

BUILDING AN EU MEMBER STATE THROUGH DEMOCRACY PROMOTION: THE CASE OF CROATIA'S PUBLIC ADMINISTRATION REFORM

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Summary This contribution studies the process of building an EU member state through democracy promotion in the case of Croatia with a special focus on two reform initiatives in the field of Public Administration Reform (PAR). Croatia's experience is representative of intense efforts of the international community to overcome the consequences of violent state dissolution and civil war. The EU in particular has assisted post-conflict democratization with diplomatic initiatives, the provision of aid, and political conditionality. The Croatian political elite showed great willingness to implement democratic reforms, while at the same time remaining critical of what they viewed as 'too much' external interference in domestic state affairs. Based on 30 interviews with Croatian officials, Croatian civil society actors, members of the EU delegation and other representatives of the international donor community, we empirically assess progress and setbacks in Croatia's public administration reform and explain why some reform initiatives have been successfully implemented while others are still pending.

Keywords Croatia, democratization, democracy promotion, European Union, external-domestic interplay, member-state building

1. Introduction

With its accession to the European Union (EU) on 1 July 2013, Croatia is a forerunner in the next EU enlargement round towards the Western Balkans. Croatia gets rewarded for substantial democratization progress since the Socialist Federal Republic of Yugoslavia ceased to exist in the early 1990s. However, transition to democracy was not a smooth process. Although the EU offered a membership perspective already in 2000 (Grimm and Mathis, 2012), it took over a decade to transform Croatia's political, social and economic system to comply with EU accession criteria; some reforms are still pending. Croatia shares this feature of slow transition with mixed results despite (or maybe because?) of intensive international pressure to democratize with many other post-conflict countries. How can these mixed results be explained?

Previous explanations in democratization and democracy promotion studies hint to the general level of difficulty of a threefold political, economic and social transformation, the unwillingness or inability of domestic actors to handle a regime change and thereby also to comply with external reform demands, or the overall legacies of violent conflict such as the loss of societal trust and the economic damage caused that hinder a transition to democracy. This article goes beyond such explanations. Based on a fine-grained process-tracing of Croatia's Public Administration Reform (PAR; in Croatian *Reforma javne uprave*), we developed a twofold argument to explain the mixed results of democratization under external oversight. Firstly, we argue that reform outputs heavily depend on the *interplay of*

external and domestic actors. Thereby, interactions between external and domestic actors *in the domestic arena* are systematized and their influences traced to outputs. Secondly, we put emphasis on a neglected dimension in the literature, namely the importance of *domestic third parties* for policy-making. Here, it is argued that what external actors perceive as a 'delay' in the process is in fact the domestic government's democratic obligation to negotiate with third party representatives affected by potential reform decisions in order to anticipate and avoid negative side-effects of reform.

To empirically validate this twofold argument, the contribution proceeds as follows: In Section 2, the case of Croatia's PAR is introduced. Section 3 discusses the methodological approach and our understanding of the external-domestic interplay in democracy promotion. This is employed in Section 4 to conduct a fine-grained process-tracing of the actors' interactions and the forms of third party involvement during the reform process. A concluding section 5 summarizes the results of the analysis.

2. Croatia's Way into the European Union

In 2013, Croatia has finally joined the club of EU member states. This was possible only after going through a number of challenging reform processes, which aimed to make Croatia a democratic state fit for the EU. Internationally isolated under Franjo Tuđman's regime during the 1990s, Croatia's way into the EU seriously started only after Tuđman's death and the change of government in 2000 to a centre-left coalition under Prime Minister Ivica Račan (Jović, 2006: 85-86). With the EU intro-

ducing the Stabilization and Association Process (SAP) in 2001, the prospect of joining the EU became more credible for the Croatian political elite and proved to be an additional motivation for democratic reforms.

Official accession talks with Croatia only started in October 2005 and were afterwards abandoned several times to pressure the Croatian government into concessions regarding the extradition of war criminals to the International Criminal Tribunal for the Former Yugoslavia (ICTY) or to reach a compromise in the border dispute with Slovenia. So the transition of Croatia illustrates both successes and failures in democratization under external oversight. On the one hand, Croatia made considerable progress in democratization, as the granting of EU accession shows. On the other hand, EU Progress Reports continuously criticize the Croatian government for its slow progress in reform areas of judiciary or administration and in the fight against corruption (Grandits, 2007; Zakosek, 2008; European Commission, 2010: 7-9). Croatian scholars also warn of insufficient capacity of the Croatian administration to substantively engage in policy analysis and policy formulation (Petak and Petek, 2009). Particularly in the field of public administration, the EU moaned that the legal basis for building a modern and professional civil service was incomplete, that not all required laws were adopted and not all legal acts harmonized.

