

Interplay Between the Tiers in Croatian Local Government: Who Is Winning the Interdependence Game

*Mihovil Škarica**

<http://doi.org/10.31297/hkju.20.2.2>

UDK 35.07:352(497.5)

35.071.6(497.5)

Original scientific paper / izvorni znanstveni rad

Received / primljeno: 17. 9. 2019.

Accepted / prihvaćeno: 22. 5. 2020.

The paper examines and evaluates the relations between the first and the second tier of local government in Croatia and their evolution during the past two decades. The beginning of the period was rather promising for local government development as Croatia began its path to EU membership and constitutionally re-defined its local government institutions, embracing a modern concept based on subsidiarity and decentralization. The absence of territorial consolidation reforms and limited decentralization efforts that followed have produced a specific interplay between the roles of municipalities and counties that deviates from the current comparative (European) trends which suggest the rise of basic municipal tier and diminish the importance of intermediate territorial levels. The context

* Mihovil Škarica, PhD, Assistant Professor, Faculty of Law, University of Zagreb, Croatia (docent Pravnog fakulteta Sveučilišta u Zagrebu, Hrvatska, e-mail: mskarica@pravo.hr)

ORCID ID: <https://orcid.org/0000-0003-0947-132X>

of Europeanization and the concept of multi-level governance shape the framework for the analysis. The interdependence between the tiers has been increasing but has only sporadically produced cooperative and complementary relations and outcomes. In many areas, counties have retained coordinating, supplementing, and supervisory roles towards municipalities. Competitive and even conflicting relations that emerge from this setting could harm the capacity of the local government system to be responsive and efficient in dealing with modern-day challenges.

Keywords: cooperation, Europeanization, inter-governmental relations, Croatia, multi-level governance, second tier of local government

1. Introduction¹

Contemporary intergovernmental relations are influenced and shaped by two different ideas, each of them particularly highlighted in the context of Europeanization of public governance. Firstly, it has been advocated that a clear separation of responsibilities between territorial levels should secure full and exclusive competences to each of them, following the provisions of the European Charter of Local Self-Government (ECLSG). This ought to reduce overlapping and contribute to the integration and better coordination of local policies. Furthermore, these requirements seek to prevent dispersion of political responsibility and accountability, and to ensure that the autonomy of lower government tiers is not constrained by upper levels' discretionary decisions in shared policy areas. On the other hand, and quite contrary to the former, more and more public policies require intensive inter-governmental interaction, harmonized and complementary actions and cooperative implementation; a setting that has usually been labelled as multi-level governance (MLG). Orientation of local governments towards problem-solving, complex trans-jurisdictional

¹ To a lesser extent, this paper is based on the paper *Relations between local and county government in Croatia: Cooperation and competition in Europeanization context* which was presented at the NISPAcee 27th Annual Conference in Prague (2019) and published in *From Policy Design to Policy Practice: e-Proceedings of the 27th NISPAcee Annual Conference* (NISPAcee).

issues, and improvement of local and regional competitiveness do not tolerate unilateral strategies and isolation. Therefore, rigorous separation of roles, powers, and resources cannot be recommended in policy areas with elevated levels of functional interdependence. Many European countries have responded to these challenges by improving structural integration of their local government systems, predominantly through the adoption of several possible reform strategies: a) consolidation of basic local government (municipal) tier; b) regionalization; c) creation and stimulation of more integrated forms of inter-municipal cooperation. Implementation of these reforms has transformed the roles of self-governmental levels as well as the patterns of their relations, initiating “a process in which intermediate (second-tier) local authorities are liable to be the prime casualties” (CLRA, 2013, p. 2).

Despite facing similar challenges prior and after the accession to the European Union in 2013, and unlike many other countries, Croatia has not implemented a serious structural reform of its local government system, whose main structural features have been intact since 1993. The context of central government dominance and quasi-hierarchical inter-governmental relations created competitive interdependence between local government tiers. Municipalities and counties have historically shared similar fates, but still often competed with each other; not only for resources, but also for competences and legitimacy. This was particularly emphasized during the austerity period (2009-2014) in which local government expenditure was reduced and comprehensive territorial reforms were considered (Koprčić, Škarica & Manojlović Toman, 2018). Facing the possibility of deeper changes, each level adopted unilateral strategies to increase its visibility and legitimacy and to prove the necessity of its existence (Đulabić, 2015, p. 150). The ambiguity between cooperative and competitive strategies, divergent goals, and non-coherent interplay of their policies have often been a zero-sum game, which resulted in dispersion of responsibility, authority, and resources.

The purpose of this paper is to examine, analyse and evaluate the relations between first and second tiers of local government in Croatia and their evolution in the past two decades – a period which started with a great promise of decentralization and was characterized by gradual Europeanization of public institutions on one hand and by complete absence of local government structural reforms on the other. The paper contributes to an ongoing debate about the appropriate tuning of local government institutions in contemporary context of complex problems and interdependent solutions. In order to assess the nature and quality of these relations, it

will focus on several of their aspects: mutual relevance, interdependence, influence and interference of their roles and competences. Municipalities and counties are taken as integrated politico-administrative entities, and although the distinction between political and managerial (administrative) relations is recognized, they are not analysed separately. Several inter-related research questions make up the research framework:

1. Where do these relations fall on a continuum between the extremes of functionally separated and fully autonomous tiers and chaotic relations in which individual roles of tiers are indistinguishable and where everyone is doing (or trying to do) everything?
2. How did the absence of comprehensive consolidation reforms in Croatia affect individual positions of local government tiers within the national system of territorial governance and how did it contribute to the nature of their relations? Did any particular tier benefit more and strengthen its position during this period?
3. Did the position and the importance of the intermediate tier (counties) in relation to municipalities diminish or increase and to what extent?
4. Did the changes, which were influenced by contemporary context (EU influence being vital), help municipal level to emancipate from the tutelage of upper territorial levels?

The emphasis of the paper is on formal relations and formal rules and institutions they are based on or they produce. The research is both longitudinal and cross-sectoral; the former seeks to analyse the evolution of these relations and their consequences, and the latter tries to capture and explain their variation across different functional areas. The idea is to gain a general understanding of the interplay between the roles and strategies of the tiers and positions in which they are embedded and not to empirically examine their day-to-day interaction and relational practices and their variation among individual counties and municipalities.

In order to answer research questions and to grasp the multi-faceted nature of municipal-county relations, a combination of different methodologies of data collection and analysis has been used. Formal aspects of municipal-county relations, which include their roles, functions and competences as well as the platforms for their cooperative relations, are presented through an analysis of the relevant legal framework and its changes over time (4.1., 4.3.). This information should indicate the level of mutual relevance, influence, and functional interdependence between the tiers. Official financial indicators found in local government budgetary reports are employed to indicate the level of resource (inter)dependence between

the tiers and to identify the tier that benefited most during the observed period (4.2.). The author's own research results and empirical findings of other authors (4.4.) provide a valuable insight in actors' perception and evaluation of these relations and their specific aspects. Data from secondary sources (reports, registries) that indicate quantity and quality of certain relations between municipalities and counties are used throughout the text.

