law—sectoral or other,¹¹⁸ and is carried out by non-State subjects such as institutions, corporations, agencies and others. They usually take the form of three legal affairs: regulating certain legal relations, resolving individual matters or carrying out other public authorities, such as administrative actions.¹¹⁹ In addition to State administrative bodies, many legal entities with public

115 Ljubanović, 2018, p. 134.

116 Ljubanović, 2018, p. 134.

117 Ljubanović, 2018, p. 134.

118 See also in Rajko, 2016, p. 1.

119 Rajko, 2016, p. 1.

authorities also operate at the central level under different names (agencies, public funds, public institutions and centres), all of which could be labelled as State agencies. Despite continuing efforts to reduce their numbers, there have been approximately 74 State public agencies and other public authorities in the last 10 years, many of which were established as a precondition for EU membership.¹²⁰

With regard to public administration, legal persons with public authority also deserve mention; in Croatia, there are a number of legal persons with public authority, which are not part of the State administration. However, these bodies also play an important role in Croatia's public administration, performing functions that were originally ministerial, but over time, such functions were separated from the ministries into independent organizational units. Some of them are institutions that originated in 1993 following the enactment of the Institution Act like the Croatian Health Insurance Fund and Croatian Pension Insurance Institute. However, after 2000, a new form of legal persons with public authority was established—(independent) regulatory agencies. These agencies perform vital functions regarding consumer protection, market competition and financial services. However, none of their employees were civil servants, although they perform public work.

Legal entities with public authority constitute an important segment of public administration. These are organizations with different names that, owing to their significant characteristics, can mostly be referred to as agencies or agency-type organizations, disregarding their official names. As a model of administrative organization, the agency is an integral part of contemporary public administration and management. Agencies exist in all areas of public activity from national security to railways, scientific research funding, regional development and territorial levels of governance.¹²¹

Agencies¹²² can be defined as entities that are structurally independent from the State administration system to perform public works at the national level, employ

120 Giljević, Lalić Novak and Lopžić, 2021, p. 222.

121 Musa, 2013, p. 355.

It is possible to determine the following features of agencies in Croatia: agencies are legal entities of public law—legally independent (with legal personality), structurally disaggregated from the core government (ministry); are established by special or sectoral laws adopted by the Parliament, or through government regulation; function in a specific policy area or have a specific purpose; perform tasks at the national level; their functions include regulation of a specific sector, executing or monitoring execution of public policies, or conducting (executing) a specific programme; their tasks include issuing regulations or general rules, establishing standards, monitoring public policies, collecting data, issuing decisions and other types of administrative acts (licensing, certificates, etc.), exercising oversight and sanctioning authority, executing and financing programmes; they have a certain degree of managerial autonomy with regard to organization, personnel and financing, and a certain level of decision-making (legal or policy autonomy); they are subject to control of the central government, the courts and the Parliament in legal, financial and political terms. See Musa, 2013, pp. 372–373.

122 In the Croatian context, there are two types of agencies—executive and regulatory. See Musa, 2017, p. 36.

government officials, are financed primarily by the State budget and are subordinate to the procedure of public control of legal nature.

Establishing them is related to the liberalisation and privatisation of public services and entrepreneurial and market freedom.¹²³ They are based on the idea of a regulatory state which, as such, holds the norms of market behaviour or in certain sectors of public services. They often have the authority to resolve individual cases (so-called adjudication), monitor, implement sanctions, and so on. Their advantages include a lower possibility of political and other influences, protection of general interests and better legal protection of beneficiaries (consumers), prevention of the formation of a monopoly, specialisation and expertise.¹²⁴ The deficiencies of Croatian legal entities with public authorities are irrational systems, the non-existence of a unique legal structure that results in the non-harmonisation of regulations, non-justification of founding and costs, insufficient cooperation with competent ministries and deficiencies in employment and public procurement systems.¹²⁵

There are also public institutions, founded according to the Law on Institutions,¹²⁶ which defines the functions and structure of the organization as well as the control mechanisms (appeal, oversight, abolition, etc.). Their employees are public servants; they are designed as organizational models for the provision of so-called non-economic public services, such as health, education, sports or culture. It is possible to differentiate between two types of organizations legally defined as public institutions: those that implement public policies and those providing public services (universities, institutes, health institutions, national television).¹²⁷

There are also some associations vested with public authority, such as the Croatian Auto Club, which has the authority to conduct driving licence tests, other public authorities¹²⁸ or the Croatian Red Cross.¹²⁹

Public enterprises are worthy of mention—enterprises with partial or total State ownership involved in commercial activities—regulated by the Law on Corporations. Currently, there are more than 20 public enterprises (in the traffic, telecommunications, natural resources and finance sectors) and approximately 65 other enterprises still have partial State ownership.¹³⁰ Some have public authorities, such as Croatian Forests (*Hrvatske šume*), Croatian Waters (*Hrvatske vode*), Croatian Roads (*Hrvatske ceste*) and so on.

123 The process of agencification in Croatia coincided with the intensive institutional adjustments for EU membership. The years of EU negotiations (2005–2009) witnessed the proliferation of agencies, since 32 of 75 agencies were established during that period. Musa, 2013, p. 388.