The EU's Involvement in Croatia's Public Administration Reform

The negotiations during democracy promotion are studied here using the case of Croatian public administration reform as an example. The reform

of the Croatian public administration is usually described as having developed in three phases (Koprić, 2009a, 2011b): the first phase from 1990 to 1993 saw the establishment of a rather centralized and politicized state bureaucracy under Tudjman; the second phase from 1993 to 2001 consolidated given structures. Serious reform efforts in Croatian public administration started in the third phase beginning in 2001, when the EU became more active in the Western Balkans through the SAP. The exact status of the public administration reform within the framework of EU accession is difficult to determine. PAR does not represent a chapter in accession negotiations and is thus not strictly connected to EU conditionality and the EU benchmarking and monitoring system. However, PAR is part of the soft political criteria and thus regularly discussed in EU progress reports. Financial support for PAR has been provided through two framework programs, the "Community Assistance for Reconstruction, Development and Stabilization" (CARDS) and consecutively through the "Instrument of Pre-Accession Assistance" (IPA) (Grimm and Mathis, 2012). During the 2011-2013 period, PAR has represented one of the three priorities of EU financial assistance to Croatia.

The overall goal of the EU and other external actors to engage in PAR is to optimize the structures and mechanisms of administrative state bodies based on democratic principles. The four main administrative principles shared by all EU member states are defined in the "European Administrative Space" (EAS): (1) the *rule of law* as "legal certainty and predictability of administrative actions and decisions"; (2) *openness and transparency* as "the scrutiny of administra-

tive processes and outcomes and its consistency with pre-established rules”, (3) *accountability* “of public administration to other administrative, legislative or judicial authorities [to ensure] compliance with the rule of law”, and (4) *efficiency* “in the use of public resources and effectiveness in accomplishing and enforcing the policy goals established in legislation” (SIGMA, 1999: 8-14).

For democracy promoters, reforming the public administration also entails changing the relationship between the state and its citizens from a hierarchical relation to one of equal footing (SIGMA, 2007: 2). The main purpose of a democratic public administration – at the level of state administration, local self-government, and public services – is to service its citizens. This also requires promoting a proactive way of thinking of state officials, and reliable, open, transparent and citizen-oriented public administrations. Those are considered constituent parts of a good business environment and prerequisites of a better standard of life for all citizens (European Commission, 2007, 2012). We are interested now in the patterns of interaction that emerge when these international demands for reform meet with the domestic sphere.

Comparing Two PAR Reform Initiatives: GAPA and CSSA

Two reform initiatives were selected based on their variance in reform output (policy-adoption by the Croatian parliament or no policy-adoption): the General Administrative Procedures Act (GAPA; in Croatian: *Zakon o općem upravnom postupku*) and the Civil Servants Salary Act (CSSA; in Croatian: *Zakon o plaćama državnih službenika*). At the end of 2011, the cut-off point for

this study, a version of GAPA had been adopted in parliament (‘success’); in contrast, CSSA was still being negotiated between the government and third-party actors (‘no success’).¹

Reforming the GAPA aims to simplify and speed up administrative decision-making to improve services for both citizens and businesses; while the reform of CSSA is an attempt to unify the wage system for civil servants in order to render it more competitive.² In both cases, the Croatian Ministry of Administration (MoA; in Croatian: *Ministarstvo uprave*) is responsible for the preparation and implementation of reforms, which began in 2003. The two PAR reform initiatives are similar with regard to external factors. The sets of requirements for the measures are only loosely defined, based on EAS principles and EU Best Practices (Interview D5); the credibility of the reward (in the form of EU membership) is high. The process of EU democracy promotion has been shaped in both cases by diplomacy, democracy assistance, and (soft) conditionality; and the two reform

¹ The cut-off point was chosen due to pragmatic reasons; however, our findings are still valid. The most recent EU Progress Report of 10 October 2012 yet admonishes the Croatian government that ‘[t]he legal framework on salaries, necessary to ensure merit-based promotion and reward mechanisms and to attract and retain qualified personnel, still remains to be finalized’ (European Commission, 2012: 6).