2. Vertical Relations within Sub-National Government Systems in European Context

The existence and the role(s) of higher tier(s) of sub-national government are primarily contingent on the structure and functional scope of the basic municipal level. According to Ivanišević (2009, pp. 671-672), there are three main reasons for the establishment of upper levels of local government: a) provision of public services that exceed the capacity of municipal level; b) articulation and aggregation of political interests of wider areas and c) vertical and horizontal integration of the whole system of territorial governance within a country, i.e. provision of the appropriate coordination, monitoring, control and distribution of resources. Therefore, reasons behind the establishment of higher territorial levels will govern the nature, the quality, and the frequency of vertical relations within local government systems. According to Bobbio (2002), we can distinguish four models of such relationships: 1. Dependence – municipal authorities depend on the upper tiers and have lower levels of autonomy, narrowly defined competences and scarce resources; 2. Separation – model is based on non-interference, mutual independence and strict separation of competences; interaction among local government tiers is reduced to minimum; 3. Cooperation – competences among the levels are shared; policy-making and problem-solving are usually collective and concerted efforts; 4. Competition – tiers of sub-national government compete for resources which can result in their more efficient allocation, but also in dispersion. Naturally, the quality of these relations varies across countries and reflects their specific institutional architectures, but it varies even more across policy sectors in individual countries. Intergovernmental institutional settings across European countries are both diverse and dynamic. These dynamics are manifested through a mixture of structural and functional reforms that have been implemented in European countries in the past several decades. Individually or combined, these overhauls sought modernization, ra-

tionalization, and efficiency of service delivery; concentration of resources for tackling complex and cross-sectoral problems; improvement of democratic standards and the increase of sub-national autonomy, etc. (Swianiewicz & Gendzwill, 2017; Baldersheim, 2010; Goldsmith & Page, 2010; Škarica, 2013; 2015; Hulst & van Montfort, 2012; Koprić, 2018). These reforms altered the nature of intergovernmental relations and patterns of their interaction. Unilateral dependence of lower tiers on the upper ones has been transformed into mutual interdependence. Strict separation of functions between territorial tiers does not seem possible any longer, as the number of policy issues that require their joint and coherent action has multiplied. Joint actions cannot be based on spontaneous and sporadic cooperative interaction but need to be frequent and stable. To achieve this, there has been a multitude of cooperative platforms and institutions initiated, supported, and stimulated by central policies. At the same time, interaction that is more frequent increases chances for conflict. Finally, the environment of fiscal stress and the need for legitimacy and greater visibility have transformed local government units into proactive players that seek additional resources in both the public and the private sphere. In such a context, competitive relations emerge and unilateral strategies often hinder cooperation. In general, the smaller second-tier units are, the more difficult it is to consistently separate their responsibilities and powers from those of municipalities and to avoid interdependence and competition in a number of areas.

For several decades, intergovernmental relations in European context have been predominantly presented and analysed through the concept of multi-level governance (MLG) – a concept which denotes interactive, collaborative and network-like relations among different territorial levels in both policy formulation and policy implementation. Multi-level governance captures the transformation of traditional top-down and formal relations into flexible, adaptive, and inclusive interaction. On a normative side, this transformation should contribute to the better quality of policies and to their greater legitimacy (Baldersheim, 2002; Đulabić, 2007; Panara, 2016; OECD, 2017; Koprić, 2018). The European Union (EU) has been both a proponent of such governance mechanisms *and* the object of analysis through the lenses of MLG. The EU's advocacy of multi-level arrangements is mostly visible in territorial cohesion policies and accompanying funding. They provide guidelines and opportunities for intergovernmental cooperation and simultaneously present palpable benefits of such efforts. Insisting on partnership among institutions during the development and implementation of operational programmes and individual

projects, the EU decisively contributes to the decay of traditional hierarchical management of territorial systems. Still, the overall EU impact on local government should not be overestimated, as it might be only “marginal in comparison to that of intermediate tiers and national governments” (Goldsmith & Page, 2010, p. 11). Although primarily understood as a concept that guides and explains policy design and implementation between all levels and their networks within the complex EU system configuration, MLG is certainly an applicable and relevant framework for the relations between tiers within local government systems, especially as they have been increasingly influenced by policies and practices of higher levels of government, and vice-versa – as they are trying to influence the upper levels in bottom-up manner. The application of MLG framework to municipal-county relations suggests that they cannot be isolated from other actors and institutions belonging to the same multi-level structure as well as that their dynamics are, at least partially, the result of their own autonomous negotiations and adjustments. Along with questioning the principle of clear separation of responsibilities among local government tiers, multi-level reasoning has also challenged the principle of subsidiarity which is deeply rooted in European tradition. Subsidiarity, as a normative principle, indicates the primacy of the municipal level of government and perceives higher sub-national tiers to be of secondary importance. This primacy is confirmed by historical and comparative experience – not all countries have (had) multiple local government levels, while municipal tier is omnipresent. Although the trend towards shared responsibilities between territorial levels has increased in the past several decades and “truly exclusive competences rarely exist” (OECD, 2019, p. 55), which stimulates various MLG arrangements, the question of clear indication of roles and competences and their decentralization to “the most local level” should not become irrelevant or obsolete. Reduction of complexity through mitigation of unnecessary negotiation, interaction and cooperation is still possible and should be favoured in a number of policy areas. Moreover, sometimes it is the only way in which to attain a satisfactory level of political responsiveness and responsibility, and managerial effectiveness.

In European countries, upper tier of local government is often only an auxiliary one – either supplementing the first tier of local governments in provision of more expensive and more complex services and/or acting as an agent of the State – transposing national policies to the local level by performing coordination, monitoring and supervision tasks over municipal authorities. In many cases, these counties/provinces/districts were created

as deconcentrated entities of national administration and were granted self-governmental status only later. In an era of comprehensive territorial reforms, second tier of local government has been proclaimed to be “the weakest link in the chain of multi-level government systems in European countries” (Bertrana & Heinelt, 2013, p. 86). It has been “crowded-out” by either consolidation of basic local government tier or the emergence and growing importance of wider regions, as it happened in Denmark (CLRA, 2013; OECD, 2017). These trends have been strongly influenced by the EU cohesion policies that were traditionally focused on regional level and, more recently, on municipal level through Urban Agenda policies (Heinelt, 2017). Larger cities, capitals, and specific metropolitan authorities are increasingly often excluded from the jurisdiction of second-tier governments. Even when the abolishment of intermediate tier is not considered, these authorities are faced with threats of diminishing their importance through the transfer of their competences and resources to the upper or lower levels (France, Belgium, Romania), or through the abolishment of direct election of their representative bodies as is the case in Italy (CLRA, 2013).

The second tier of local government systems in general and its relations with municipal level in particular have been understudied and rather neglected in local government research (Egner, 2019). Following their comprehensive comparative research, which filled this gap, Bertrana and Heinelt developed a typology of second-tier government units with regard to their vertical power relations with higher and lower territorial levels. They distinguished: a) pure territorial units of local self-government with strong fiscal and politico-administrative capacities; b) second-tier governments with dual role as both self-government units and territorial state administration; c) “municipalized second tier” with moderate to weak capacity towards both upper levels of government and municipalities but with high level of discretion due to weak supervision and control (2013, pp. 80-81).

3. Local Government System in Croatia: Basic Features and Conceptual Developments

Croatia is the smallest member state of the European Union with two tiers of local government. There are 428 rural (*općine*) and 128 urban municipalities (towns – *gradovi*) at the first, and 20 counties (*županije*) at

the second level of the local government system. On average, there are 28 municipalities per county, but this varies from 10 in Požeško-slavonska County to 55 in Splitsko-dalmatinska County. As the capital, the City of Zagreb has dual status of a municipality and a county, performing competences of both, as well as a bulk of state administrative tasks. Both tiers have constitutional foundation and protection, and general legislation on local government (Local and Regional Self-government Act of 2011 with amendments) applies to them equally. Croatian municipalities are rather small – the mean population size is 7,700 (6,300 if Zagreb is excluded), but their average size does not tell the whole story as 71% of them have fewer than 5,000 inhabitants and almost half of them (49%) fewer than 3,000. With an average population of 175,000 Croatian counties are at the bottom of NUTS 3 statistical category (150,000 – 800,000) and, unsurprisingly, they are the smallest second-tier local authorities in Europe.

The current system of local government was established in 1993 replacing the one-tier system inherited from the socialist period that was based on 100 large municipalities. Counties (*županije*) were established on a revival wave of historical identity and symbolism of Croatian statehood, as they had been organizations of local and regional public authority (in different shapes and roles) from the Middle Ages to the beginning of the 20th century. Between 1993 and 2001, counties served as a backbone of the whole territorial system and had a dual role – simultaneously performing state administrative tasks and self-government functions. The latter were quite limited and restrictively regulated. The narrow scope of local affairs combined with excessive supervision over local government policies secured hierarchical, top-down central-local relations. The primary purpose of counties was integrative one. They were expected to transmit central policies and regulations into local arena and to monitor their implementation; to aggregate and harmonize interests, decisions and activities of municipalities in their area; to secure a balanced development of municipalities and to coordinate the network of educational, cultural, social and other institutions in their territory (Koprić, 1997). Superior-subordinate relations between municipalities and counties thus mirrored hierarchical governance of the whole state. Such relations negatively affected local autonomy.