124 Ljubanović, 2018, p. 138.

125 Ljubanović, 2018, p. 139.

126 OG nos. 76/93, 29/97, 47/99, 35/08, 127/19, 151/22.

127 Musa, 2013, p. 374.

128 See Article 6 of the Croatian Auto club Act, OG nos. 2/94.

129 See Article 8 of the Croatian Red Cross Act, OG nos. 71/10, 136/20.

130 Musa, 2013, p. 374.

3.4. Ombudsman

As a special body linked with, inter alia, public administration, the Ombudsman is a special institution established by the Constitution (see Article 93) as a commissioner of the Croatian Parliament responsible for the promotion and protection of human rights and freedom enshrined in the Constitution, laws and international legal instruments on human rights and freedom ratified by the Republic of Croatia. Anyone is entitled to lodge a complaint with the Ombudsman if he/she deems that constitutional or legal rights have been threatened or violated as a consequence of any illegal or irregular acts by State bodies, local and regional self-government bodies, and bodies vested with public authority. The powers of the Ombudsman are further prescribed by the Ombudsman Act,¹³¹ according to which it is entitled to issue recommendations, opinions, suggestions and warnings to various actors, including public administration. In principle, they are obliged to adhere to these acts of the Ombudsman, which files an annual report to the Parliament, describing the level of adherence to his/her acts. The Ombudsman is also entitled to recommend amendments to laws and bylaws; Croatia introduced a special Ombudsman for ensuring equality of sexes, for children and the disabled.

4. Current challenges in public administration

Croatian public administration reforms were implemented in a fragmentary manner, and attempts to initiate a more systematic reform through the Strategy of State Administration Reform of 2008 resulted in modest success, as only some of the measures have been fully or partially implemented. Administrative reform is incremental, even in the most positive examples, but stagnates across a wide range of areas.¹³² Some authors have argued that public administration in Croatia is characterised by its high cost and relatively low effectiveness, mostly attributed to inefficient government bureaucracy and policy instability.¹³³ There are only a few cases where dominant political actors have instigated well-programmed, comprehensive reforms and continuously and persistently supported their realisation. Only three proposals enjoyed strong political support: a) decentralisation at the beginning of the new millennium, b) implementation of e-government and digitalisation policies (continuously) and c) harmonisation with the *acquis communautaire* and EU administrative standards during the EU accession process.¹³⁴ However, not only does political unwillingness hinder administrative modernisation, but there is also a lack of administrative capacities for managing reforms, bureaucratic resistance, social rebuff,¹³⁵ etc. Accordingly, Koprić¹³⁶ proposed the following reforms in 2019:

131 OG no. 76/12.

132 Koprić, 2019, p. 17.

133 Giljević, Lalić Novak and Lopižić, 2021, p. 228.

134 Koprić, 2019, p. 18.

135 Koprić, 2019, p. 18.

136 Koprić, 2019, p. 24.

- Preparation of comprehensive local government reform consolidated at both local (basic and county) levels and possible decentralisation to a fewer number of regional governments,
- Reorganization of deconcentrated administration with the design of one-stop shops for more effective delivery of public services throughout the State territory,
- Accelerated development of electronic public services delivery to citizens and companies,
- Legal changes aimed at substantive administrative simplification,
- Robust implementation of anti-corruption policies at all governance levels,
- Significant improvements in human resource management and development of high-quality administrative education,
- Creating a strong institutional solution for programming, managing and evaluating administrative reforms or much stronger support for the Ministry of Public Administration,
- Review and revision of strategic planning, policymaking and legislative processes at all governmental levels.

Some authors view the politicisation of civil services as a major problem, considering that depoliticisation in the State administration was an important goal during EU accession. Strong centralistic governance, necessary during the war, continued in the post-war period, mainly driven by political interests. It included the widespread recruitment of civil servants based on their affiliation with the ruling party. Despite the legal provisions, which created preconditions for the depoliticisation and rationalisation of the number of politically-appointed officials in the administration, no significant changes occurred in practice. Subsequent legislative changes made it possible for politically-appointed officials to remain in key management positions as top civil servants under more favourable conditions than those applicable to other civil servants. The politicisation of the senior civil service is one of the sources of clientelism, political corruption and lack of accountability towards citizens.¹³⁷ Despite these efforts, the Central State administration nevertheless faces several challenges, such as a fragmented public administration, politicisation and patronage in the civil service, and the lack of influence of civil society and citizens in policymaking.¹³⁸

The scientific literature indicates the necessity of decentralisation, where the law awards local and regional self-government bodies with certain affairs from the State administration that they can independently decide on, with the liability of adhering to regulations and with the right of being monitored by the Central State bodies that are, as a rule, limited to monitoring the legality of local bodies' actions, and not the regularity of their decisions.¹³⁹ Decentralisation and new administrative-territorial

