Central Government and Local Self-government in Croatia: Decentralization and Democratization

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Summary
During 2001, new regulations were introduced in Croatia, bringing certain changes into the system of central government and local self-government. Through these regulations, some operations of central government were decentralized and devolved to the jurisdiction of local and regional self-government. The jurisdiction of local self-government is defined in a manner very close to the so-called general clause, and at the regional level, the affairs handled by the central government and the local self-government are separated. As a result of these changes in the law, local and regional units obtained new tasks in the area of basic and secondary education, health care, welfare and culture. During the implementation of decentralization, a series of questions were opened, to which answers are still being sought, and that slow down further implementation.

Key words: decentralization—Croatia, local self-government, jurisdiction

Introduction
After the multi-party elections in 1990, the Constitution of the Republic of Croatia was adopted on December 22, 1990 and independence was proclaimed on June 25, 1991. It was then that the public administration of Croatia was for the first time determined by the regulations of the Croatian Parliament.

Beside the universal problems that exist in all systems of government, the administration of Croatia was from the very beginning faced with the special circumstances of the historical moment: the fight for the independence of the state of Croatia, the transition to a multi-party political system and a market economy with a primarily private-ownership structure, as well as a war in which part of the country was occupied and destroyed or damaged. All this entailed the need to set up and strengthen all the components of a proper system of government for an independent state.

In such conditions, in 1991, the Local Self-Government and Administration Law defined the system of local self-government (NN 90/92). In 1993, the first local elections according to the new organization were held.

For the reasons given, the system of local self-government set up was conceived in such a way as to allow for and ensure central administration of all public affairs.

Even when the emergency conditions ceased, the emphasis still remained upon unity and centralization, and the interests that derive from regional and local diversity were played down. This led to rapid expansion and great concentration of the Croatian central government.

Soon after the end of the war and the reintegration of the occupied regions into the legal system of the Republic of Croatia, the need appeared for a thorough reform of the system of government and local self-government. This reform was supposed to be oriented towards:

- the opening, differentiation and strengthening of the operational independence of the administration, the de-concentration of government and decentralization in the political and administrative system,
- the strengthening of local and regional self-government, which would gradually become a partial takeover of some of the central government operations and become a counterweight to centralized government.
De-concentration and Decentralization

When we speak of the organization of the government, it is necessary to differentiate certain concepts that some authors use differently in theoretical works, while in everyday speech they are often equated, although they have different meanings. These are the concepts of de-concentration and decentralization, and the removal of elements of etatism and hierarchialism [“de-etatism and de-hierarchialization”].

De-concentration is a concept that implies all forms of government division (functional or territorial) from one center to several different operators or places, and is thus the widest concept. As a process it can consist of several different procedures that we shall cite.

1. Transfer of operations from central government bodies to operators of public law that are still formally not part of the governmental administrative system. These operators are thus under its control, but are financially independent. This is what is often termed function separation, and from this point of view, can also be referred to as horizontal decentralization.

2. The transfer of operations from central bodies of the administration to distant bodies of state administration, or bodies of local self-government. In this sense, we mean vertical decentralization.

Certain operations from the jurisdiction of the state administration bodies that are carried out by officials in the headquarters of that body can be confided to officials in remote units—offices, stations and the like that are outside the headquarters. In this case the same jobs, for different areas of the state, are carried out in several different places. Thus in the Republic of Croatia, operations of state administration in the area of counties are carried out by state administration offices, and in some units of local self-government these are done by their local offices.

In the later phase, the performance of these operations is resigned to the bodies of local self-government. Local bodies can be entrusted with the performance of certain operations of state administration. Thus the adoption of decisions about certain concessions on maritime property, a matter from the jurisdiction of state administration, is confided to the county assemblies.

Some operations of state administration may be developed in local units. They then cease to be operations of the jurisdiction of state administration, and become operations within the self-government sphere of competence. The state, or central government, only controls whether they are lawfully carried out. For example, firefighting operations are transferred to units of local self-government.

3. The transfer of operations from a body of state administration to organizations outside the system of state administration. State bodies can found various consultative bodies that have the role of involving interested operators from outside the system of state administration and strengthening the democratic manner of decision-making or of providing cooperation from people with special expertise. These bodies can carry out various decision-making tasks, management, control, settlement of disputes and so on. This is therefore a question of “de-hierarchialization”.