Croatia partially ratified the ECLSG in 1997 and fully in 2008. Even before its full ratification, the constitutional amendments of 2000/2001 embraced a modern European concept of local self-government based on subsidiarity, general nature of local competences and provided guarantees for a wide scope of local government affairs. The idea was to separate competences between the municipal and county levels clearly and

to terminate superior-subordinate relationships between the tiers. This was consistently implemented in general legislation, where there are no coordinating, monitoring or supervising competences provided for the counties over municipalities.² Counties remained regional self-government units only and lost their role of deconcentrated units of state administration. The latter role was taken over by the newly established state administrative offices (one per county, each with several branch offices) as first instance of state administration, accountable to and supervised by central government. Counties' primary role shifted from integration of the whole local government system to the provision of more complex and expensive public services that required a wider territorial scale. Moreover, they have gradually acquired the role of aggregators and harmonizers of micro-regional (economic) interests, especially since the institutional framework for regional development was not in place. Constitutional changes of 2000 were followed by decentralization measures in the fields of education, social care, healthcare, and fire service. New competences were granted to all counties and to a small number of towns. Decentralization reform was evaluated as limited, confusing, and hesitating since it covered only a small share of local governments and did not widen local autonomy at all (Koprić & Đulabić, 2018). Another decentralizing step happened in 2005 when a distinctive category of urban municipalities was established (large towns)³ and entrusted with new competences. These included maintenance of public roads, issuing building permits, and implementation of zoning plans. Nevertheless, even during the decentralization phase Croatia remained a rather centralized country in which the share of local expenditures in general government expenditures rarely exceeded 15%, and their share in GDP stagnated at 6-7%. A European-wide study (Ladner et al., 2019) ranks Croatia 24th among 39 countries according to the composite local autonomy index. Belonging to the group of countries with medium degree of local autonomy also reflects an unfinished process of decentralization and local government institutional development.

² There is a single exception to that rule. Counties supervise and review individual administrative decisions issued by municipal administration to which citizens have appealed. However, large towns are exempted from counties' scrutiny as their decisions are reviewed directly by the central state administration.

³ A large town is a municipality with more than 35,000 inhabitants and there are 16 such municipalities in Croatia. Additionally, same competences were simultaneously granted to eight more towns that are county seats, without meeting the aforementioned population threshold.

Another systemic change was prepared during 2019 and entered into force at the beginning of 2020 with the new State Administration System Act. Contrary to the existing strategic documents that proclaimed their strengthening, state administrative offices were completely abolished. A major part of their competences was delegated to the counties, which also took over their employees. Although announced as a reform aiming at rationalization of public administration organization and decentralization, a recent *ex-ante* evaluation study finds these objectives unattainable by this reform (Lopižić & Manojlović Toman, 2019). In reality, counties re-acquired the role and competences from 1993-2001 and consolidated their position in the Croatian territorial governance system, although this time without explicit superiority over municipalities.

4. Municipal-County Relations in Croatia

4.1. Allocation of Competences

According to relevant constitutional and almost identical provisions of the Local and Regional Self-government Act “municipalities are guaranteed affairs of local character which directly provide for citizens’ needs, in particular those related to: regulation of settlements and housing, spatial and urban planning, utility services, childcare, social welfare, primary healthcare, elementary education, culture, physical education and sports, consumer protection, environment protection, fire protection, civil protection and traffic. Counties are guaranteed affairs of regional character, in particular those that are related to: education, health services, spatial and urban planning, economic development, traffic regulation and traffic infrastructure, planning and development of a network of educational, social, cultural and health institutions, issuing location and construction permits and other implementing documents on the territory outside large towns, and maintenance of public roads outside large towns” (Arts. 19-20). Responsibilities of both levels are based on general competence clause. The law has provided for the possibility of transfer of functions and competences between the levels (upwards and downwards) and thus created flexibility in the local government system. Municipalities may acquire competences of the county but can also transfer their competences in the opposite direction. Unfortunately, the wording of the provision indicates legislator’s reluctance to really allow such autonomous delegation and ac-

quisition of competences.⁴ There are no official data on the frequency and character of such functional transfers, but it seems that they happen rarely. Several cases that can be traced online deal with the transfer of competences pertaining to management of elementary schools and with concessions of maritime domain from counties downwards. The most recent report of Congress of Local and Regional Authorities on local and regional democracy in Croatia has found the allocation of competences to local government to be the most problematic issue standing in the way of full conformity of local government's legislative framework to the provisions of the ECLSG. This legal framework was assessed as only partially compliant to the principles of subsidiarity and general competence and as non-compliant to the principles of full and exclusive competences of local authorities (CLRA, 2016, pp. 17-20).

The following sub-sections provide an analysis of legal texts that regulate local government functions and competences. They are systemised according to the different nature of relations that arise between the tiers due to their roles in various sectors of affairs (Škarica, 2018). The cases of full and clear separation of functions such as utility services (municipalities) or secondary education (counties) are excluded from the analysis.

4.1.1. Overlapping competences between the tiers. There are several policy areas in which identical competences are entrusted to both levels of local government. In the sector of fire protection, a domain which has been constitutionally decentralized to municipalities exclusively, both levels may adopt and implement programmes and projects for fire prevention as well as organize educational programmes related to fire prevention and firefighting for citizens. Even more cases of overlapping can be found in another public safety service – civil protection. This sector was decentralized as late as in 2015, years after the Constitution proclaimed this service to be a domain of local (municipal) significance. Contrary to constitutional provisions, it has been decentralized as a service where municipalities and counties share their functions and competences. Both levels are

⁴ The transfer of competences upwards requires only a decision of municipal council, the consent of the county is not needed. The opposite delegation (from counties to municipalities) is constrained by four conditions that have to be fulfilled cumulatively: a request of the municipality, the approval of county assembly and of central ministry responsible for particular functional area, as well as the assurance of adequate resources for exercising the transferred competence. This final condition is the most discouraging, since no criteria are provided for the assessment of "adequate resources" and it is not stipulated who would be in charge of making such an assessment.

expected to secure planning, development, effectiveness and financing of the civil protection system by providing risk assessments, establishing civil protection units, adopting the plan of civil protection etc. In the sector of traffic regulation, the exact same competences are given to both municipalities and counties (more in: Škarica, 2018). In the sphere of preservation of cultural heritage, both levels are entitled to protect a cultural property and to provide resources for its preservation. Childcare has been constitutionally entrusted to municipalities exclusively. Still, respective legal framework grants many responsibilities to both levels equally, stipulating that “counties, municipalities and the City of Zagreb have the right and duty to provide programmes for childcare and pre-school as well as the right to establish and manage kindergartens”.⁵

4.1.2. Counties as a substitution for municipalities. There are several functional areas that have been constitutionally entrusted to municipalities, but sectoral legislation conferred these competences to counties only and, in some cases, to large towns. These are the sectors of primary healthcare, elementary education, social care and protection and environment protection. The 2001 package of decentralization policies (social welfare, healthcare and education) was ambiguous; although it overturned the overwhelming centralization in the public sphere, it restricted the reach of decentralization both functionally and territorially – only operational competences and financial obligations were transferred and solely to the counties (later accompanied by a number of urban municipalities). Although legal framework for elementary and secondary education confers identical competences to both counties and municipalities, which would qualify as a case of overlapping, in practice only 34 municipalities have really taken over the establishment, management, and financing of elementary schools and dormitories. Healthcare legislation has completely omitted the municipal tier from the healthcare system and respective policies. Only counties are entitled to perform activities, develop programmes, and establish institutions in the domain of primary and secondary healthcare. The system of social welfare is organized in a hierarchical manner and both counties and municipalities are marginalized. Municipalities are entrusted with limited competences of financing certain social compensations. Counties and large towns may perform a wider array of tasks – they

⁵ Legal texts consulted and cited in this section are Fire Protection Act, Civil Protection System Act, Road Traffic Safety Act, Act on Protection and Preservation of Cultural Heritage, Childcare and Pre-school Education Act.

can establish institutions for social care and provide other financial compensations to population. The legislation on environment protection does not even recognize municipalities as relevant stakeholders in this policy domain. Counties do have substantial competences as they are entitled to decide on regimes for natural heritage protection, to proclaim such areas and to manage them, to establish public institutions and develop strategic programmes.⁶

