

Reform of Public Administration and EU Funded Assistance. Conditions for Success.

The Croatian Case

*Constantino Longares Barrio**

This article focuses on the assistance financed by the EU in the sector of public administration reform. Reforms in that sector are needed in all European democracies as society changes, but they are even more important in a praccession context. It takes Croatia as an example trying to show what have been the elements that allow a success in the way international assistance can help reform processes in that sector. A number of key elements will allow financial efforts to bear fruits. Absence of those may transform this financial assistance into a waste of money that comes from taxpayers.

Key words: Croatia, Public Administration, Preaccession, Enlargement, Project Management, European Union

Context. Public administration reform in 21st century and accession to the EU

The purpose of these few pages is to describe in short the strategy followed by the European Commission when providing assistance to the re-

* Constantino Longares Barrio, Delegation of the European Commission to the Republic of Croatia, head of operations – Economic Development, Justice and Home Affairs (šef odjela za provedbu projekata – gospodarski razvoj, pravosuđe i unutarnji poslovi, Delegacija Europske komisije u Republici Hrvatskoj)

form of public administration and to highlight the key elements that have been essential in reaching success with this assistance. Before that, we should define what we understand by public administration reform in that context. It is known by all practitioners of public law and public management that the access to the EU is based in transposition of legislation (the so-called *acquis communautaire*) and its implementation. It is also known that most challenges a country faces during the preparation for accession relate to the capacity of its public administration to handle that process, to propose legislation, and ensure its adequate implementation.

However, since the last two waves of accession, the conditions for it also include the need to adjust administrative and judicial structures so as to be able to transpose EU Law and effectively implement it (this was decided at the Madrid European Council in 1995). In this short article, we will focus on the core reforms needed to fulfil this criterion: assistance in reforms of central or horizontal structures of the Croatian public administration, not of the specific sectors. This will involve systems being setup for the establishment of professional public service structures, adequate handling of administrative procedures, and introduction of new technologies in the public administrative practice and decentralization.

Whereas one could say that the post World War II period of the 20th century was characterized by the raising of modern and efficient public administration services in almost all European states, the 21st century is characterized above all by the impact of new technologies in all aspects of life. The latter required a transition towards the methods of work that originated in an advanced market economy with a focus on efficiency and on services being increasingly oriented towards users' satisfaction. Today's public administration in Europe has to face the challenge of change in modern technologies in the context of a globalized economy. Today's administration is judged by users against predetermined standard criteria.

In general, those criteria include the reliability and predictability of public administration, together with openness and transparency, accountability and efficiency.

In that context, the condition of Croatia as a candidate country to enter in the EU triggers a number of elements that contribute greatly to the increased importance of carrying out the reforms first, as soon as possible in the preaccession context.

European Assistance to Candidate Countries

The European Union provides assistance to many non-member countries in the world. Whereas assistance to developing countries in that sector is usually called assistance to good governance, in the preaccession context it is simply and directly named assistance to public administration reform.

Croatia has benefited from different programmes and instruments. We will not describe those here because the focus of this article are the elements for success, or more generally, all those instruments consisting of donations of money which is to be spent in obtaining advisory services through contracts with private companies or with member state administrative bodies, or through the procurement of equipment or works to improve the infrastructure or means needed for the adequate functioning of public administration. The other fundamental element in this area is the timeline. EU assistance is provided following classical project cycle management techniques by which the process starts with the identification of projects, then continues with the member states' approval of the budgetary allocations and continues with the procurement, through a complex tender system, of the necessary inputs for the assistance to be disbursed. This whole process usually takes around 24 months. It is only then that the implementation of the projects can start and subsequently reforms can benefit from the assistance. Sometimes, the impact of that assistance will appear later in the time, thus increasing the importance of the timeline in the process.