For example, in the area of culture, cultural councils for individual areas of artistic and cultural creativity have been set up within the line ministry. The members of these councils are people from arts organizations as well as artists. They have a number of tasks: from proposing individual decisions and measures to co-decision-making concerning certain operations.

4. The privatization of public corporations, or the transfer from public authorities to private operators (non-state-owned organizations). In this case we are speaking of the de-etatisation [denationalization] procedure. An example of this procedure is the privatization of part of the telecommunications system.

As can be seen from these examples, the process of reform of public administration in Croatia has all the components of de-concentration.

The basic topic of these considerations is the process of decentralization that is mainly planned and carried out as a process of vertical decentralization.

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1 The interpretation of these concepts in this text is based on Pusić’s conception (Pusić, 1997: 243–245).

2 These jobs are still jobs of the state administration, but physically they are carried out by local civil servants; the state retains full control of the way they are carried out, with respect to lawfulness, professionalism and effectiveness.

3 Our laws mention only the concept of transferred jobs, in the sense of confided jobs. For the sake of the clarity of the provisions and the unambiguousness of their implementation, this error in the laws should be corrected as soon as possible.
The long-term goals of the process of vertical decentralization depend on the conception accepted for the role of the local units in the state. With respect to this particular role, the local institutions can become:

- an instrument of state government, that is, a part of the state apparatus (the conception of administrative decentralization);
- a counterweight to the state administration (the conception of political decentralization);
- a substitute for the working of the state authority (Ivanisevic, 1998).4

The short-term, but at the same time long-lasting objectives of decentralization are the improvement of the situation in a given area of administration and in the administration as a whole, bringing the decision-making process closer to the citizens, and reducing the costs of the state apparatus.

Below we shall draw attention to how much each of these conceptions is accepted in the process of the decentralization of public administration in Croatia and to what extent the short-term objectives have been achieved.

**The Initial State of Affairs and the Guidelines for Decentralization**

Considerations concerning the need to decentralize public administration in Croatia began soon after its organization, but the first steps in this direction were taken only at the end of 1999.

At the beginning of the implementation of the new Firefighting Law (NN 106/99),5 the firefighting units (stations and sub-stations) of the Ministry of Internal Affairs (MUP) became public firefighting units of the municipalities and cities according to the location of their headquarters. Cities and municipalities took over the buildings, land, equipment and resources as well as their employees and also the obligation to finance their regular activities (with the exception of the obligation to provide financial resources for the employees’ wages, which is not transferred at once in its entirety, rather gradually over five years, that is, until the end of 2004).

However, the local units of self-government did not have transferred to them at the same time the financial resources needed for the performance of these assignments from the national budget, despite the fact that it would have been most logical to have done this by increasing their shares in the shared taxes. Still, the law did allow the local units to finance the fire service by increasing the communal economy charge.

The new State Survey and Cadastre of Real Estate Law (NN 128/99) determined the obligation of units of local self-government to set up administrative bodies competent for surveying, and in their budgets to provide the financial resources for their work, that is, for them to carry out certain operations. Alongside other operations, these bodies were supposed to set up and run a cadastre of overhead lines that were in the jurisdiction of the body of state administration. And yet in this case too, the financial resources needed to carry out these jobs were not transferred to the units of local self-government.

At the end of 1999, through amendments to the Local Self-Government and Administration Law (NN 128/99), the role of the zupan or county prefect as head of the state administration in the county was separated from the position of the chief official of the county self-government. Since that time the prefect, after election by the county assembly, is no longer confirmed by the president of the state.

Still, more serious commitments to reform and decentralization of state administration business were visible only after the elections of 2000. The first major steps were taken in 2001.