4.1.3. *Interfering competences between the tiers.* In an array of policy areas where regulatory and strategic competences are shared between municipalities and counties, two types of situations arise. In the first one, competences are sequenced between the tiers and are complementary, without the establishment of superiority/subordination relationships. These are mostly the cases when counties perform coordinating and harmonizing role; a task that can be performed coercively. The second case is when competences between municipalities and counties overlap in a way that constrains the autonomy of municipalities. Then, decisions and regulations of municipalities are subjected to county supervision or counties impose certain obligations on municipalities. Although communal waste management falls almost completely into municipal scope, counties do act as a supervisory instance. Municipal waste management annual plan, prior to its adoption, must be approved by the county department responsible for environment protection. Moreover, municipalities have an annual obligation to report about the state of implementation of the adopted plans to the respective county. Counties are entitled to develop strategies for tourism development and are legally expected to harmonize and consolidate municipal projects for tourism development. Besides being a case of overlapping competences, childcare is also an example of coordinating role counties perform for their municipalities. Based on municipal plans, counties coordinate and harmonize the development of kindergarten network. This coordinating role also includes the development of financing criteria for childcare that each municipality must adhere to. In the field of fire protection, counties coordinate firefighting and fire prevention activities. Counties organizationally integrate different municipal firefighting squads and units into the county firefighting association. Counties are expected to coordinate and harmonize municipal fire protection plans when developing their own plan. New firefighting legislation (in force

⁶ Legal texts consulted and cited in this section are Education Act, Healthcare Act, Social Welfare and Protection Act, Environment Protection Act, Nature Preservation Act.

from the beginning of 2020) has re-introduced a strict hierarchy in the system. Without prior approval of the county firefighting commander, municipalities cannot adopt their fire protection plans or establish firefighting association. They also need his/her consent for the appointment of commanders of municipal fire brigades and fire associations. Municipal-county relations in spatial planning and zoning are arguably the most hierarchical ones. Municipal spatial plans must comply with county plans and cannot be adopted without prior approval of the responsible county department. Furthermore, county departments for spatial planning are the only institutions empowered to draw-up such plans, even for municipalities. Finally, counties are in charge of the implementation of zoning plans through issuing different kinds of permits, with the exception of large towns.⁷

4.1.4. Functional classification of local government expenditure. Cases of overlapping and interfering competences in different sectors, as well those in which counties substitute municipal government, indicate blurry relations and almost chaotic lines of responsibility. This section aims to clear the picture by indicating local government expenditures in several important sectors, according to functional classification of expenses (Table 1). Although the share of expenses does not fully correlate to the overall importance of the territorial level in a policy area, it does provide a more precise insight in the distribution of responsibilities between them. The City of Zagreb is excluded from the analysis because, due to the specificities of its status, it does not predominantly belong to either of the tiers. As the preceding analysis suggests, counties are dominant actors in healthcare and prevalent in elementary education, while municipalities have maintained or increased their dominant role in social care and fire protection. Despite legal provisions that would suggest otherwise, municipalities are more important actors in environment protection policy, although not as dominant as before.

⁷ Legal texts consulted and cited in this section are Sustainable Waste Management Act, Act on associations and promotion in Tourism, Firefighting Act, Spatial Planning Act.

Table 1. *Share (%) of total local government expenditure in different sectors per territorial tier*

	Healthcare 2002 / 2015 ⁸	Elementary education 2002 / 2015	Social care 2002 / 2015	Fire protection 2002 / 2015	Environment Protection ⁹ 2002 / 2015
Municipalities	9 / 11	42 / 42	55 / 66	95 / 95	90.5 / 74.5
Counties	91 / 89	58 / 58	45 / 34	5 / 5	9.5 / 25.5

Source: Author, based on the data provided by the Ministry of Finance

Overall, a significant share of counties' activities is dedicated to the provision of services which are constitutionally recognized as municipal scope of public affairs. A more detailed look into the structure of county expenditures in 2015 shows that total expenditure in domains that are constitutionally entrusted to municipalities exclusively (childcare, social protection, elementary education, environment protection, fire protection, civil protection, and sport) amounted to 1.1 billion kuna, which makes 28.7% of their total annual expenditures.¹⁰

4.2. Financial Interdependence between the Tiers

Croatian local government system is characterized by low levels of financial decentralization and fiscal autonomy. Both tiers are heavily dependent on national fiscal policies. The most important source of revenue for both tiers is the personal income tax, which is allocated in full to munic-

⁸ We used the year 2015 and not the most recent year with available data (2018) in this comparison because of the change in expenditure classification found in local government reports submitted to the Ministry of Finance. Starting from 2016, functional classification of expenditure does not contain all expenditures in a particular sector, excluding those for financial assets. Data in this section, as well as in section 4.2, are drawn and calculated from aggregate budgetary reports that are annually submitted to the Ministry of Finance by all local government units: <http://www.mfin.hr/hr/financijski-izvjestaji-jlprs>

⁹ Without expenditures for waste management and sewage services which are exclusive municipal responsibility.

¹⁰ This calculation does not even include expenditures in primary healthcare, which is also a municipal function "usurped" by the counties because these expenditures cannot be distinguished from others in that sector.

palities and counties.¹¹ The share counties have in total local government expenditure is quite small (around 21%) and does not really correspond to a rather strong position they occupy in a multitude of policy areas analysed in the previous chapter. Still, their expenditures have been growing at a faster rate (114% increase) during the observed period than those of municipalities combined (108% increase), although the difference this small does not indicate an unambiguous and irreversible trend (Table 2).

Table 2. Local government expenditure 2002-2018 (HRK millions)

	2002	% of total local government expenditure	2018	% of total local government expenditure	Increase 2002-2018 (%)
Counties	1,975	20.8	4,240	21.3	114
Rural municipalities	1,595	16.8	4,928	24.7	209
Urban municipalities	5,919	62.4	10,751	54	81
Total municipalities	7,514	79.2	15,679	78.7	108
Total	9,489	100	19,919	100	110

Source: Author, based on the data provided by the Ministry of Finance

A substantial share of local government revenue comes from transfers and grants from the central government. These grants were much more substantial to the counties and comprised more than 37% of their total revenues in 2018. Counties benefit the most from earmarked grants for delegated functions in health, social protection, and elementary education sectors. Urban municipalities are the most self-sustainable local government units and are the main casualties of the existing financial equalization scheme (Table 3).

¹¹ 60% of the revenue belongs to the municipal tier, 17% to the counties, another 17% to fiscal equalization fund and remaining 6% is distributed to those units that took over financing of decentralized functions in education, health and social care.

Table 3. *Transfers and grants from the national to local government budgets in 2018 (HRK millions)*

	Current transfers	Capital transfers	Earmarked grants	Total transfers	% of tier expenditure	% of total transfers
Counties	326.3	113.7	1,147.3	1,587.3	37.4	55.6
Rural municipalities	146.2	290.9	23.3	460.4	9.3	16.1
Urban municipalities	144.2	299.3	362.6	806.1	7.5	28.3
Total municipalities	290.4	590.2	385.9	1,266.5	8.1	44.4
Total	616.7	703.9	1,533.2	2,853.8	14.3	100

Source: Author, based on the data provided by the Ministry of Finance

Another significant source of local government budget revenue is EU structural and investment funds and their share has had an increasing trajectory. In 2018, transfers (direct and indirect) from EU funds amounted to HRK 799 million – 4% of total local government expenditure. In total terms, municipalities are more successful in obtaining EU funding, despite the fact that these transfers are much more important for counties and have a much larger share in their budgets (Table 4).

Table 4. *EU funding acquired by municipalities and counties in 2018 (HRK millions)*

	EU transfers	% of tier expenditure	% of total EU transfers
Counties	279.6	6.6	35
Rural municipalities	205.3	4.1	25.7
Urban municipalities	314.1	2.9	39.3
Total municipalities	519.4	3.3	65
Total	799	4	100

Source: Author, based on the data provided by the Ministry of Finance

Along with transfers from the national and supra-national institutions, both local government tiers also benefit from each other – mutual transfers are a well-established practice. Financial assistance in both directions is not legally required and it is not so significant when compared to transfers from the central level. All transfers from counties to municipalities add up to 4.5% of county expenditures (188.8 HRK million), while those in opposite direction make up only 0.1% of municipal budgets (20 HRK million). They usually pertain to agreements and contracts on co-financing of certain investments of local significance – pre-school buildings, roads, utility infrastructure, and co-financing of domestic components of EU-funded projects. Net transfers are shown in Table 5 and show a relatively small financial dependence of municipalities on counties, but also a clear difference between urban and rural municipalities in this regard. Besides direct transfers, counties regularly provide guarantees for commercial loans that municipalities take.