The reason why we insist on the importance of time is clear: the programming of assistance in sectors that require long-term efforts requires a vision and a good number of forward looking individuals or institutions to be involved in the identification of projects. In the case of Croatia, the Delegation of the European Commission included projects in the field of public administration reform as early as in the year 2001. This allowed the implementation during 2003 and 2004, which provided the basics for planning a comprehensive reform.

The second element needed to achieve success in this respect is adequate sequencing. Only after drafting a law on civil servants will a technical assistance project on how to recruit them be successful. Likewise, only after equipping a training centre and designing a curriculum will assistance to establish a civil service training strategy be successful.

The third element that we would like to point out in this respect is the complementarity of efforts made by different donors. We will elaborate on this with concrete examples.

Finally, the most important element for the success of a public administration reform with the assistance of the EU is the ownership by the beneficiary, which, if genuine, should translate into decisiveness in adopting decisions, strong political will to carry out the reform, and public discussion about it. We will explain latter how and to which extent this key element has been present in the case of Croatia in recent years.

Assistance to Croatia

The EU has financed many projects in the public administration reform area. A total amount of 8.5 million Euros has been allocated to that since 2001.

The projects have covered the following interventions:

CARDS 2001 »Public Administration Reform – Support to the Reform of the Civil Service« with a budget of 1.2 MEUR and duration of 25 months (25 November 2002 – 24 December 2004). This project was a technical assistance project, which was implemented by a British consortium. The project partner was originally the Ministry of Justice and eventually after the 2003 elections the Central State Office for Administration. The project had three components: 1) Civil service strategy and legislation (e.g. civil service policy paper, new Civil Service Law); 2) Improvement of HRM structures (e.g. a functional review, HRM assessment); and 3) Civil Service Training (e.g. Training Needs Assessment, a civil service training strategy, pilot training programmes, support in setting up the Civil Service Training Centre). Additionally, equipment worth of almost 180.000 EUR was supplied to the Civil Service Training Centre.

CARDS 2003 »Implementation of Civil Service Reform« with a budget of 1.7 MEUR and duration of 24 months (23 January 2006 – 22 January 2008). This project was a technical assistance project, which was implemented by a British consortium. The key project partner was the Central State Office for Administration. The project builds on the results of the previous PAR project funded under the CARDS 2001 programme.

The primary objectives of the project were to strengthen institutional and administrative capacity for human resources management across the state administration; and to improve legal framework and implementation of administrative procedures.

The project had two major Components: 1) Implementation of the new civil service system and 2) Reform of Administrative Procedures. The main

activities under Component 1 included support to the CSOA in preparing implementation regulations under the new Civil Service Law; support to the CSOA in preparing guidelines for state administration bodies on implementation of the new civil service law and its implementing regulations; support to the CSOA in establishing its proper role as the coordinator and promoter of improved civil service management, including advice on its organisation, staffing and internal procedures, and necessary procedures with the state administration bodies; support to the CSOA and ministries in establishing the new HRM departments in line with the requirements of the new Civil Service Law; support to the CSOA (through briefing sessions and written guidelines) with developing an effective working relationship with the newly established HRM Departments in order to improve the horizontal and vertical management of the civil service; develop and deliver a comprehensive training programme (with train-the-trainer component of minimum 10 trainers) for both the CSOA and the HR staff; organise two-week internships for minimum 10 Central State Office for Administration and the line ministries' HRM Department employees in the central civil service HR management office and/or HRM departments of an EU member state to learn about modern HRM management techniques; organise a study tour for minimum 10 employees of the Central State Office for Administration in a counterpart institution in an EU Member State; and assist the CSOA to bring the new civil service registry in line with the requirements of the new Civil Service Law.

The main activities under Component 2 included assistance to the CSOA in drafting a new Law on General Administrative Procedures; assistance in drafting necessary secondary legislation; prepare necessary guidelines and information material both for civil servants and citizens; and advice on setting up the appropriate monitoring arrangements for proper implementation of the law.