² The previous GAPA, dating from Yugoslav times, was regarded as too complex, as (over-)regulating individual administrative steps, and as suffering from unclear procedures and limited chances for appeal (European Commission, 2007: 8), while being prone to arbitrary decision-making, legal uncertainty, and corruption (SIGMA, 2007: 26).

initiatives differ only slightly in terms of the financial resources invested.³ With respect to domestic factors, GAPA and CSSA differ concerning the number of potential veto players and the potential for societal mobilization: GAPA involved the MoA, the cabinet, and (at later stages) the parliament in negotiations, whereas CSSA additionally included the Ministry of Finance, other line ministries, and various Croatian trade unions.

3. Methodological Approach

In our research, we refer to qualitative approaches of the comparative case study method to conceptualize and analyse the external-domestic interplay and the involvement of third parties (Gerring, 2004; George and Bennett, 2005). Process-tracing of the two reform initiatives serves to disentangle variation in the external-domestic interplay during reform and to explain the different outputs. We employ a classical policy-cycle as an analytical frame for process-tracing. A typology of external and domestic instruments is used to trace the external-domestic interplay.

Data Collection and Analysis

The primary instruments of data collection were semi-structured expert interviews which were then complemented by document analysis.⁴ The aim

of the interviews was to gain detailed knowledge about the process of interaction between external and domestic actors in order to identify patterns of interaction within specific reform initiatives. Interview partners were selected to include those interaction experts most closely involved in the administration reforms, especially individuals at the interface between external and domestic actors (Ritchie, Lewis and Elan, 2003: 56). The domestic interview partners were officials in the MoA (at different levels in the hierarchy), the Chief Negotiator's Office, national agencies managing EU assistance, and trade unions. External actors included members of the EU Delegation in Croatia, team members for EU financial assistance projects, and a few other donors in the field. In total, 30 interviews were held between August and November 2011. Depending on the interviewee, the interviews were held either in Croatian or in English. References to interview partners have been anonymized (the letter 'D' indicates an interviewee on the domestic side; 'E' an interviewee on the external side) and consecutively numbered.

The Typology of External and Domestic Instruments

To describe and analyse the patterns of the external-domestic interplay we refer to a typology of external and domestic instruments and their respective means that we developed elsewhere (see Gross and Grimm, 2013). On the external side, we differentiate between the instruments of *diplomacy*, *democracy assistance*, *conditionality*, and *supervision* (Grimm, 2010). The external instruments differ according to the general level of leverage that external actors are able to mobilize to influence the democratic

³ GAPA received slightly more attention, with two EU grants (CARDS 2003 and IPA 2008), while CSSA profited from a CARDS 2001 project grant and lesser assistance from external consultants from the World Bank and SIGMA (Interviews D5; E3; E4; E6).

⁴ Document analysis refers to the annual EU Progress Reports, Pre-Accession Economic Recovery Programmes, and project evaluations.

Table 1. Instruments of *External* and *Domestic* Actors

Side	Instrument	Means
External	Diplomacy	discuss and argue, consult stakeholders, ally with stakeholders/third parties, lobby, issue 'recommendations', issue communiqués, modify/drop demand
	Democracy Assistance	empower, 'propose' assistance, set pre-conditions, control assistance, advise on policy, draft policy paper, draft law, advise on implementation, re-allocate/withdraw, modify/drop demand
	Conditionality	set soft criteria, set benchmarks, monitor, threat to deny EU membership, modify or drop demand
	Supervision	execute veto power, draft laws, adopt laws, implement laws
Domestic	Diplomacy	discuss and argue, consult stakeholders, ally with stakeholders/third parties
	Take-over	agree to EU goals, agree to EU demands, use EU tools
	Slowdown	pay 'lip service', assign low priority, assign low resources, find no agreement, postpone decision, delay implementation, delegate responsibility ineffectively, re-organize working groups
	Modification	adopt and ignore, adopt and re-interpret, change reform draft, re-write reform draft
	Resistance	resist EU demands, reject experts, reject specific terminology, reject draft law, reject assistance
	Emancipation	develop own goals, develop own strategies, provide own funding

Source: Authors' compilation.

reform process, with diplomacy having the least leverage and supervision the most. In practice, however, instruments are used complementarily and are not necessarily mutually exclusive.

