

## *Interview with Professor Ivan Koprčić for the International Institute of Administrative Sciences*

UDK 35.071.2(047.53)

Interviewee: Ivan Koprčić (HR), leader of the  
WG I – External (post-) NPM reforms

1. Prof. Koprčić, you have been leader the WG I on external (post-) NPM reforms. Can you tell us what precisely your tasks were as leader of a Working group?

Working group I was focused on external reforms at the local and regional levels, i.e. reforms aimed at the change in delivery of local services. Traditionally, during the golden era of local welfare state these services were provided by the local governments. However, since the 1980s we have been faced with the influence of the New Public Management doctrine, which resulted in inclination towards the private sector provision. New financial crises of the late 2000s with austerity policy in many European countries have given additional impetus to the search for most appropriate organisational, legal, and service delivery regimes at the local level. We were especially interested in examining the trend of re-municipalisation, but we have actually been able to find only a moderate number of cases confirming it. Many post-NPM influences and the wish of many countries to increase the quality and reduce the costs of services especially at subnational level have been observed. During our work, we covered both groups of local services, public and social services. Public services include waste, water, energy, and other services, while social services encompass health-care, care for the elderly, childcare, education, and similar. At the local level, this dichotomy follows the differentiation between services of general economic interest and social services of general interest introduced by the European Union. During the first phase, we aimed at analysing the institutional and organisational changes in local service delivery, while the

second phase was devoted to the evaluation of local services reforms in Europe. Our methodology was based on the comparative, cross-country and cross-sector approach. We offered evaluation-generated knowledge easily applicable in evidence-based policy-making.

I was very fortunate to cooperate closely with my two co-chairs, professors, Hellmut Wollmann and Gérard Marcou. In the first phase, Hellmut was especially active in preparing our first book concept, because I was prevented by some private matters. Professor Marcou was an exceptional scholar who served as a co-chair until his sudden death in October 2016.

2. *What were the main outcomes of this group? What were the difficulties faced by it?*

Working group I prepared two books and a special issue. The book "Public and Social Services in Europe: From Public and Municipal to Private Sector Provision" was published by Palgrave Macmillan in 2016 with three of us as co-editors (Wollmann/Koprić/Marcou). The chapters were developed and debated about at the meetings in Edinburgh (11/9/2013), Potsdam (15-16/5/2014), Paris (15-16/1/2015), and Dubrovnik (5-6/5/2016). It contains 21 chapters, some of them are country reports (the UK, France, Germany, Sweden, Italy, Spain, Greece, the Czech and Slovak Republics, Poland, Hungary, Croatia, Turkey), others are single policy or service reports (energy sector, water provision, hospitals), while the third group are cross-cutting reports about the impact of EU law and European Court of Justice's decisions, and reports about institutional variations and models of local public service delivery.

As special issue of "Croatian and Comparative Public Administration" (vol. 15, no. 3, 2015) contained six papers dealing with local public transport in Germany and Finland, waste management in the Czech and Slovak Republics, local public services in Slovenia, the convergence of social services of general interest in EU, and the reform of public services and local public services provision in China.

The second book will have been published by the end of 2017 under the title "Evaluating Reforms of Local Public and Social Services in Europe: More Evidence for Better Results" by Palgrave Macmillan, again with three co-editors (Koprić/Wollmann/Marcou). The chapters were developed and debated at the meetings in Dubrovnik (5-6/5/2015), Istanbul (22-23/10/2015), Bern (30-31/3/2016), and Zagreb (27-28/6/2016). Two groups of changes are evaluated in the volume. The first group relates to the changes of service delivery regimes. More ambitious, robust modernization, decentralization, managerial, and other substantive reforms in the

field of local service delivery are also covered in the book. The book contains several chapters on more general issues of evaluating local services delivery reforms, such as approaches to evaluation of local service delivery, regulatory impact assessment at sub-national levels, effects of local agentification, factors determining the efficiency of local service delivery, the impact of decentralization on local management modernization, the role of evaluation vis-à-vis political partisan concepts in the shifts of local performance regimes, etc. It elicits and systematises lessons learned from successful and unsuccessful changes of local public and social service delivery regimes, which should enable learning and evaluation-generated knowledge-utilization. The book covers England, the Netherlands, Sweden, Norway, Denmark, Germany, France, Spain, Italy, Greece, Poland, the Czech Republic, Slovakia, Slovenia, Hungary, Croatia, and Turkey. It comprises evaluation chapters on the following services: waste management, water supply, public transport, road and park services, healthcare, education, eldercare, and other personal social services. Some follow-up publications and research activities are planned on the basis of our work.