CARDS 2003 »Administrative Decentralisation« with a budget of 1.35 MEUR and duration of 20 months (22 May 2006 – 21 January 2008). This project was a technical assistance project, implemented by a German consortium. The key project partners were the Central State Office for Administration, the Decentralisation Commission and its various Task Forces, line ministries involved in decentralisation discussions, Local Democracy Academy, and local and regional governments units. The objective of the project was to improve the overall coordination and monitoring of the decentralisation process, as well as the legal framework, and to strengthen the administrative capacity of public servants at lower levels of government.

The project had two Components: 1) Policy and legal advice to the Decentralisation Commission and 2) Training of local government officials. The main activities under Component 1 included preparation of an assessment on the role and operation of the de-concentrated state administration and its place in the overall framework of current process of decentralization; based on the assessment of strengths and weaknesses of the Central State Office for Administration, provision of administrative capacity building support with regard to its leading role of guiding the Decentralisation Commission and the expert groups; providing expert advice and assisting the expert groups established under the Decentralisation Commission in preparation of sectoral assessments. The expert groups include expert group for education, expert group for health, expert group for social care, expert group for environmental protection, expert group for agriculture. It continues with organising a study tour for minimum 15 people (e.g. Heads of expert groups, relevant staff of the CSOA, other key decision-makers and stakeholders) to one-two EU Member States, which have undergone a decentralisation process; holding regional information meetings as necessary on the sectoral assessments and proposed policy options in order to obtain input from a wider group of local and regional government stakeholders before their final adoption and presentation to the Decentralisation Commission; providing policy advice to the Decentralisation Commission on preparation of the overall decentralisation strategy; building on all available information and any previous assessments in order to prepare an in-depth assessment of the current legal framework governing local government to identify all internal inconsistencies. Finally, upon adoption of the decentralisation strategy, and based on the comprehensive legal assessment, providing expert advice and assistance to the expert groups and the Central State Office for Administration in preparation of the necessary draft legislation and any necessary explanatory notes/background documentation.

The main activities under Component 2 included establishing a Training Steering Group (Committee) of key stakeholders to oversee the development of a comprehensive Training Needs Analysis and a National Training Strategy for local government officials; preparing a training needs assessment (TNA) on the current situation of the training of local government officials; elaborating a national training strategy for local government officials based on the detailed TNA together with major stakeholders;

CARDS 2002 »Fiscal Decentralisation« with a budget of 1.24 MEUR and duration of 19.5 months (17 October 2005 – 31 May 2007). This project was a technical assistance project, implemented by an Austrian

consortium. The key project partners were the Ministry of Finance, the Decentralisation Commission and its Task Force for Fiscal Capacity, as well as key staff in line ministries and local and regional governments' units. The objective of the project was to improve the overall legal and strategic framework for fiscal decentralisation and the capability of the Ministry of Finance to support the Decentralisation Commission. The main activities of the project included an evaluation of the existing fiscal equalisation system, including identification and calculation of the costs of decentralised functions; an analysis of the fiscal impact of the decentralisation of specific tasks; the development of a fiscal equalisation model; the creation and maintenance of a database to be used for implementation of the equalisation model; the development of a future reporting system for monitoring the implementation of the equalisation model; and policy advice to the Decentralisation Commission and its expert groups.

PHARE 2006 »Enhancing capacity of the Croatian State and Public Administration for Providing User-Oriented Service«. With a budget of 2.7 MEUR (2.525 MEUR of PHARE support and 0.175 national co-financing) this project has not been contracted yet. The purpose of the project is to improve legal, organisation and technical environment and horizontal integration of administrative procedures for delivery of public services to citizens and business entities, in line with the e-Europe Programme and the Croatian HITRO.HR programme.