**The State of Affairs in the State Administration System and Local Self-Government at the Beginning of 2000**

The central state administration is governed by laws concerning the state administration system, the Government of the Republic of Croatia, the organization and jurisdiction of the ministries and state administrative organizations, senior and junior civil servants [state officials and other state employees] and the salaries of those charged with judicial duties, as well as a series of special laws and bylaws governing given areas of work of the bodies of state administration.6

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5 Application from Jan 1, 2000; later amended NN 117/01 and 36/02 (decision of the Constitutional Court of Republic of Croatia).
6 The State Administration System Law, NN 75/93, 92/96 (Article 31 of the Law on Amendments to the Organisation and Jurisdiction of Ministries and State Administrative Organisations Law) and 48/99; The Government of the Republic of Croatia Law, NN 101/98; The Organisation and Jurisdiction of the Ministries and State Administrative Organisations Law, NN 48/99; The State Officials and Other Employees and Salaries of Officers of the Court, NN 74/94, 86/94 and 75/95.
The system of state administration includes the administrative bodies and organizations that are directly guided by and linked with the Government of the Republic of Croatia, the highest state political and administrative body. Through this they are linked indirectly with the highest political authorities in the state—the Parliament and the President.

The bodies of state administration are the ministries (17), state administrative organizations (10) and the county offices (9–11 in each county), as well as the city offices of the City of Zagreb.

The business handled by the state administration is the immediate implementation of laws (settling administrative operations, running the prescribed registers, issuing certificates and other official documents for the performance of other administrative and expert affairs), adopting regulations for their implementation, carrying out administrative control, and other administrative and expert affairs.

Looking at the state administration from the level of the various administrative areas (line ministries), its business can be classified into:

a) the classic line ministries of state authority (defense, internal affairs, foreign affairs, justice and finance)
b) economic line ministries (economics, agriculture and forestry, development, immigration and reconstruction, tourism)
c) technical departments (maritime affairs, transportation and communications, science and technology)
d) communal economy departments (zoning, construction and housing)
e) social departments (culture, education and sports, labor and welfare and health care) and
f) particular line ministries (concern for veterans of the Homeland War).

The system of local self-government covers altogether 564 units, that is, 421 municipalities, 122 cities, 20 counties (which are also the local units of the central administration) and the City of Zagreb (a special and unique territorial unit whose status is that of both a city and a county).

Local self-government is determined by four laws: that concerning local self-government and administration, the areas of the counties, cities and municipalities in the Republic of Croatia, the financing of units of local self-government and administration, and the determination of operations from the self-governing sphere of interest of units of local self-government and administration.

Local self-government operations cover areas of zoning and the planning of settlements, communal economy activities, protection of the environment, preschool education, culture, sports and welfare.

The task of the county is to coordinate the interests and views of the municipalities and cities in their area, and the even development of these units.

A General Evaluation of the State of Public Administration in the Republic of Croatia at the Beginning of 2000

In the system of state administration there is still an emphasis on unity and the tendency towards centralization, while the process of expansion and concentration is continuing. The state administration is a powerfully centralized and massive apparatus that cannot be flexible and that adapts with difficulty to its new roles and assignments.

The irrationally large number of units of local self-government and employees in its various administrative bodies affects the size of public spending. In addition, centralization of the many administrative activities prevents any effective performance of the work of local self-government. At the same time, the existing system of financing the units of local self-government is not capable of providing for the development of the communal infrastructure, nor of responding to the basic needs of citizens in the areas of health care, welfare, employment, education, culture and environmental protection.

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7 The Local Self-Government and Administration Law, NN 90/92, 94/93, 117/93, 5/97 (Decision of the Constitutional Court), 17/99 (Constitutional Court Decision) and 128/99; later amended one more time, Official Gazette 51/00 (Article 16 of the Constitutional Law concerning amendments to the Constitutional Law on human rights and liberties and the rights of ethnic and national communities or minorities in the Republic of Croatia); the Law on the Areas of the Counties, Cities and Municipalities in the Republic of Croatia , NN 10/97, 124/97, 50/98 (decision of the Constitutional Court) 68/98, 22/99, 42/99 (decision of the Constitutional Court), 117/99 and 128/99; the Financing of Units of Local Self Government and Administration Law, NN 117/93 and 69/97 (Article 28, Paragraph 3 of the Tax on the Sale of Real Estate Law); the Determination of Operations from the Self-Governing Jurisdiction of Units of Local Self-Government and Administration, Official Gazette 75/93, later many times amended with separate laws governing individual administrative areas. Local self-government is also governed by additional laws, which are not relevant to the topic of this paper.
Such a situation can prevail only if the state administration is gradually transformed in the performance of operations from its jurisdiction into an instrument for the solution of current problems in society, becoming the administration of the public sector instead of the traditional administration of the state.