On the domestic side, we identify six instruments that characterize domestic actors' behaviour in the external-domestic interplay: *diplomacy*, *take-over*, *slowdown*, *modification*, *resistance*, and *emancipation*. Here, a ranking of instruments is more difficult, as the attitude of domestic actors towards external demands for democratic reforms can range from very supportive to very critical. But even reform-critical attitudes of govern-

ments and state officials of democratizing countries do not necessarily mean that domestic actors oppose the fundamental ideas that lie behind an external reform initiative – such as improving transparency, accountability, or service-orientation to citizens – but they might substantially disagree with the scope and scale of desired reforms, the degree of local third-party participation in policy-making, or estimated feasibility of implementation. Table 1 presents an overview of these instruments, together with the various means that can be used by external or domestic actors to direct the reform process.

4. Tracing the External-Domestic Interplay

Democracy Promoters and Their Counterparts: Mapping the Field of Actors

EU accession negotiations involve many different actors that can hardly be covered by the common description of external actors as 'drivers for change' (Schimmelfennig, Engert, and Knobel, 2006; European Commission, 2007) and domestic actors as 'spoilers' of reform (Stedman, 1997). Mainstream literature on the EU and democracy promotion tends to portray the national side in a one-dimensional way as being either reform-oriented or reform-opposed. Little attention has been paid to the different ideas and interests of involved actors and to internal struggles between more or less EU-critical parts in Croatian society. Therefore, we would like to shed some light on the diversity of domestic actors involved in these externally induced reform processes. Our interviews with involved actors revealed that external as well as domestic actors are divided in their judgment on how EU democracy promotion is put in place on the ground. Different attitudes exist within each group with regard to the content and practice of democracy promotion. To disentangle the different groups of actors based on their attitude towards reform, we propose to differentiate between *change agents*, *neutrals* and *status quo seekers* on the domestic side, and *radicals*, *moderates*, and *critical insiders* on the side of EU democracy promoters.

Inside Croatian society, *change agents* are those individuals that are pro-reform oriented, supportive of EU demands for democratic reforms, and critical of what they perceive as a slow reform progress

in some policy fields. They can be found as (mostly) young technocrats within the Croatian administration, in academia, or as professionals working in civil society organizations. In the Croatian administration, change agents work predominantly in those institutions most exposed to the EU such as the Chief Negotiator's Office, the Ministry of Foreign Affairs and EU Integration, the Ministry of Finance or specific EU agencies such as the Central Office for Development Strategy and Coordination of EU Funds (CODEF) and the Central Financing and Contracting Agency (CFCA). Change agents are very well acquainted with EU habitus and EU talk. *Neutrals* are those actors involved in the reform process that have neither a particular position nor a stake in the reform. They are often at the end of their career and orientate their actions at their supervisors' demand. *Status quo seekers* are those actors less supportive of EU demands with a rather critical attitude towards reform initiatives. They do so either because they are not interested in changing their routines, as reforms always entail new ways of doing things, or because they fear to lose status or benefits within the newly introduced order. They might also be opposed to reform, because they are not convinced of the proposed changes. *Neutrals* and *status quo seekers* are mostly found within the administration and less frequently within academia or civil society.

On the side of external actors, different attitudes towards the reform process exist as well. *Radicals* demand very far-reaching changes close to a complete re-structuration of a policy field. They follow an ideal type of liberal democracy that can hardly be found in any of the OECD democracies (some of

the reform proposals made by radicals would never find support in some EU countries). Usually, radicals grew up in OECD countries, and work for some international organizations. *Moderates* are more open to compromise and willing to adjust their reform demands to local propositions. They are interested in the domestic context and are orientated towards democratic improvements in the current system. *Critical insiders* are supportive of democratic reforms, but do reflect on their own role as democracy promoters. They might wish for more participatory involvement of their local counterparts in democracy promotion and are critical towards too radical reform demands that go along with strong top-down approaches.

Having those distinctions in mind, it is also important to note that the line between external and domestic actors in democracy promotion is not clear-cut. Instead, there tends to be a considerable number of Croatian change agents in the society involved in the reform process – in the position of an ‘external actor’. Within the framework of financial assistance, the EU and other international institutions engage Croatian academics or members from Croatian civil society organizations to work as consultants in one of the project teams pushing the reform process. Today, most of the financial assistance projects are given to project teams with a majority of Croatian members, or even to a purely Croatian consortium. In this way, ‘external’ Croatian change agents influence the reform process as project team members at very early stages of policy formulation, which would have never been possible in a traditional policy-cycle. Another way to blur the line between domestic and external actors is the practice of interna-

tional organizations to hire Croatian personnel. Usually, they are employed for lower level positions such as task managers, but for example in the case of the World Bank, the Senior Economist for Croatia is a Croatian woman. In that sense, some Croatian change agents are constantly switching their role between *domestic* and *external* actor.