The project should achieve the following main results:

- 1) Primary and secondary legislation that regulates horizontal integration of administrative procedures in the state and public administration bodies supports an efficient public service provision and is in line with the best EU practices and *acquis communautaire*;
- 2) Business processes in the relevant state and public administration bodies streamlined and well interconnected in terms of semantic, technical, and process interoperability;
- 3) Institutional capacity for public service delivery (human resource capacity and technological capacity) of the relevant stakeholders improved; and
- 4) Awareness of wider public about the introduction of new forms of information provision and public service delivery rose.

In parallel to those projects, the SIGMA programme, which is a joint initiative of the EU and OECD, principally financed by the EU has been

continuously providing assistance in the sector. It was started in 1992 and has built up a recognised reputation in its field of expertise, in particular public administration reform and the efficient management of public funds. The SIGMA programme is currently supporting administrative reforms in the ten new EU Member States (EU Transition Facility), Bulgaria, Romania, Turkey (PHARE) and in the Balkan countries, including Croatia (CARDS). Since 2005, SIGMA programme in Croatia is funded through PHARE, reflecting Croatia's candidate country status.

The overall objective of the SIGMA Programme is to support the ongoing reform of public administration(s) of the EU candidate countries to enhance the capacities to implement EU policies and in particular the *acquis communautaire*. To this end, activities focus on two building blocks: public administration reform and management of funds.

Under the first building block, SIGMA will continue to carry out regular assessments of progress in the civil service reform to inform the European Commission on Croatia's progress towards membership. SIGMA also provides specific inputs (e.g. revision of legal drafts, complementary short-term activities) to support implementation of the EU financial assistance.

Conditions for Success in the Croatian Case

Timely programming of assistance. Assistance to Croatia in the public administration sector was earmarked in 2001. This was based on an assessment of public administration carried out by SIGMA experts. As indicated above, the assessments that SIGMA carries out are used for several purposes, but it is within its mandate to do studies and analyses of needs and gaps in the legal and administrative framework in order to plan assistance. Although the planning was not comprehensive at the time, it was well structured around the missing elements. Initially, it planned a general administrative reform project that materialized with financing in the 2001 envelope. As explained above, that project supported Croatia in two major elements, the drafting of the new civil service law and the definition of a human resources policy for public administration.

After that first step, efforts were concentrated in other areas, but we would like to highlight that the early start provided sufficient time for key reforms to be adequately timed. In fact, the law that was prepared with the assistance of the project was adopted in 2005 and entered into force at the beginning of 2006 but it still is not fully implemented. This

shows that, sometimes, ambitious projects in that area become difficult to implement in practice. The impact of the EU funding is only seen a few years after the activities of the projects are finalized.

Any country in a preaccession context could use this strategy and start by doing an assessment of needs that can be financed through SIGMA, which will constitute the skeleton of a strategy to deploy the assistance in the following years.

Adequate sequencing of assistance. This condition is even more complicated to achieve than the previous one. The scarcity of resources, a lack of political will at some stages of the process, or even inadequate size of some departments in public administration structures may bring situations where projects are not properly sequenced. As an example of good sequencing, we would mention the CARDS 2001 »Public Administration Reform – Support to the Reform of the Civil Service« which was implemented between 25 November 2002 and 24 December 2004. That project was followed by another project financed under the CARDS 2004 programme: Implementation of Civil Service Reform, with activities lasting from 23 January 2006 – 22 January 2008. This sequencing allowed adequate assimilation of results of the first project, which in turn prepared the sector for the activities and proposals for reform of the second project.

We could mention the projects on decentralization as an example of inadequate sequencing: the project CARDS 2003 »Administrative Decentralisation« was implemented between 22 May 2006 and 21 January 2008 whereas the project CARDS 2002 »Fiscal Decentralisation« started on 17 October 2005 and finalized on 31 May 2007. It was clear through the project implementation that the project on fiscal decentralization would have worked better once the project on administrative decentralization was finished or with activities well underway. The programming in different budgetary years brought different timelines that prevented adequate results. Today the current government is planning a decentralization process (as per the coalition agreement signed in January 2008). It would be important that the decentralization process is based on the outputs of expert advice provided by the projects, instead of political decisions. In general, we could say that the process of decentralization in Croatia has suffered from a top-down approach and lack of strategic vision up to now. The time has come to change this into a more bottom-up driven reform and forward looking vision.