Table 5. *Net value (surplus) for municipalities in municipal-county mutual transfers in 2018 (HRK millions)*

	Current transfers	Capital transfers	Total surplus	% of tier expenditure	% in total surplus
Rural municipalities	34.8	69.8	104.6	2.1	62
Urban municipalities	22.1	42.2	64.3	0.6	38
Total municipalities	56.9	112	168.9	1.1	100

Source: Author, based on the data provided by the Ministry of Finance

4.3. Local and Regional Development and Cooperation

A modern, EU-inspired approach to the issues of local and regional development was introduced rather late, at the beginning of 2010 when the Regional Development Act was adopted. It was renewed in 2015 to adjust the system of regional policy planning to the next cycle of EU budgeting (2014-2020). The principles of partnership and cooperation among actors in this policy area are fundamental for success of regional policies and individual projects. Municipalities and counties are explicitly instructed to work together during the whole cycle of regional policy as well as to cooperate with external stakeholders. Partnership councils, as the main

monitoring bodies and cooperative platforms, are established at the level of statistical regions and at the county level. Representatives of municipalities participate in these councils at both levels. Nevertheless, counties retained the dominant position, at least in their own councils, as county governor nominates council members and regional coordinator steers and administers council activities and decisions. Municipal representatives make up about one quarter of all council members at the county level and urban municipalities are much better represented. Regional development agencies as coordinators of regional development activities (one in each county) have the responsibility to guide and assist municipalities in their area with preparation and implementation of development projects. Although legal provisions allow for cooperation between municipalities and counties in establishing these institutions (as their joint founders), they have been established jointly only in four cases. As a rule, local-level partners are exclusively urban municipalities (towns). Lack of joint organizations, institutions, or administrative bodies established cooperatively by counties and municipalities is not only a characteristic of regional policy domain. Such cooperative entities are virtually non-existent in other sectors as well, as there are no jointly founded kindergartens, schools, social-care institutions, or other service delivery organizations. Several cases of cooperation have emerged in the field of waste management. Five out of 13 regional waste management centres were co-founded by counties and several municipalities jointly.¹² Certain level of coordination between counties and municipalities is achieved through periodic and sporadic meetings of local executive officials, usually called by the county governor once or twice a year. This practice is far from uniform across counties. In the areas of fire protection and tourism planning, cooperation between municipalities and counties is legally stipulated: there is a county association as an umbrella body for municipal firefighting squads and associations and a county tourist association as an umbrella body for municipal tourist associations. In the areas of public health and public safety mutual efforts have been spontaneously institutionalized through formal associations. Croatian network of healthy cities was established in 1992, bringing together 17 cities and 14 counties for the time being.¹³ In 2013,

¹² As a rule, co-founders are larger urban municipalities: Karlovac, Rijeka, Pula, Zadar, Šibenik and several smaller ones (http://www.fzoeu.hr/hr/gospodarenje_otpadom/centri_zagospodarenje_otpadom/)

¹³ <http://www.zdravi-gradovi.com.hr/home/o-mrezi/hrvatska-mreza-zdravih-gradova.aspx>

the Platform of Croatian counties and cities for minimization of risks of catastrophic events was established. There are 15 counties and 13 cities in this association.¹⁴ Municipalities and counties, however, cooperate quite regularly on operative level because they often collectively design, apply and implement EU-funded projects as co-beneficiaries and/or partners.

New horizontal legislation on strategic planning in the whole public sphere was adopted in 2017 (The Act on the System of Strategic Planning and Managing Development), introducing a hierarchical system of strategic planning. It has embraced and solidified the coordinating and monitoring roles that counties have over municipalities and additionally constrained the autonomy of municipalities. They are entitled to adopt their own strategic plans for development only exceptionally – when their natural or socio-economic characteristics require such a specific approach that their development cannot be based on more general county-level plans. The content of municipal plans is also limited – local plans are intended to implement documents for achieving the objectives stipulated in the plans of higher territorial levels. Parallel with (and even before) this legislative revitalization of coordinating and harmonizing tasks that counties perform with regard to development and strategic issues, they unilaterally assumed similar roles. An analysis of counties' basic bylaws (statutes) is quite telling about their self-perception: 14 of them have rather elaborated provisions on municipal-county relations, which typically include following self-imposed responsibilities: regular consultations with municipalities, aggregation and harmonization of municipal interests and their representation, assurance of harmonized development of municipalities, professional assistance to representative and administrative municipal bodies, coordination of municipal activities in their collective interest, etc.¹⁵

4.4. Municipal-County Relations through the Eyes of Local Actors

A limited number of studies and surveys have focused on local actors' perceptions and assessments of municipal-county relations. They are pre-

¹⁴ <https://platforma-hzg.hr/o-nama/>

¹⁵ Although all of these bylaws were adopted during this decade, their wordings of the cited provisions are very similar to the provisions regulating counties' scope of competences in pre-2000 legislation.

sented in the following paragraphs and provide a valuable echo of formal roles and relations outlined throughout the paper. In a comprehensive comparative research, conducted on councillors in second-tier local governments in 14 European countries, Croatian counties ranked at the very top among second-tier local authorities according to the criteria of influence and autonomy towards municipal level. At the same time, the autonomy of counties in relation to the national level was assessed as low – Croatian counties ranked 9th on the list (Lindstrom and Roos, 2016).

In a survey conducted by Đulabić in 2018, municipalities (mayors) were asked to assess the existing distribution of powers and competences between municipalities and counties in various sectors. The survey covered all municipalities and approximately 30% of them responded (N=170). The results (Table 6) have shown that in neither of the sectors the allocation of competences is assessed as satisfactory.

Table 6. *Assessment of the distribution of competences between municipalities and counties*

	Healthcare	Education	Social protection	Fire protection	Construction permits	Road maintenance
Good and very good	11%	27%	22%	32%	51%	28%
Neither good nor bad	24%	35%	32%	36%	24%	27%
Bad and very bad	24%	21%	33%	25%	17%	37%
Not enough experience	41%	18%	22%	6%	7%	8%

Source: Author, based on Đulabić (2018)

An additional insight into municipal-county relations was provided by the research conducted in 2016 which covered all Croatian municipalities with more than 5,000 inhabitants (161) with a response rate of 42% (N=67).¹⁶

¹⁶ Research was conducted by Ivan Koprić, Jasmina Džinić (Faculty of Law, University of Zagreb) and the author of this paper as a part of European-wide research whose main findings were published in the book *Political Leaders in Changing Local Democracy – The European Mayor* (2018), edited by H. Heinelt, A. Magnier, M. Cabria and H. Reynaert. Some results of the research regarding Croatian case were published in Džinić & Škarica, 2017 and Koprić & Škarica, 2017.

In Tables 7 to 9 the responses are presented separately for smaller (5,000-10,000) and for larger units (>10,000)¹⁷ in order to examine the variation between the two categories regarding their perception of municipal-county relations and their attitude towards the counties. Mayors were asked to declare the most important challenges their municipalities face and the extent to which addressing and solving these problems is dependent on cooperation and support from different institutions. Their assessment of the dependence on counties is presented in Table 8. The results show a significant level of dependence – support of their respective county is very important to all municipalities regardless of their size. Comparatively, Croatia scores very high on intergovernmental dependence of municipalities. In summary results of the same survey for 21 countries Croatia ranked sixth (Denters, Steyvers, Klok & Cermak, 2018, p. 285).

Table 7. *Dependence of municipalities on support and cooperation of counties*

	1 (not dependent at all)	2	3	4	5 (dependent to a great extent)	Average
Municipalities > 10,000 (N=34)	0	1	5	15	13	4.17
Municipalities 5-10,000 (N=31)	0	3	1	13	14	4.22
Total (N=65)	0	4	6	28	27	4.20

Source: Author

Mayors were asked to assess the desirability of certain reforms. Decentralization to the counties is regarded as desirable although mayors of larger municipalities are more reserved towards such a policy (Table 8). In a similar fashion, larger municipalities are more open to a reform that would reduce the number of counties, while this structural reform is not so desirable among mayors of smaller municipalities (Table 9).