The structure of Working group I, which fortunately reflects a wide European coverage of countries and best research groups and networks, has enabled us to overcome some difficulties, such as lack of funding for a large original empirical research within the current project. It is highly important to continue building a common theoretical and methodological frame for comparative research in the local service provision even after the official end of the LocRef project. I hope that a firm network of researchers we have managed to establish will be able to utilize our results and to further develop knowledge about local service delivery in the following period.

3. *Can you tell us about a success story you appreciated in terms of local governance reforms in Croatia (or southeastern Europe in general)? Or a failure? What can we conclude from these cases?*

Similar to many other European countries, Croatia is trying to reform its public services within a general EU regulatory frame for services of general interest, which differentiate those that are predominantly commercial from those services that are of social nature. While with regard to the first group there is a policy mostly based on liberalisation, commercialisation, and privatisation, the second group covers the services which follow more complex developmental lines. The Croatian public sector is still strong and able to provide a wide array of services to citizens. Private sector involvement in the provision of local services appears to be developing

gradually, with cautiousness that enables careful weighing of the advantages and risks of privatisation.

As success stories I would like to mention local services such as care for the elderly and fire service. Care for the elderly was decentralized after 2001 and the responsibility for residential institutions was transferred to second-tier governments (*županije*) and large towns. In parallel, many private care homes for the elderly were established during the 2000s. However, the local sector is the major provider of residential care for the elderly, providing accommodation for almost 70% of elderly people requiring this type of service. Private homes are smaller. Although the private sector manages about two-thirds of care homes for the elderly, these homes provide places for only 30% of users. They are often family-run businesses. Generally, residential care is a highly commercialised service, since 76% of users pay the full cost of their accommodation. Assessments show rather good quality of residential care for the elderly. The second example refers to the fire service which was also decentralized after 2003. The Croatian fire service sector includes 61,421 firefighters 94.5 per cent (58,036) of whom are volunteers and 5.5 percent (3,385) are professionals. They are organised in 95 professional fire brigades and 1,889 volunteer non-professional fire brigades. Massive volunteer participation is particularly interesting. It has a long tradition and is highly recognized in local communities. The Croatian Firefighting Association was established in 1876 and volunteering in fire service has survived all the political and other changes without losing efficiency and cost-effectiveness.

I believe these two examples are instructive, indicating these four conclusions: a) the precious value of local service provision for wide coverage and quality service to growing population in need of residential care, b) importance of the private sector in the provision of local services as it may complement the capacity of municipal sector and foster competition contributing to service quality and cost-effectiveness, c) there is still an important role of the voluntary sector, solidarity and self-help in certain situations that require fast and spirited reaction of the local community, and d) the voluntary and civil sector can in parallel achieve a very important multiplying effect in terms of cost-efficiency as it may reduce the costs of local services, which is nicely shown by the example of fire service in Croatia.

4. *Prof. Kopriv, you focused particularly on the privatization of municipal services. What are the conditions for such reforms to be successful?*

Yes, it seems that various forms of private sector involvement ought to be considered as successful in municipal services delivery under certain

conditions. There is no generally applicable conclusion about better results of private sector delivery in comparison to the municipal provision of services. The ideological belief that NPM-related mechanisms such as contracting out, outsourcing, public–private partnership, privatisation, and others will bring about better solutions for users may or may not be supported by firm data on efficiency and user satisfaction. It depends on the type of service (healthcare based on professional ethos vs. road maintenance based on purely economic considerations), municipality size, national legal and institutional contexts, the level and nature of competition in particular local service sectors, local regulatory and managerial capacities, and other variables. The picture is far more complicated than it is assumed by simple ideologically driven claims, calling for a thorough review of experiences in different sectors in various national, cultural, and business environments. Furthermore, contrary to ideological beliefs, the privatization and implementation of NPM-driven arrangements may result in price increase, disinvestment, and other significant detrimental long-term effects, regardless whether those are the consequences of model inappropriateness, regulatory deficiencies, or implementation inconsistencies. This leads to the suggestion that, at least in some services, instead of changing the management model and public/private regime, it is better to insist on governance improvements and the implementation of good governance standards. Some results indicate that positive results during the period immediately following an NPM-induced change may be followed by a period of decreasing results and side effects. Initial positive results may not last forever. Service quality can be a welcome corrective or complementary factor in assessing the overall impact of local service reforms, since cost reduction, price changes, and quality assessments may follow different standards. Quality evaluation is highly important in many municipal services in which user satisfaction has long-term consequences.