The External-Domestic Interplay in the Reform of the Public Administration

Taking GAPA and CSSA as examples, we show how the interplay between external and domestic actors in EU membership state building works in practice. The concept of the policy-cycle serves to investigate the external-domestic interplay and the instruments employed by the two sides to promote their political interests discussed (Scharpf, 1973). The policy-cycle describes policy-making as a sequence of stages – agenda-setting, policy-formulation, policy-adoption, policy-implementation, and evaluation – related to decisions and actions concerning a specific policy (*ibid.*: 169). The external-domestic interplay takes place through the entire process, making the policy-cycle a useful tool to separate the different phases of interaction. Due to limited space, the analysis concentrates on the first three steps of the policy-cycle of GAPA and CSSA: agenda-setting, policy-formulation, and policy-adoption. Finally, the dynamics of the interplay in the two reform initiatives are compared.

External-Domestic Interplay with GAPA

With a reform of GAPA, external actors sought to enhance the legal certainty, transparency, and effectiveness of the Croatian administration by introducing e-administration, reducing the number

of regulations, and decreasing the myriad 'special procedures' that required specific administrative decisions to be amended by the parliament (SIGMA, 2007). Reforming GAPA meant changing the backbone of the Croatian administration, which had been functioning on this legal basis since the 1950s under the Yugoslav-socialist rule.⁵

The main external actor promoting the reform of GAPA was the EU, who regularly discussed the progress of this reform in accession negotiations and provided financial assistance with CARDS 2003 and IPA 2008 projects. Complementary assistance was offered by the Danish bilateral assistance programme, USAID, and SIGMA.⁶ The main actor on the Croatian side during the phase of policy-formulation was the Ministry of Administration (MoA), the domestic institution responsible for drafting and implementing the reform at the level of ministers, state secretaries, and heads of division. The Croatian cabinet and parliament were also part of the decision-making process, and the Croatian Office of the Chief Negotiator discussed GAPA in EU accession negotiations.

Agenda-Setting (2003)

In the case of GAPA, the EU acted as the agenda-setter, demanding alignment of administrative regulations with

European administrative principles. In 2003, the European Commission offered financial assistance to reform GAPA through the CARDS 2003 project. At first, reform demands were met with resistance by the Croatian government. It rejected the proposed assistance as it did not see a need for reform. Only after discussions did the Croatian government agree to EU demands and to the CARDS 2003 project, which was scheduled to begin in 2006.

Policy-Formulation Phase 1: Low Interaction (2003-2005)

The first phase of policy-formulation, from 2003 to 2005, was characterized by low levels of external-domestic interaction. External reform demands were met with slowdown by domestic actors. The MoA assigned low priority to the reform, establishing a working group that was never invited to meet. The following year, external actors reacted with democracy assistance to push the process forward. SIGMA offered assistance in the form of an expert who would advise on policy-formulation by assessing possible amendments to the old GAPA (Interview D6; Republic of Croatia, 2005).

Policy-Formulation Phase 2: High Interaction (2006-2008)

The second phase of policy-formulation, from 2006 to 2008, was characterized by high levels of interaction between external actors and the MoA. When the CARDS 2003 project started, the project team engaged very actively in advising on policy-formulation, analysing reform options, and preparing policy papers and strategy papers on 'Principles of Public Administration and Objectives of Administrative Procedures' to be adopted by the cabinet. The

⁵ The Yugoslav GAPA from 1956 was amended in 1965, 1977, 1978 and 1986, but its main features remained similar, even to the old Yugoslav General Administrative Procedure Act of 1930 (see Koprić, 2011a: 439).

⁶ German political party foundations supported administration reform already in 1991/1992, but with limited financial resources.

project team was dominated by radical reformers who proposed writing a completely new version of GAPA that would cut the 600 procedures down to 200. The Croatian persons in charge were a group of status quo seekers. They tried to react with slowdown strategies to counter reform demands, adopting all pre-formulated documents, but not engaging in drafting a new law based on these documents.

Policy-Formulation Phase 3: Escalation and Antagonistic Interaction (2008-2009)

As policy adoption approached, interactions between the EU project team, the EU Delegation, and the Croatian government as a whole began to become more antagonistic. At the end of 2007, the EU project team presented its draft law for the new GAPA, which consisted of a completely new legal framework. The proposal was met with resistance; as it was considered to be far-reaching. Subsequently, the MoA used the strategy of modification, installing a new working group composed of MoA employees and moderate Croatian academics to re-write the draft law, again using the old GAPA as the point of departure and combining it with some of the innovations proposed by the project team. In response, the EU Delegation resorted to more coercive means of diplomacy to exert pressure on the ministry. The delegation sought alliance with other external actors and asked SIGMA to issue critical recommendations on the results of the working group. This was met with partial success: some recommendations were included by the ministerial working group, but without alterations to the basic structure (Interview D6).