Complementarity of funding. In a context of difficult economic conditions, countries in transition tend to rely mostly on donor's funding when

they want to undertake public administration reforms. This was also the case of Croatia. Several donors had public administration reform efforts high on their agendas and were ready to support Croatia's efforts. Among them were multilateral donors like the World Bank and the European Union, but also some bilateral donors, such as Sweden, Denmark, the UK, and the USAID. The donors tend to identify windows of opportunity to deliver assistance in the most successful manner. We can say that the process of public administration reform in Croatia provided such windows to most of them in such a way that there were no overlaps and complementarity was almost perfect. An example of it is the complementarity of efforts carried out by the World Bank and the European Commission by which the World Bank focused on fiscal impact of reforms and functional analysis whereas the EC projects had more to do with the basic human resources management structures and the drafting of the civil service law. Likewise, the assistance provided by the UK helped to bridge the activities between the two EC financed projects on civil service reform. Another example is the presence of high volume of assistance provided by Denmark once the project and equipment for its civil service training centre had been provided by the EC.

The last element for success that we would like to highlight here is the presence of a high degree of ownership by the beneficiary. Public sector reforms can be imposed or demand driven. It has been demonstrated that in order to be successful, the beneficiary must feel the need for reforms. This has not always been clear in Croatia. Whereas the process started well with SIGMA assessments taken as expert advice and needed modernization of the state, later the logical resistance within the existing structures was more successful than the willingness to introduce change. Almost all the above-mentioned projects were implemented after the creation of the Central State Office for Administration, the key actor in that area, and under the last government term. Many elements of the reform were undertaken by the CSOA and the government with a considerable delay. Some decisions were postponed and the impact of others delayed until after the elections. Today, a long time advocated comprehensive public administration reform strategy is still pending decision by the government, and key laws for the effective implementation of the civil service law are in draft format. Although there has always been political will for reforms, the speed of decisions may have sometimes been too slow. This may be due, as mentioned, to the resistance from professional lobby groups to budgetary implications of the reforms. There is, in general, a need to improve the comprehensive vision based on a bottom up approach for that reform.

Conclusion

The assistance from the European Union can sometimes be of a substantial amount. The services that are procured with it can be regarded as expensive, or even very expensive, but in most cases are of a very high quality. The partnership between EC Delegations and recipient countries will provide adequate programming of projects to assist in a sector that traditionally lacks national financing. In that effort, the EC employees, together with the beneficiary country key stakeholders should always take some time to consider the long-term perspective, assess the different sources of funding, and plan ahead the way to finance all the actions. A bottom-up public approach will be instrumental in creating the necessary ownership, but we should not forget that governments are composed of politicians and therefore at the same time all stakeholders should help the political elite get that feeling of urgency to carry out the long-term reforms.

REFORM OF PUBLIC ADMINISTRATION AND EU FUNDED ASSISTANCE. CONDITIONS FOR SUCCESS. THE CROATIAN CASE

Summary

*This article describes the strategy followed by the European Commission when providing assistance to the reform of public administration in Croatia. It also highlights the key elements that have been essential in reaching success with this assistance. Access to the EU is based in transposition of legislation (the so called *acquis communautaire*) and its implementation. Most of the challenges a country faces during the preparation for accession relate to the capacity of public administration to handle that process, to propose legislation and ensure its adequate implementation.*

The post World War II period of the 20th century was characterized by the raising of modern and efficient public administration services in almost all European states, but the 21st century is characterized above all by the impact of new technologies in all aspects of life. Today's public administration in Europe has to face the challenge of change in modern technologies in the context of a globalized economy. Public administration is today judged by users against predetermined standard criteria. In general, those criteria include the reliability and

predictability of the administration, together with openness and transparency, accountability and efficiency.