For this reason the necessity arises to begin the process of transferring administrative operations and redeploying personnel from the state administration into broader subsystems, particularly to bodies of local self-government that are closest to the citizens.

Reform—Guidelines, Activities, Results

Guidelines and Initial Activities

The Government of the Republic of Croatia elected after parliamentary elections held on January 3, 2000, announced in its Work Program for its period of office (below: Government Program) the reform of the public administration in the area of internal politics in the direction of decentralization.

Among other things, the Government Program provides for:

1. the halting of the expansion of state administration (avoidance of the founding of new administrative organizations or the hiring of new officials and other employees);
2. horizontal decentralization (transfer of certain state administration operations to autonomous organizations outside the system of state administration);
3. a critical analysis, evaluation of the rationality and economy of the state administrative machinery, the implementation of a cost-reduction and savings program;
4. initiating a process of broad decentralization, and a strengthening of the role of local and regional self-government (determination of the jurisdiction of local self-government by a general clause, the introduction of the principle of subsidiarity, the augmentation of fiscal capacity of local and regional units);
5. the gradual transformation of the territorial organization (establishment of a smaller number of regional units, consolidation of local self-governing units in order to increase their capacity and the degree of the rationality of local structures (Government, 2000b: 31–31).

The objective of the reforms is to bring the citizens closer to the decision-making process, to have greater citizen participation, and a more comprehensive meeting of needs with the ultimate result being the reduction of the concentration of political power in the central government of the state.

In July 2000, the Government of the Republic of Croatia set up its Office for the Development Strategy of the Republic of Croatia, a professional department with the task of coordinating the preparation, drawing up and implementing strategic guidelines from the Government Program, making proposals for strategic development documents, and ensuring the bases for the elaboration and implementation of the project for the strategic development of Croatia in the 21st century. ⁷

The Project “Strategy for the Development of Croatia in the 21st century” (below: Strategy Project) covers 19 different areas relating to economic and social life. For each area, a team of experts was set up whose task was to draw up documents about the strategy for the development of this particular area. The Strategy Project has a Central Council headed by the Deputy Prime Minister (as coordinator for the elaboration of the strategy), and the members are the leaders of the individual areas.

After their elaboration, the proposal of the separate strategy for each individual area is published on the Internet. In this manner the information of interested institutions and citizens is provided for.⁸

Public discussions are held about the texts of the separate reports, the line ministries, interested ministries and individuals from a given area that is involved.

It was provided for that the Government should unite all the separate reports in a single document concerning the overall strategy of the development of the Republic of Croatia. This document was to be sent to the Parliament for adoption by the end of 2001. However, because of delays in the drawing up of the individual separate reports, after each was produced, it was then accepted individually and sent separately to the Parliament for adoption.

Some of the separate sections contain texts that indicate the need for decentralization and the denationalization of certain operations of state admin-

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⁷ Decree concerning the Office for the Development Strategy of the Republic of Croatia, NN 77/00.
⁸ All information about the Project, as well as integral texts of the strategic documents for given areas are available on [www.hr茨atska21.hr]
istration, particularly in the area of public administration, welfare, education and health care.

In November 2000, the Government of the Republic of Croatia and the Open Society Institute of Croatia (OSI) entered into a Cooperation Agreement. A considerable part of this agreement relates to the area of the decentralization of public administration.

Pursuant to this agreement, a contract concerning the execution of the Decentralization of the Public Administration (DPA) was signed between the OSI and the Croatian Law Center (CLC).

The DPA project deals with the determination of directions for the decentralization of public administration and with necessary concrete actions, so that as early as the phase of the elaboration of the model a dialogue could be started up with the local self-government units, and with citizens affected by the work of the public administration and who are recipients of its services.

The DPA Project covers a number of separate areas:

• the local government electoral system;
• territorial organization of local and regional self-government;
• the legal position and sphere of competence of local self-government;
• status of local officials;
• decentralization of elementary and secondary education;
• decentralization of health care;
• decentralization of social services;
• decentralization in culture;
• financing of local and regional self-government.

For each area, a separate team of experts was set up. Members of these teams were lawyers, political scientists, economists, experts in public finance, sociologists, historians, geographers, statisticians and experts in the area of public services. The work of the expert teams was coordinated and directed by the Expert Council. Some fifty experts were engaged in this work, and representatives of government and non-governmental institutions, as well as representatives of local and regional self-government were included in the implementation of the projects.