Policy-Adoption (2009)

In March 2009, the domestically prepared draft of GAPA was adopted in the parliament. In response, the EU Delegation applied the instrument of conditionality to push for further changes. In the EU negotiations in October 2009, it was argued that the law did not meet EU soft political criteria with regard to EU best practices for administrations, and that EU accession might be endangered if no amendments were made (Interview D2). However, the MoA made it quite clear that it would not accept further changes to the new GAPA, arguing that they had 'found their own solution' to integrate essential EU demands while maintaining a basic structure in line with established Croatian administrative traditions (Interview D6). After intensive discussions, the EU dropped its demands for changes to the new GAPA.

Summary

The reform of GAPA can be judged as a mixed result. On the one hand, a new law was adopted and enacted. On the other hand, the adopted law differs to a great extent from the original proposal made by external consultants and leaves the basic structure of the old system intact (Koprić, 2009b; European Commission, 2011). The Croatian government was thus satisfied with the result, whereas the European Union would favour further changes.

External-Domestic Interplay with CSSA

The reform of CSSA is regarded by the EU as the missing piece of a comprehensive reform of the legal basis of Croatia's professional civil service. The EU wishes to align and unify Croatia's wage system based on the principles of

fiscal responsibility, equal pay for equal work, performance-based payments, and a competitive salary system. The wage system is criticised for being non-transparent, fragmentary, and without performance-based incentives (SIGMA, 2007). Payment is regulated in several separate laws for state civil servants, civil servants at local and regional levels, and the different public service groups. Special laws, decrees, and collective agreements lead to further differences between the wages of each group (*ibid.*).

The primary external actor involved in CSSA was the EU Delegation. The World Bank, SIGMA, and British, Danish, and Swedish bilateral donor agencies also offered assistance. On the Croatian side, the MoA acted as the coordinator of the reform process. A well-institutionalized tripartite system, the so-called 'social partnership', required the government (including the Ministry of Finance and all other line ministries) to negotiate with trade unions on this issue (Samostalna služba za socijalno partnerstvo, 2011; Interview D1). Reaching an agreement proved difficult. The government, under pressure from the International Monetary Fund (IMF), had pledged to cut public spending in 2009 (Republic of Croatia, 2010). Adjusting civil servant salaries through a partial salary raise was thus opposed by the Ministry of Finance (backed by international organizations), while some trade unions opposed potential wage reductions or downsizing staff numbers.⁷

⁷ To understand the strong opposition on behalf of different domestic actors, one has to take into account two factors: first, the average net earning of a Croatian employee is 7.679 Kuna (1020€), while the salary of state civil servants is calculated with a base rate

Agenda-Setting (2003)

Again, the EU acted as the agenda-setter by demanding CSSA reform. The Croatian government reacted by taking over EU demands. A more transparent wage system was in its interests as well.

Policy-Formulation Phase 1: Democracy Assistance and Slowdown (2003-2008)

Between 2003 and 2008, the interactions between the Croatian government and international actors followed a recurring pattern: external actors provided policy advice via democracy assistance, and Croatian decision-makers reacted with a general take-over of EU goals, but then slowdown followed, postponing actual decisions. Several times the MoA installed working groups with all affected ministries and trade unions participating to negotiate a new CSSA. EU, the World Bank, and SIGMA provided democracy assistance: external consultants analysed the Croatian system, made policy recommendations and proposed draft laws to the working group. This time, international actors involved in the reform were comprised of radicals as well as moderates. IMF and the World Bank pressured for more radical cuts in government spending, whereas the

of 5.108 (679€) (Državni Zavod za Statistiku Republike Hrvatske, 2011: 11). Second, in 2011, Croatia's state budget amounted to 42% of GDP and the government spent 10.7% of GDP on civil servants' salaries (IMF, 2012: 29, 31). Plus, the 37 400 Croatian state civil servants made up for 2.3% of the employed population, which is a relatively high percentage in regional comparison (ranging from 1.28% to 5.5%) (Cohen, 2010: 10). The problem of finding a solution suitable to everyone was also mentioned in Interviews D1; D6; D7.