¹⁷ There are 74 municipalities with a population over 10,000 and 33 of them (44.5%) responded the questionnaire. Out of 87 municipalities in the category of 5-10,000 inhabitants, 34 of them (39%) responded.

Table 8. *Desirability of decentralization to counties*

	1 (completely undesirable)	2	3	4	5 (very desirable)	Average
Municipalities > 10,000 (N=29)	2	3	10	9	5	3.41
Municipalities 5-10,000 (N=28)	0	3	5	12	8	3.89
Total (N=57)	2	6	15	21	13	3.65

Source: Author

Table 9. *Desirability of reduction of the number of counties*

	1 (completely undesirable)	2	3	4	5 (very desirable)	Average
Municipalities > 10,000 (N=29)	2	6	6	7	8	3.45
Municipalities 5-10,000 (N=27)	3	11	8	2	3	2.67
Total (N=56)	5	17	14	9	11	3.07

Source: Author

5. Analysis of the Findings and Discussion

During period covered in the paper Croatian local government went through important conceptual changes and functional reshufflings, but its basic structure remained intact. Moreover, even the distribution of revenues and expenditures among the tiers did not change considerably. Overall, counties have solidified their position as inevitable intersections of national sectoral policies and continue to be of vital importance for their transmission to the local level and for channelling accompanying resources to local public institutions. For such a role, they are abundantly subsidized by national transfers which constitute a substantial share of their revenues. A combination of several factors helped to shape current position of the counties: their physical proximity to municipal issues due to their small size; great disparities among municipalities that provoked the need for an auxiliary tier, and their deeply rooted symbolic and po-

litical importance. These factors have modelled a unique type of municipal-county relations in Croatia that is not easily classified into existing typologies.

A functional analysis has shown that during the observed period counties and municipalities became more functionally intertwined than ever. This has created more lines of interdependence, and, naturally, more opportunities for both cooperation and conflict. Many sectoral policies analysed in Chapter 4 have deviated from the clear-cut relations established in the Constitution and general legislation, but not in a uniform way. In certain cases, tiers are in a hierarchical relationship (environment protection, firefighting, spatial and urban planning), while in others their roles are more complementary. Diverse sectoral configurations of municipal-county functional relations indicate an absence of effective policy coordination between line ministries. As a uniform and strategic decentralization programme has never been adopted by national institutions, this lack of coherent approach comes as no surprise. Analysed cases of overlapping and interfering competences clearly demonstrate that vertically shared policy domains and associated competences have become the rule, not the exception. Mayors' assessment of competence distribution (Đulabić, 2018) between the tiers confirmed that it has rarely been fully appropriate, at least from the municipal point of view. Several constitutionally guaranteed municipal competences have been "usurped" by the counties – a situation that is tolerated by all the actors involved as it has not been properly challenged in the Constitutional Court yet.

Another aspect of this growing complexity has been the steady functional differentiation of municipalities which is the result of asymmetric decentralization policies in health and social care, firefighting, education, road maintenance, and implementation of spatial and construction regulations. Such policies have drawn a dividing line between larger urban municipalities and smaller, mostly rural ones. For the first time in recent history such a formal distinction was established. While smaller municipalities have remained functionally substituted and therefore dependent on the counties, large towns have acquired additional competences which allowed them to further separate from county influence. However, the emancipation of urban municipalities from the counties is limited and only partial; despite gaining a number of competences, they are still subjected to county regulations, strategic plans and policies, as they are not formally excluded from their jurisdiction. Further emancipation of towns from the influence of counties, both in number of municipalities and more substantial level of autonomy is inevitable and will likely be the main source of future fric-

tions and conflict in the territorial governance system. However, a significantly larger group of municipalities has been deprived of important functions and substantial autonomy. On top of being functionally substituted in a number of policy areas, smaller (rural) municipalities are also more financially dependent on counties as it is indicated by municipal-county transfers of funds. At the same time, this dependence is also reverse – the performance of constitutionally municipal competences is an important source of legitimacy for the counties and a major justification of their existence. County expenditure for such tasks comprises more than a third of their total budgets. Because of this interdependence, counties and smaller municipalities have developed a symbiotic relationship in which their specific interests are intermingled and mostly aligned. Although not comprehensively convincing, the research results presented in Section 4.4 do indicate such relations – support for decentralization to counties and for the preservation of their current number is more emphasized among smaller units. “Municipalization” of counties may seem a reasonable strategy from their point of view, but in the long term it harms the local government system as a whole, at least in two aspects: a) by dealing with local issues, counties cannot develop a wider perspective and a true regional orientation, which is necessary for solving problems on a wider scale; b) by being too close (in physical proximity and in competences) to basic local issues and problems, counties make municipalities quite numb and less capable of autonomous adaptation to modern circumstances as well as passive in attracting new resources and solutions.

The influence of EU policies on municipal-county relations has been ambiguous. They managed to introduce and support various cooperative practices between the tiers that transformed their traditional hierarchical and/or non-interactive relational patterns. On a more strategic level, however, the EU-inspired approach to local and regional development reaffirmed the coordinating and harmonizing role of the counties, ensuring their dominance over municipalities in these domains. Nevertheless, a more intensive cooperation has not produced a significant number of permanent vertical cooperative institutions (service delivery organizations or policy coordination/planning forums) yet. Multi-level arrangements are mostly confined to ad-hoc assistance and project-based cooperation, which are usually only temporary and occasional. The narrow scope of competences, a low level of autonomy and significant resource dependence on upper levels are discouraging both vertical and horizontal cooperation. In such a competitive environment, collective responses and cooperative behaviour of actors involved are seriously jeopardized; no one

is too keen to share powers or to pool resources that are quite limited. Along this line of argumentation, it is understandable why consensual rearrangements (delegation and acquisition) of competences between the tiers, although legally possible, happen very rarely and even then, are susceptible to political arbitration. The legal frame for multi-level governance arrangements in Croatian local government has been set because interdependences between the tiers and blurry responsibilities have lately flourished. However, this situation has not produced adequate practice yet; hierarchical and formal relations between municipalities and counties are still dominant, fuelled and overshadowed by centralistic governance of the whole country. It is evident that at the moment, it is not possible to build relations within local government systems on strict separation of responsibilities and powers, as well as that increased interdependence does not guarantee harmonized and successful collective action, especially when it implies uncertainties and potential loss of autonomy. Therefore, a clear separation of competences is not an obstacle for a more intense collaboration of local governments, it actually seems to be one of its most vital prerequisites.

Croatian counties have not been “squeezed out” by either territorial consolidation of municipal tier or by integrated inter-municipal institutions. No such reform has been seriously considered let alone attempted, and it is completely absent from the Croatian mainstream political discourse. Inter-municipal cooperation is quite common, and it happens mostly through joint ownership of local service delivery organizations. However, more integrated forms of cooperation vested with public authority and policy coordination competences are non-existent. From the local point of reasoning, such cooperative arrangements (or even real territorial consolidation) would result in strong dominance of large municipalities over smaller ones and would constrain them in pursuing and protecting their own interests. Reminiscence of marginalization and neglect of peripheral areas (now individual municipalities) in large socialist municipalities is still strong and the level of mutual trust remains quite low. Thus far, the informal alliance between counties and smaller municipalities has successfully resisted such reforms because any step towards the consolidation of municipal tier would expose the redundancy of counties in such configuration and show how easily they can be replaced – the outcomes already indicated by decentralization to large towns.

6. Conclusion

The developments in the past two decades have not significantly altered deeply rooted nature of municipal-county relations where counties are there to coordinate, supervise, assist, and supplement the lower-level authorities. During this period counties have not advanced much from their original purpose and have remained the epitome and guardians of traditional top-down territorial governance. Longitudinal perspective of municipal-county relations in Croatia has thus shown a strong path-dependent trajectory that hardly deviated at all even when significant contextual changes occurred – constitutional redefinition of the local government system at the beginning of the century and EU membership being the most important ones. A situation like this opposes comparatively dominant trends that suggest marginalization of the tier situated between municipal and regional tier and the rise of municipal and regional levels of government. The peculiarity of Croatian case demonstrates quite a limited influence of these trends on domestic institutional development. Moreover, it shows that despite the undeniable external harmonizing forces, national local government systems remain significantly, and sometimes decisively conditioned by internal factors and traditions. As the previous analysis has shown, inertia and resistance of politico-administrative institutions to more profound changes should never be underestimated. If the current organization of the local government system in Croatia persists, one could expect further escalation of competitive and conflictual relations along vertical axis of the territorial system which would harm tremendously its collective capacity for problem-solving and development. The analysed dependences and conflicts make the redefinition of municipal-county relations in the existing local government framework an impossible task. Their improvement is, therefore, viable only if a comprehensive territorial reform takes place – a reform that would consolidate the municipal tier, harmonize the capacities of local governments, allow for even and clear-cut allocation of tasks and powers and enable a true implementation of subsidiarity principle.