137 Giljević, Lalić Novak and Lopižić, 2021, p. 230.

138 Giljević, Lalić Novak and Lopižić, 2021, p. 232.

139 Ljubanović, 2018, p. 136.

organizations have not been accomplished until today because key political figures and their political parties prefer retaining the current State.¹⁴⁰ Recently, there has been increasing debate on the economic and developmental functions of local self-government, but this has not been reflected in the development of general legislation on local self-government. Only counties have received new authority since 2001—that is, the care for economic development—but in general, legal regulation of local affairs is vague, invasive, often unnecessary and elaborate.¹⁴¹

Decentralisation is not achieved in reality because the State maintains the general legal regulation of all decentralised functions but transfers the financial and organizational burdens to local units. The State still has firm supervision, especially financial, over local units which means there is no real decentralisation.¹⁴² As Koprić stated in 2005, the pace of entrusting State administrative tasks to local self-governing units should carefully follow the process of decentralisation and strengthening of local units, both in terms of their degree of autonomy and increasing economic—financial, professional and other capacities.¹⁴³ He further stated that if a territorial structure similar to the existing one is maintained, it can be proposed to entrust the work of the State administration only to larger and stronger units, mainly counties and towns.¹⁴⁴ As their capacities did not increase in reality, only counties were eligible for more power as in 2020, with the exception of large towns in 2005. There are organizational problems, as there is an overlapping¹⁴⁵ and interfering¹⁴⁶ of competences between tiers. There are also several functional areas that have been constitutionally entrusted to municipalities, but sectoral legislation has conferred these competences only to counties and, in some cases, large towns.¹⁴⁷

Cases of overlapping and interfering competencies in different sectors as well as those in which counties substitute for the municipal government indicate blurry relations and almost chaotic lines of responsibility.¹⁴⁸ Furthermore, there is the problem of extremely powerful and nearly unchangeable local executive bodies stemming from the way they are elected. The direct election of mayors and governors has hardly delivered on its promises to boost voter participation and improve legitimacy in the local government arena,¹⁴⁹ but has created many practical (in the relation of the representative and executive body) and political problems. Local elections and their associated problems are inseparable from the generally weak position of local governments in the multilevel system of governance. Therefore, any reform aimed

140 Ljubanović, 2018, p. 137.

141 Koprić et al., 2021, p. 309.

142 Koprić et al., 2021, p. 309.

143 Koprić, 2005, p. 60.

144 Koprić, 2005, p. 60.

145 Škarica, 2020, p. 218.

146 Škarica, 2020, p. 219.

147 These are the sectors of primary healthcare, elementary education, social care and protection and environment protection. Škarica, 2020, p. 219.

148 Škarica, 2020, p. 221.

149 Škarica and Vukojičić Tomić, 2022, p. 405.

at decentralisation, territorial consolidation and/or local capacity building should indirectly lead to more vibrant, plural and important electoral processes and future outcomes. However, the initial steps towards the full emancipation of local elections could be taken through restrictive regulation of *cumul des mandats*, which would clearly demarcate the domains of national and local political competition.¹⁵⁰

Most scholars who have analysed Croatian local self-government believe that the current organization is extremely fragmented.¹⁵¹ For example, Đulabić and Čepo state that counties need to be reformed in order to transform them into a real regional tier of government with a smaller number of larger units that would be able to provide services to citizens and serve as anchors of wider regional identities that exist in Croatia.¹⁵² There are many local units that are unable to perform any of their designated functions and that should be attached to other, more potent local units.¹⁵³

The influence of civil society is relatively weak owing to the lack of cooperation between NGOs and the public sector. Furthermore, many NGOs were found to be under foreign influence and working against national interests during the war and in the post-war period. For many years, NGOs and citizens have been absent from policymaking and legislative processes.¹⁵⁴

Accordingly, the main problems surrounding Croatia's public administration are organizational fragmentation, lack of adequate coordination mechanisms (both horizontal and vertical) in public administration, lack of a strategic approach and policy evaluation, formalisation and bureaucratisation, and organizational stability. Sporadic attempts have been made to resolve some of the aforementioned problems, but with limited or no success. At present, the main line of public administration reform is the new (in draft) Salary in State and Public Service Act. As mentioned by the Ministry of Justice and Administration,¹⁵⁵ it should mark a turning point in the management of human resources and the creation of efficient and professional public administration. The law seeks to implement the principle of equal pay for equal work, introduce a system for rewarding officials, and evaluate their work in connection with their salaries. In addition, the government announced its goals for enhancing public administration in the National Plan for Public Administration Development (2022–2027).¹⁵⁶ In this plan, five main goals were announced: achieving user-friendly public administration, which provides public services effectively; digital transformation of public administration; development of human resources in public administration; strengthening the capacity of public administration for the development and implementation of public policies; and furthering the functionality and sustainability of local and regional self-governments.

150 Škarica and Vukojičić Tomić, 2022, p. 405.

151 See Koprić, 2010; Klarić, 2017, p. 819.

152 Đulabić and Čepo, 2017, p. 541.

153 However, one must always bear in mind the special position of some types of local units, for example on islands and/or in hill rural areas. In this regard, see Đulabić and Škarica, 2012.

154 Giljević, Lalić Novak and Lopižić, 2021, p. 230.

155 Vlada Republike Hrvatske, 2023.

156 Ministarstvo pravosuđa uprave, 2022.

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