EU and SIGMA were more moderate in that regard. In 2005, the government postponed the decision on an externally drafted policy until the next year (Republic of Croatia, 2006: 76). The government took up negotiations within the tripartite system again in 2006 to unify the salary system. Again, a draft law was produced with advice of external consultants. It was adopted by the government, but was not submitted to the parliament in 2007 (Republic of Croatia, 2007: 66). The government justified its slowdown strategy with the vague fiscal impact of that law that might risk its dismissal in the parliament. The decision was postponed to take on discussions at a later stage (Interview E2). Theoretically, the MoA and trade unions were willing to change CSSA, but when pressured to introduce severe cuts in wage spending, they chose the strategy of status quo seekers.

Policy-Formulation Phase 2: Conditionality (2008-2009)

Starting in 2008, after five years of democracy assistance, external actors reverted to the instruments of diplomacy and conditionality in an attempt to speed up the reform process. First, they used diplomacy, forming alliance with all involved donors and recommending the government to speed up reform (Interview E3). As the government and trade unions were still unable to reach an agreement and thus continued to slow-down the reform process, the EU resorted to the use of conditionality. In 2008, the EU made the adoption of the Salary Act a pre-condition for further financial grants to the MoA (*ibid.*). The government responded with resistance to this EU demand because it anticipated that no agreement could be reached with

trade unions at this point. In the end, the EU dropped the pre-condition. It provided financial assistance despite the lack of compliance. However, a general take-over of EU demands on the part of domestic actors can be observed. In 2008, the government adopted another draft law with the help of external advice and through discussions within the social partnership. This draft was submitted to the parliament in January 2009. This time, however, the parliament used slowdown techniques and postponed the decision due to doubts about financial sustainability. Severe protests and strikes by trade unions followed because they feared a new proposal would be less favourable to their demands.

Policy-Formulation Phase 3: Conditionality and Resistance (2009-?)

In the autumn of 2009, in another attempt to heighten reform pressures, the EU once again resorted to the instrument of conditionality. It made the adoption of CSSA a benchmark of Chapter 22 during accession negotiations (Interview D4). This demand was met with resistance from the Croatian government, who insisted on reaching an agreement with trade unions first; so as not to face severe strikes and social unrest. In the end, the EU dropped its demand for a new CSSA as part of EU benchmarks. In the spring of 2011, another round of negotiations started, again without results. The proceedings of the working group were delayed until after the elections in November 2011.

Summary

Taking EU criteria as benchmark, the reform of CSSA cannot be evaluated as successful at this point, as no new law has been adopted to date. Finding a

compromise between all the actors involved in the reform of CSSA has proven to be very difficult, due to their widely diverging interests. However, this also means that domestic trade unions have been able to influence the process and until now have successfully prevented a reform in disfavour of civil servants' interests.

Comparing the External-Domestic Interplay in the GAPA and CSSA Processes

A comparison of the two externally requested reform initiatives reveals that both processes had a long phase of up to five years in the stage of policy-formulation, in which external actors participated by providing advice and proposing reform drafts that were generally accepted by the Croatian government. When the point of policy-adoption approached, two different developments can be observed, depending on whether strong veto players were involved in the reform or not.

In the case of GAPA, resistance by the status quo seekers to the externally proposed reforms manifested itself after the end of the main democracy-assistance project and shortly before the planned adoption of the new law. In the first step, the EU project team as a radical actor (in alliance with other international actors) used diplomacy to impede essential changes in the draft law, but significant modifications of the draft law were undertaken by the MoA and adopted by the parliament nonetheless. In response, the EU resorted to the instrument of conditionality, threatening to deny EU accession, as the law did not meet EU soft political criteria. However, because the Croatian government, again acting as a status quo seeker, was not

prepared to include more radical changes in GAPA, arguing that the adopted law did indeed incorporate the central demands made by the EU, conditionality was again unsuccessful.

In the case of CSSA, trade unions, behaving as status quo seekers, represented a strong third-party negotiation partner for the government. Slowdown was the government's main instrument to manage external and domestic third parties' demands for reform. The adoption of CSSA was postponed several times, as no agreement with trade unions could be reached. The EU, although more moderate than the radicals from the World Bank and the IMF, reacted with the use of conditionality to push for adoption. However, the Croatian government resisted this demand, pointing to the need to continue negotiations with the third-party actors; the government ultimately succeeded, as the EU dropped its conditions.