Supervision of the execution of the CLC is carried out by the Project’s Supervisory Board, made up of representatives of the OSI, the Government of the RC and the CLC.

In its material for each of the areas, the Project covers an analysis of the state of affairs and an identification of the problems, an elaboration of the proposals for the appropriate policy and alternative models, the legitimization of the proposal (via different forms of discussion with numerous persons concerned), the adoption of the proposals and their implementation, and an evaluation of the results and degree of success.

Furthermore, since 2000 a number of partial programs and projects have been carried out to cover individual areas that need to have the decentralization procedure implemented. They are being carried out by domestic and foreign institutions with more or less full support and cooperation from state bodies, or even independently of them.

The projects are as follows:

1. Reform of Welfare (Ministry of Labor and Welfare of the RC, the World Bank and the Department for International Development of the UK—DFID).
3. As part of the OBNOVA [RECONSTRUCTION] program: technical assistance in the formulation of the framework for the conceptualization of regional policy of the RC (Ministry for Public Works, Reconstruction and Construction of the RC and the EU).
5. Local Finances and Local Budgets in the RC (Institute for Public Finance).
6. Reform of Local Self-Government and Administration (Urban Institute, USA).

Activities Completed and Results Achieved

Projects

In autumn 2000, activities directed towards decentralization were stepped up. The implementation of individual projects was started and certain bodies of the central state administration were headed towards the execution of

10 Information on the project are available on www.mrss.hr/projekti/soc-zasita.htm.
this assignment. During 2001, the first results of the activities through which the process of decentralization was started appeared.

In the implementation of the Strategy Project, the Government’s Office for the Development Strategy of the RC appointed the leaders of individual areas. They set up expert teams that by the summer of 2002 had drawn up drafts of separate reports for all areas.

By the end of September 2002, the Parliament had adopted strategy documents for seven areas (information and communication technology, environmental protection, the arts, macroeconomics, national security, energy, and food). Strategic documents for three areas are in the process of being accepted in the Government of the RC (pensions system and welfare, science, and education). For nine of the areas, the strategic documents are still in the process of being drawn up, or of public debate, or being agreed on (public administration, tourism, SMEs, housing, health care, maritime affairs, transports, international integration and shipbuilding).

At the same time, the implementation of the DPA Project started as well.

By spring 2002, an analysis of the state of affairs and expert backgrounds for decentralization in the areas of education, social services, health care, the arts, the legal position and jurisdiction of local self-government, its territorial organization and financing had been drawn up. During the summer 2002, all the expert analyses had been reviewed by independent international experts (associates of the Local Government and Public Reform Initiative [LGI]-Budapest).

At the beginning of October 2002 an expert debate was organized, where the results of the DPA Project were presented, as well as the drafts of the expert backgrounds, and the reviews of the international experts. After the expert discussion, the final versions of proposals for models in all the separate components of the DPA Project are expected.

The other projects mentioned were also started, some of them having been completed in 2001 and 2002. Some of the projects are still in various phases of implementation.

Regulations
In 2001, the process of decentralization started with respect to laws and standards.

Through changes in the Constitution of November 2000, the conditions were created for the expansion of the jurisdiction of local self-government, and the concept of regional self-government was introduced. At the beginning of March 2001, the Government drew up, and by summer the Parliament had accepted a package of statutory proposals starting the process of decentralization of individual operations of state administration.

Through the passing of the new Local and Regional Self-Government Law (ZOLPS in Croatian) (Official Gazette, 33/01; later supplemented with authentic interpretation, Official Gazette, 60/01) decentralization was carried out in the area of the organization of the administration (provisions concerning organizational structure), and the decentralization of operations in some other administrative areas was made possible (jurisdiction provisions).

After this, the Parliament passed amendments to the law through which the areas of elementary and secondary education, health insurance and welfare were determined; amendments that partially led to the decentralization of the management and financing of certain establishments in the areas stated.

Through amendments to the Elementary and Secondary School Law, ownership rights to the elementary and secondary schools and student dormitories were transferred to units of local and regional self-government, the question of school governance was settled, and the obligations to meet the costs of schools were demarcated.

Amendments to the Health Insurance Law led to the devolvement of some of the obligations for providing for the work of some health care institutions being passed down to the counties.