This paper has attempted to draw a general picture of the relations between the two tiers of local government in Croatia without analysing individual situations. Therefore, future research should focus on factors that contribute to these variations and differ the relations despite their common institutional context. Structural, cultural, financial, and (inter)-personal factors pertaining to various municipalities, counties, politicians, and public managers should help us understand the emergence of inter-

active and cooperative relationships and institutions in the midst of interdependency and uncertainty. In this way, policies aiming to support these relations could be based on better evidence.

References

- Baldersheim, H. (2002). Subsidiarity at work: Modes of multi-level governance in European countries. In: J. Caulfield & H. Larsen (Eds.), *Local government at the millennium* (pp. 203-211). Opladen, Germany: Leske & Budrich, https://doi.org/10.1007/978-3-663-10679-1_11
- Baldersheim, H. (2010). Territorial choice: Rescaling governance in European states. In: H. Baldersheim & L. E. Rose (Eds.), *Territorial choice: The politics of boundaries and borders* (pp. 1-20). London, UK: Palgrave Macmillan, https://doi.org/10.1057/9780230289826_1
- Bertrana, X., & Heinelt, H. (2013). The second tier of local government in the context of European multi-level government systems: Institutional setting and prospects for reform. *Revista catalana de dret public*, 46, 73-89.
- Bobbio, L. (2002). *Governi locali nelle democrazie contemporanee* [Local authorities in contemporary democracies]. Rome, Italy: Laterza.
- CLRA (2013). *Second-tier local authorities – intermediate governance in Europe*. Congress of Local and Regional Authorities, Council of Europe.
- CLRA (2016). *Local and regional democracy in Croatia*. Congress of Local and Regional Authorities, Council of Europe.
- Denters, B., Steyvers, K., Klok, P.-J. & Cermak, D (2018). Political leadership in issue networks: How mayors rule their world? In: H. Heinelt, A. Magnier, M. Cabria & H. Reynaert (Eds.), *Political leaders and changing democracy: The European mayor* (pp. 273-296). London, UK: Palgrave Macmillan, https://doi.org/10.1007/978-3-319-67410-0_9
- Džinić, J., Škarica, M. (2017). Uloga neposredno izabranih načelnika i župana u poboljšavanju kvalitete odnosa građana i lokalne i regionalne samouprave [The role of directly elected mayors in the improvement of quality in relations between citizens and local government]. In: I. Koprić, A. Musa & T. Giljević (Eds.), *Građani, javna uprava i lokalna samouprava: povjerenje, suradnja i potpora* [Citizens, public administration and local government: Trust, cooperation and support] (pp. 195-228). Zagreb, Croatia: Institut za javnu upravu.
- Đulabić, V. (2007). *Regionalizam i regionalna politika* [Regionalism and regional policy]. Zagreb, Croatia: Društveno veleučilište.
- Đulabić, V. (2015). Regionalni razvoj i županije u Hrvatskoj [Regional development and counties in Croatia]. In: J. Barbić (Ed.), *Nova upravno-teritorijalna organizacija Hrvatske* [New administrative and territorial organization of Croatia] (pp. 139-159). Zagreb, Croatia: Hrvatska akademija znanosti i umjetnosti.

- Đulabić, V. (2018). *Lokalna samouprava i decentralizacija u Hrvatskoj* [Local self-government and decentralization in Croatia]. Zagreb, Croatia: Friedrich Ebert Stiftung. <https://bib.irb.hr/datoteka/962156.VDulabic-Lokalna-samouprava-i-decentralizacija.pdf>
- Egner, B. (2019). Intermediary levels of governance in multilevel systems: Exploring the second tier of local government from the assessment of laymen politicians. In: N. Behnke, J. Broschek & J. Sonnicksen (Eds.), *Configurations, dynamics and mechanisms of multilevel governance* (pp. 135-153). London, UK: Palgrave Macmillan, https://doi.org/10.1007/978-3-030-05511-0_8
- Goldsmith, M. J. & Page, E. C. (2010). Introduction. In: M. J. Goldsmith & E. C. Page (Eds.), *Changing government relations in Europe: From localism to intergovernmentalism* (pp. 1-13). London and New York: Routledge, <https://doi.org/10.4324/9780203858486>
- Heinelt, H. (2017). The role of cities in the institutional framework of the European Union [Study]. Retrived from: <http://www.europarl.europa.eu/supporting-analyses>
- Hulst, R., & van Montfort, A. (2012). Institutional features of inter-municipal cooperation: Cooperative arrangements and their national contexts. *Public Policy and Administration*, 27(2), 121-144, <https://doi.org/10.1177/0952076711403026>
- Ivanišević, S. (2009). Stupnjevanje lokalnih samoupravnih jedinica [Levelling of local government units]. *Hrvatska javna uprava*, 9(3), 669-722,
- Koprić, I. (1997). Lokalni poslovi hrvatskih županija u svjetlu različitih europskih tradicija [Local public affairs of Croatian counties in the light of various European traditions]. *Zbornik Pravnog fakulteta u Zagrebu*, 47(5), 497-559.
- Koprić, I. (2018). Suvremeni trendovi u razvoju lokalne samouprave i hrvatska lokalna i regionalna samouprava [Contemporary trends in local government development and the Croatian local and regional government]. In: I. Koprić (Ed.), *Europeizacija hrvatske lokalne samouprave* [Europeanization of the Croatian local self-government] (pp. 1-56). Zagreb, Croatia: Institut za javnu upravu.
- Koprić, I., & Škarica, M. (2017). Evaluacija neposrednog izbora načelnika i župana u Hrvatskoj nakon dva mandata: korak naprijed, dva nazad [Evaluation of the direct election of mayors and county governors in Croatia after two terms: One step forward, two steps back]. In: S. Gongeta & M. Smoljić (Eds.), *Zbornik radova 7. međunarodne konferencije "Razvoj javne uprave"* [Proceedings of the 7th international conference 'Development of public administration'] (pp. 156-172). Vukovar, Croatia: Veleučilište Lavoslav Ružička u Vukovaru.
- Koprić, I., & Đulabić, V. (2018). Evaluation of the decentralisation programme in Croatia: Expectations, problems and results. In: I. Koprić, H. Wollmann & G. Marcou (Eds.), *Evaluating reforms of local public and social services in Europe: More evidence for better results* (pp. 243-260). London, UK: Palgrave Macmillan, https://doi.org/10.1007/978-3-319-61091-7_15
- Koprić, I., Škarica, M., & Manojlović Toman, R. (2018). Local public services and austerity measures in Croatia: Adaptations of the resilient social model through the central-local power and blame games. In: A. Lippi & T. N. Tsekos