In that context, the condition of Croatia as candidate country to enter in the EU triggers a number of elements that contribute greatly to increase the importance of carrying out the reforms first, as soon as possible in the preaccession context. The EU assist with projects financed by taxpayers. In this context, some key elements are key for success:

- 1. Timeline. EU assistance is provided following classical project cycle management techniques through a process that usually takes around 24 months. Early allocation of funds to that sector is the key for reforms to take place in the right time.*
- 2. The second element which is needed to reach success in this respect is adequate sequencing.*
- 3. The third element that we would like to point out in this respect is the complementarity of efforts made by different donors.*
- 4. Finally, the most important element for the success of a reform of public administration with the assistance of the EU is the ownership by the beneficiary which, if genuine, should translate into decisiveness in adopting decisions, strong political will to carry out the reform and public discussion about it. We will explain latter how and to which extent this key element has been present in the case of Croatia in the last years.*

Key words: Croatia, Public Administration, Preaccession, Enlargement, Project Management, European Union

REFORMA JAVNE UPRAVE I POMOĆ FINANCIRANA OD EUROPSKE UNIJE. UVJETI ZA USPJEH: HRVATSKI SLUČAJ

Sažetak

*Članak opisuje strategiju Europske komisije u pružanju pomoći reformi javne uprave u Hrvatskoj. Također ističe ključne elemente da ta pomoć bude uspješna. Pristup Europskoj uniji temelji se na transponiranju zakonodavstva (tzv. *acquis communautaire*) i njegovoj provedbi. Većina izazova s kojima se suočavaju zemlje koje se pripremaju za ulazak u članstvo Europske unije tiče se kapacite-*

ta javne uprave da se bavi tim procesom, da predlaže zakonodavstvo i osigura njegovu prikladnu provedbu.

Razdoblje nakon Drugog svjetskog rata bilo je obilježeno stvaranjem moderne i efikasne javne uprave u gotovo svim europskim zemljama, a 21. stoljeće je prije svega obilježeno učincima novih tehnologija na sve aspekte života. Današnja javna uprava u Europi mora se suočiti s izazovom promjena u modernim tehnologijama u uvjetima globaliziranog gospodarstva. Korisnici prosuđuju javnu upravu prema prethodno određenim standardnim kriterijima. Općenito, ti kriteriji uključuju pouzdanost i predvidivost uprave, kao i njezinu otvorenost i transparentnost, odgovornost i efikasnost.

U tom kontekstu uvjet da Hrvatska kao zemlja kandidat uđe u Europsku uniju pokreće brojne elemente koji značajno povećavaju značenje provedbe reformi, i to što prije, u pretpristupnom razdoblju. Europska unija pomaže putem projekata financiranih od svojih poreznih obveznika. U tom kontekstu, neki su ključni elementi od najveće važnosti za uspjeh:

1. Vremenski okvir. Pomoć Europske unije pruža se u skladu s klasičnim tehnikama upravljanja projektnim ciklusima, koji obično traju 24 mjeseca. Rano dodjeljivanje sredstava tom području ključno je za pravodobne reforme.
2. Drugi element uspjehnosti je prikladno određivanje redoslijeda reformi.
3. Treći element je dopunjavanje napora različitih donatora.
4. Na kraju, najvažniji element uspjeha reforme javne uprave uz pomoć Europske unije jest prihvaćanje reformi kao vlastitih, što se, ako se doista postigne, pretvara u odlučnost u odlučivanju, čvrstu političku volju za provedbom reforme i javnu raspravu o njoj. U radu se opisuje kako je i do koje mjere taj element prisutan u Hrvatskoj zadnjih godina.

Ključne riječi: Hrvatska, javna uprava, pretpristupno razdoblje, proširenje, projektni menadžment, Europska unija