Through amendments to the Welfare Law, some of the welfare operations were transferred to the counties, the question of the management of welfare centers was settled, and the obligations for the meeting of costs were demarcated. These amendments also meant that the foundation rights to some of the welfare homes were transferred to the counties.

The application of these laws started on July 1, 2001.

In the area of culture, a series of laws were passed, implementing de-estatisation in the area of founders’ rights. Municipalities, cities and counties, as the founders

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12 Change of the Constitution, NN 113/00, Articles 66–71.
13 All these laws are printed in NN 59/01.
or owners of museums, libraries, public theaters and other public establishments in culture and the arts, no longer need the confirmation of the Minister of Culture when they appoint and discharge directors.  

The passing of the Culture Councils Law (NN 53/01) meant the end of hierarchy in decision-making and financing in arts activities. The arts councils were set up in the Ministry of Culture for the individual activities. The influence of people in arts administrations and actual artists is thus ensured in the making of decisions that are important for culture and the arts (proposing the objectives of cultural policy and measures by which to achieve them, joint decision-making in the determination of arts policy, giving expert proposals and opinions, providing opinions about the annual programs for public requirements in culture).

Furthermore, the Amendments to the Financing of Units Local Self-Government and Administration Law were passed (NN 59/01); these govern in particular the question of the financing of decentralized operations.

Pursuant to this law, the Government passed a Decree determining the manner of calculating the amount of equalization grants to be given to cities and counties for decentralized functions during the period from July 1 to December 31, 2001.

For the sake of implementing this decree, the Government passed in 2001 special decisions about the criteria and yardsticks for the provision of minimum financial standards for public requirements in elementary and secondary education, the minimum financial standards for investment maintenance of health care institutions, as well as for current expenditures of welfare centers and expenditures in heating grants.  

When the Amendments to the System of State Administration (NN 59/01) came into force, the role of the prefect as head of the county self-government and his simultaneous role as head of the office of state administration in the county were at last divided.

Current Situation

In consideration of the current state of affairs in areas in which the procedure of decentralization was carried out, it is more appropriate to talk of the consequences and effects than of the results of what has been done, for two reasons.

Firstly, the activities completed are only the very first steps on the road to decentralization and no results, in the sense of the achievement of the objectives set up, can yet be demonstrated.

Secondly, the regulations passed which began the process of decentralization did not derive from the projects mentioned, rather the process of drawing them up and adopting them was carried out in a way that bypassed the execution of the projects.

In the sequel to this chapter, we shall give a review of the current state of affairs in the system of state administration and local and regional self-government, as well as in the individual areas in which the procedure of decentralization has been carried out to a greater or lesser extent. Attention will be drawn in so doing to the differences that have arisen as compared with the initial state of affairs. Similarly, in given areas an account is given of the demarcation of the jurisdictions or spheres of competence of the different levels of administration.

The State Administration

The central state administration is governed by laws concerning the system of state administration, the Government of the Republic of Croatia, the organization and sphere of competence of the ministries and state administrative organizations, state officials and other employees, and an array of separate laws and bylaws governing individual areas of work of the state administration bodies.  

14 Amendments to the Libraries Law, NN 104/00; Amendments to the Theaters Law, NN 127/00; Governance of Public Establishments in the Culture Law, NN 96/01.

15 The Decree concerning the Manner of Calculating Equalization Grants for the Decentralized Functions of Local And Regional Self-Governing Units for the period from July 1 to December 31, 2001; the Decision on the Criteria and Yardsticks for the Provision of the Minimum Financial Standard for the Public Needs of Elementary Education in 2001; the Decision concerning the Criteria and Yardsticks for the provision of the Minimum Financial Standard for the public needs of Secondary Education in 2001; the Decision on the Minimum Financial Standards for the Investment Maintenance of Health care Establishments in 2001 for the decentralized functions from July 1 to December 31, 2001; the Decision on the Minimum Financial Standards for current expenditures of the welfare centers and expenditures for assistance for fuel in 2001. The Decree and all the decisions are published in Official Gazette 75/01.