In both reform initiatives, external actors first used democracy assistance to guide democratic reforms and later resorted to the use of (coercive) diplomacy and conditionality. Coercive means of diplomacy and conditionality were employed when the success of the reform attempts seemed to be in danger – for example, when domestic actors reverted to slowdown, modification, or resistance in response to demands for reform. However, the use of diplomacy and conditionality had only a limited effect on the course of reform. In the case of CSSA, where third parties were involved in negotiations at the domestic level, the EU had to accept resistance and slowdown because of the government's obligation to reach a compromise with the trade unions before adoption. In the case of GAPA, where no powerful third-

party actor was part of the policy-making procedure, the EU was forced to accept resistance and modification when the Croatian government made it clear that it would not agree to more radical changes and was able to convince the Commission that the adopted law would follow EU principles.

5. Conclusions

This contribution shows that democracy promotion involves constant interactions between international democracy promoters and domestic actors in negotiating the content of democratic reforms, and that third parties matter as well in this process. To trace this process, a new typology was employed describing the instruments and means used by external and domestic actors in their interplay during democracy promotion. A case study of the Public Administration Reform (PAR) in Croatia served as the empirical basis for our investigation. Two concrete reform initiatives, the General Administrative Procedures Act (GAPA) and the Civil Service Salary Act (CSSA) were analysed.

The analysis of the two reform projects validates our first argument, namely, that the interplay of external and domestic actors influences the results of reform. Our investigation shows that demands for democratic reform and the initiative to place these issues on the agenda come mostly from the external side. Within PAR in Croatia, we found no incidents in which domestic actors took the lead in proposing a reform issue to external actors. Domestic actors in Croatia had to adapt to external reform demands, learn how external actors organize policy-making, projects, and programmes, and then take over the implementation of basic liberal demo-

cratic principles in their political system. Although the EU was formally excluded from policy adoption in the Croatian parliament, it sought to speed up the process by the use of (soft) conditionality and diplomatic pressure.

However, the Croatian case also shows us that the external-domestic relationship is not completely a one-way street. Domestic actors employ a wide range of instruments with which they can alter external preferences and through which they can succeed in convincing external actors to accept modifications of drafted laws and to change reform objectives. In both investigated reform endeavours, the EU was ultimately obliged to drop certain aspects of its desired reforms, despite using all available instruments to avoid this outcome.

Considering our second argument, especially the analysis of CSSA strikingly demonstrates the influence of domestic third parties, in this case trade unions, on reform results. The Croatian government had to use slowdown and modification to react both to external and domestic third parties' reform demands. External actors employed more coercive forms of diplomacy and conditionality in turn. If an agreement about CSSA is reached at some point in the future, it will differ significantly from the original demands made by the EU, due to domestic third party involvement and their wish for modifying the reform draft proposal. In contrast to other scholars, however, we do not perceive this as wilful interference of third party actors, but instead as a sign of a greater capability of domestic actors to organize their interests and to use democratic means of negotiating and lobbying during policy-making in order to make

their preferences heard. This kind of interest-formation and -articulation is a common feature in consolidated democracies. Thereby, Croatia might be

more progressed on its way towards democracy than the EU, which expects its demands to be smoothly complied with, can handle.

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Stvaranje države članice EU-a promicanjem demokracije: slučaj reforme javne uprave u Hrvatskoj

SAŽETAK Studija govori o procesu stvaranja članice EU-a promicanjem demokracije u slučaju Hrvatske, s posebnim naglaskom na dvjema reformskim inicijativama iz područja reforme javne uprave (PAR). Iskustvo Hrvatske reprezentativno je za napore međunarodne zajednice da prevlada posljedice nasilnog raspada države i građanskog rata. EU je posebno potpomogao postkonfliktnu demokratizaciju diplomatskim inicijativama, osiguranjem pomoći i političkim uvjetovanjem. Hrvatska politička elita pokazala je veliku spremnost da primijeni demokratske reforme, ali je istovremeno bila kritična prema onome što je smatrano "prevelikim" miješanjem u unutarnja pitanja države. Na temelju 30 intervjua s hrvatskim dužnosnicima, akterima civilnoga društva, članovima EU-delegacije i drugim predstavnicima međunarodne zajednice empirijski se procjenjuju napredak i poteškoće u reformi javne uprave u Hrvatskoj te se objašnjava zašto su neke reforme uspješno implementirane, a druge nisu.

KLJUČNE RIJEČI Hrvatska, demokratizacija, promicanje demokracije, Europska Unija, međugra vanjske i unutarnje politike, izgradnja država članica