5. *We saw that some countries in Eastern Europe proceeded to centralisation of power (e.g. Croatia) and others to a higher autonomy of local governments (e.g. Poland). How do you explain the different trends in reforms in Eastern Europe?*

In many Central, East, and South East European countries opposite developmental processes need to be followed. Centralization was mainly connected with the earlier phases of the EU accession process when initiative, coordination, and capacities of the central governments played the key role. When local strategic planning, developmental policies, and capability of local and regional governments to utilize the EU funds gained

a more significant impact, many countries initiated decentralization reforms. Circumstances were not the same in different countries, resulting in particular developmental paths. Croatia went through the process of violent dissolution of socialist Yugoslavia and experienced an extremely strong centralization with dominant position of central state executive led by president of the Republic. The beginning of decentralization was possible only after the political and constitutional changes of 2000. In that time Poland found the most appropriate subnational system consisting of local and regional governments after several rounds of institutional changes. However, it does not exclude the possibility of re-centralization. The situation in East European countries has not stabilized yet. The Hungarian case indicates this instability. Previous decentralization efforts in Hungary ended in new centralization with unpredictable future development. All three examples indicate the predominant role of political constellations at the national level. Furthermore, it seems that their political systems and the structures of citizens' expectations have not become resilient to deviant political influences of radical political actors. We are still political communities in transition, coping with democratic standards that include democratic respect for local communities and recognition of their role in service delivery to local citizenry. The trajectories of institutional development, the size of a country, and the market characteristics and strength of economic actors may also have a role in determining the outcomes of centralization and decentralization games. However, this issue needs to be more thoroughly analyzed in the future.

6. *Finally, Croatia joined the European Union just a few months after the COST Action 'LocRef' started in 2013. What impact has the EU accession process had on local reforms?*

I am glad that Croatia finally joined the Union on 1<sup>st</sup> July 2013. Croatian accession was long and heavy, but we learnt many lessons during the fifteen-year period. The first steps in that direction were taken in 1998. The referendum on the EU accession was held in January 2012. There were 66.3% of citizens in favour of accession, but the turnout was relatively low, only 43.5% of the electorate. One of the numerous tasks during the accession process was harmonizing the domestic legal system with the EU *acquis communautaire*. Croatia's progress in acquiring the European administrative standards and building administrative capacities for effective implementation of the EU *acquis communautaire* was extensively assessed by the OECD-Sigma. The OECD-Sigma submitted more than 40 reports on the progress in various administrative fields. The EU tech-

nical assistance, financial support, monitoring and reporting significantly supported many and considerable improvements of the Croatian public administration. Some positive results have been achieved especially with regard to: a) transparent, open, and accountable public administration, b) modernized human resource development and management in public administration, c) administrative procedures and legal protection of citizens, d) public management. However, there is still wide space for improvements in all of the mentioned areas.

However, the EU accession did not result in profound local reforms in post-accession period. Despite a long public and professional debate about the necessity of local government reform which would result in a more rational structure of local and regional governments, the final decision has been postponed to the very end of decade. The Public Administration Development Strategy of 2015 has planned that a decision about decentralization and territorial reform will have been made by 2019. Political support for serious local reforms is weak in spite of many warnings from academia, the EU and others about excessive fragmentation and weak local capacities.

In such conditions, only incremental development takes place. For example, new cooperation mechanisms in urban zones of large cities have been established. They focus on the strategic planning, infrastructure, and development. But, support to regional development is still centralized, with the Ministry of Regional Development and the central Agency of Regional Development as the main institutions in the field. Weak financial and organizational capacities prevent municipalities to assume a more active role in searching for better solutions, but some of them are rather innovative in the EU funds utilization and service quality development. Economic recovery, which began in 2014, orientation to the EU funds money, attempts to ensure integrated local governance, and more proactive local leaders will hopefully speed up local development and provide local communities with better services. It must be noted that in the sectors heavily affected by EU law, such as water and gas supply or waste management, a major part of local service delivery reforms was undertaken during the accession process.

7. *What is your next related research agenda?*

I hope that we will have an opportunity to continue researching modernization of public services delivery in the EU multi-level context. We have applied for a new project with the NISPAcee, but it has not been approved yet. Additionally, a new book on the influence of austerity policy

on local public services in the Mediterranean countries (Greece, Portugal, Spain, Italy, France, Cyprus, Croatia, Albania) has been approved and will be published by Palgrave Macmillan probably in early 2018 with Andrea Lippi and Theodore Tsekos as co-editors. They were both very active members of the LocRef Working group I. One of my plans is to consider and prepare an empirical research of American local democracy and I intend a study visit to the United States for that purpose. My impression is that we have become Europe-centric and that mutual learning about worldwide local governance is necessary. I do hope I will find time and energy to be involved in such an exciting endeavour.