- (Eds.), *Local public services in times of austerity across Mediterranean Europe* (pp. 167-191). London, UK: Palgrave Macmillan, https://doi.org/10.1007/978-3-319-76225-8_8
- Ladner, A., Keuffer, N., Baldersheim, H., Hlepas, N., Swianiewicz, P., Steyvers, K., Navarro, C. (2019). *Patterns of local autonomy in Europe*. Houndmills Basingstoe, UK: Palgrave Macmillan, https://doi.org/10.1007/978-3-319-95642-8_2
- Lindstrom, A., & Roos, K. (2016). County councils in a multi-level position: Formal powers and assumed autonomy. In: H. Heinelt, X. Bertrana, B. Egner (Eds.), *Policy making at the second tier of local government in Europe* (pp. 17-32). New York, USA: Routledge, <https://doi.org/10.4324/9781315673004>
- Lopižić, I., & Manojlović Toman, R. (2019). Prethodna evaluacija ukidanja ureda državne uprave u županijama [Ex-ante evaluation of the abolition of state administration offices at the county level]. *Zbornik Pravnog fakulteta u Zagrebu*, 69(5-6), 835-870, <https://doi.org/10.3935/zpfz.69.56.09>
- OECD (2017). *Multi-level governance reforms: Overview of OECD country experiences*. Paris, France: OECD Publishing, <https://doi.org/10.1787/9789264272866-5-en>
- OECD (2019). *Making decentralization work: A handbook for policy-makers*. Paris, France: OECD Publishing.
- Panara, C. (2016). Multi-level governance as a constitutional principle in the legal system of the European Union. *Hrvatska i komparativna javna uprava*, 16(4), 705-741, <https://doi.org/10.31297/hkju.16.4.7>
- Swianiewicz, P., & Gendzwill, A. (2017). *Territorial reforms in Europe: Does size matter?* [Toolkit]. Retrieved from: <https://rm.coe.int/territorial-reforms-in-europe-does-size-matter-territorial-amalgamatio/168076cf16>, <https://doi.org/10.4324/9781003061410-1>
- Škarica, M. (2013). Lokalni djelokrug u svjetlu novih funkcija i uloga lokalne samouprave [Local scope of competences in the light of local government's new roles and functions]. In: I. Koprić (Ed.), *Reforma lokalne i regionalne samouprave u Republici Hrvatskoj* [Reform of local and regional government in Croatia] (pp. 55-98). Zagreb, Croatia: Institut za javnu upravu and Pravni fakultet Sveučilišta u Zagrebu.
- Škarica, M. (2015). Suradnja lokalnih i regionalnih jedinica u kontekstu njihove razvojne orijentacije [Inter-municipal and inter-regional cooperation in the context of local and regional development orientation]. In: I. Koprić, M. Škarica & B. Milošević (Eds.), *Suradnja i razvoj u lokalnoj i regionalnoj samoupravi* [Cooperation and development in local and regional government] (pp. 23-74). Zagreb, Croatia: Institut za javnu upravu.
- Škarica, M. (2018). Funkcionalni odnos lokalne i područne (regionalne) samouprave u Hrvatskoj u svjetlu odredaba Europske povelje o lokalnoj samoupravi [Functional relationship between local and regional government in Croatia in the light of provisions of the European Charter of Local Self-Government]. In: I. Koprić (Ed.), *Europeizacija hrvatske lokalne samouprave* [Europeanizati-

on of Croatian local government] (pp. 493-519). Zagreb, Croatia: Institut za javnu upravu.

Legal sources

- Constitution of the Republic of Croatia, OG 56/90, 135/97, 08/98, 113/00, 124/00, 28/01, 41/01, 55/01, 76/10, 85/10, 05/14
- Act on associations and promotion in tourism, OG 152/8
- Childcare and Pre-school Education Act, OG 10/97, 107/07, 94/13
- Civil Protection System Act, OG 82/15, 118/18
- Education Act, OG 87/08, 86/09, 92/10, 105/10, 90/11, 5/12, 16/12, 86/12, 126/12, 94/13, 152/14, 7/17, 68/18
- Environment Protection Act, OG 80/13, 153/13, 78/15, 12/18, 118/18
- Fire Protection Act, OG 92/10
- Firefighting Act, OG 106/99, 117/01, 36/02, 96/03, 139/04, 174/04, 38/09, 80/10
- Healthcare Act, OG 100/18
- Local and Regional Self-Government Act, OG 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 150/11, 144/12, 19/13, 137/15, 123/17
- Nature Preservation Act, OG 80/13, 15/18, 14/19
- Act on the Protection and Preservation of Cultural Heritage, OG 69/99, 151/03, 157/03, 100/04, 87/09, 88/10, 61/11, 25/12, 136/12, 157/13, 152/14, 98/15, 44/17, 90/18
- Regional Development Act, OG 147/14, 123/17, 118/18
- Road Traffic Safety Act, OG 67/08, 48/10, 74/11, 80/13, 158/13, 92/14, 64/15, 108/17
- Social Welfare and Protection Act, OG 157/13, 152/14, 99/15, 52/16, 16/17, 130/17
- Spatial Planning Act, OG 153/13, 65/17, 114/18, 39/19
- State Administration System Act, OG 66/19
- Sustainable Waste Management Act, OG 94/13, 73/17, 14/19
- Act on the System of Strategic Planning and Managing Development, OG 123/17

INTERPLAY BETWEEN THE TIERS IN CROATIAN LOCAL GOVERNMENT: WHO IS WINNING THE INTERDEPENDENCE GAME

Summary

The paper examines, analyses, and evaluates the relations between the first and second tiers of the Croatian local government system and their longitudinal and cross-sectoral dynamics. Membership in the European Union has opened new relevant horizons for national territorial governance, primarily through the advocacy of multi-level cooperative governance arrangements and by providing opportunities for the acquisition of additional resources through European structural and investment funds. These issues are evaluated by analysing formal competence distribution between the tiers, by analysing the distribution of resources between tiers and through their cooperation in regional policy domain and service delivery. Furthermore, actors' perceptions of their mutual relations are examined via the author's own research and the research of other scholars. After the introductory chapter, the second chapter presents a theoretical framework and context for an analysis of vertical relations within the local government system; the third chapter provides a longitudinal overview of the main features and conceptual developments of the Croatian local government system. The fourth chapter is the central part of the paper that presents and analyses the available primary and secondary data. Preliminary findings suggest several conclusions: a) areas of contact between municipal and county levels have increased resulting in their more intensive interdependence; b) relations between the levels have been differentiating and cannot be considered uniform: different kinds of relations have developed between counties and small municipalities and between counties and large towns; c) centralistic governance of the whole system stimulates the development of competition between the tiers, which endangers their collective and cooperative efforts in resolving local issues and stimulating local development; d) counties have solidified their position of an inevitable intersection of national sectoral policies and are of vital importance for their transmission to the local level.

Keywords: *cooperation, Europeanization, inter-governmental relations, local government in Croatia, multi-level governance, second tier of local government*

MEĐURAZINSKI ODNOSI U HRVATSKOJ LOKALNOJ SAMOUPRAVI: TKO POBJEĐUJE U IGRI MEĐUOVISNOSTI

Sažetak

U radu se ispituje, analizira i evaluira razvoj odnosa između prve i druge razine jedinica u hrvatskom sustavu lokalne samouprave te njihova vremenska i sektorska dinamika. Članstvo u Europskoj uniji donijelo je novine lokalnoj samoupravi primarno kroz zalaganje za višerazinske suradničke upravljačke aranžmane i osiguravanje prilika za dobivanje dodatnih sredstava iz strukturalnih i investicijskih fondova EU. Ta se pitanja vrednuju putem analize formalne raspodjele djelokruga i sredstava te suradnje u regionalnoj politici i pružanju usluga jedinica na različitim razinama teritorijalne organizacije. Analiziraju se i percepcije aktera o odnosima među jedinicama na različitim razinama koje su prikupljene tijekom autorskog istraživanja i u okviru istraživanja drugih znanstvenika. Rad započinje uvodom. U drugom poglavlju daje se teorijski okvir i kontekst analize vertikalnih odnosa u sustavu lokalne samouprave. U trećem se poglavlju sistematiziraju glavne crte i konceptualni razvoj hrvatskog sustava lokalne samouprave. Ključno, četvrto poglavlje analizira dostupne primarne i sekundarne podatke koji omogućavaju sljedeće preliminarne zaključke: a) područja kontakta temeljne i županijske razine se šire što rezultira njihovom intenzivnijom međuovisnošću, b) odnosi među razinama se diferenciraju i ne mogu se smatrati jednoobraznima: razvijaju se različiti odnosi između županija i malih lokalnih jedinica te između županija i velikih gradova, c) centralističko upravljanje zemljom potiče razvoj kompeticije među razinama lokalne samouprave što ugrožava njihove kolektivne i kooperativne kapacitete za rješavanje lokalnih pitanja i poticanje lokalnog razvoja, d) županije učvršćuju svoju poziciju nezabilaznog sjecišta nacionalnih sektorskih politika od vitalnog značenja za njihovu transmisiju prema lokalnoj razini.

Ključne riječi: suradnja, europeizacija, odnosi među vlastima, lokalna samouprava – Hrvatska, višerazinsko upravljanje, druga razina lokalne samouprave