16 System of State Administration Law, NN 75/93, 92/96 (art. 31 of the Amendments to the Organization and Jurisdiction of the Ministries and State Administrative Organizations Law), 48/99, 15/00, 127/00 (authentic interpretation) and 59/01; the Government of the Republic of Croatia Law, NN 101/98; 15/00; the Organization and Jurisdiction of the Ministries and State Administrative Organizations Law, NN 48/99, 15/00 and 20/00 (corr.); the State Officials and Other Employees Law, NN 27/01; Decree concerning the Organization of the State Administration Office in the Counties, NN 21/02.
State administration bodies include the ministries (19, or two more than at the beginning of 2000), state administrative organizations (8, or two less than at the beginning of 2000), state administration offices in the counties (one office per country) and the city offices of the city of Zagreb.

The process of decentralization has not affected changes in the organization of state administration or the reduction of the number of officials and other employees in the central bodies of state administration.

Changes in the organization of the bodies of state administration in the counties and in the number of officials and other employees are also not the direct result of the decentralization process, although this process has had somewhat of an indirect effect on them.

Thus in each county there is an office of the state administration that consists of the departments that are set up for the individual administrative domains. At the top of the office is a Head appointed by the Government of the Republic of Croatia.

The number of people employed in the county offices was reduced after December 31, 2001 by 975 people (749 officials and 226 other employees); of this number, local self-government took over 165 persons, and 562 officials are still “available” and receive emoluments from the national Budget.17

Local and Regional Self-Government

Local and regional self-government are governed by laws concerning local and regional self-government, the election of members of representative bodies of local and regional self-government, of the county areas, cities and municipalities in the Republic of Croatia, the city of Zagreb, and the financing of units of local and regional self-government laws.18

The system of local self-government in a broader sense covers 425 municipalities (four more than at the beginning of 2000), 122 cities, 20 counties (to the extent that they are regional self-government units), and the city of Zagreb (which is both city and county).19

Cities and municipalities within the sphere of competence of their self-government carry out operations of local importance that directly realize the needs of the citizens, and that have not been assigned by constitution or law to the state bodies. This kind of determination of their sphere of influence is very close to the spirit of the general clause and corresponds to the principle of subsidiarity. The following operations are determined as obligatory:

- housing and the arrangement of settlements;
- zoning and town planning;
- utilities or the communal economy;
- concern for children;
- welfare;
- primary health care;
- pre- and elementary schooling;
- culture, physical education and sports;
- consumer protection;
- protection and improvement of the natural environment;
- firefighting and civilian protection.

In their self-governmental sphere of influence, the counties carry out operations of regional importance, particularly in the domains of:

- education;
- health care;
- zoning and town planning;
- economic development;
- transports and transportation infrastructure;
- planning and development of the network of educational, health care, social and cultural establishments.

18 Law concerning local and regional self government, NN 33/01 i 60/01 (authentic interpretation); Election of members of Representative Bodies of Units of Local and Regional Self-Government Law, NN 33/01 and 10/02 (Constitutional Court decision); Areas of the Counties, Cities and Municipalities in the Republic of Croatia Law NN 10/97, 124/97, 50/98 (Constitutional Court decision), 68/98, 22/99, 42/99 (Constitutional Court decision), 117/99, 128/99, 44/00, 129/00 and 92/01; City of Zagreb Law, NN 62/01; Financing Units of Local and Regional Self Government Law, NN 117/93, 69/97 (Article 28 Para 3 of the Tax on Sale of Real Estate Law), 33/00, 73/00, 127/00 (Art. 172, subpara. 11 General Tax Law), 59/01, 107/01 and 117/01 (corr.).
19 Data from the Ministry of Justice, Administration and Local Self-Government, October 2002.
If they provide the financial resources for them, units of local self-government can also carry out operations that are in the jurisdiction of the county.

With respect to organizational structure, the provisions of ZOLPS allow local units greater freedom of internal organization. Thus local units decide independently on their internal organization (certain categories of units even decide on whether they will have an Authority), or about setting up joint administrative bodies for several units.

The Area of Education and Preschool Education

Preschool education and care for children of preschool age have from the beginning of the organization of local self-government belonged within the jurisdiction of local units.20

Unlike the system of preschool education the school system was in its entirety within the jurisdiction of the bodies of central state administration until July 1, 2001.21

Within the school system there are 828 main and 1,270 area elementary schools, 365 secondary schools, 72 music and ballet/dance schools, 13 secondary art schools and 53 student dormitories.22

The 2001 Amendments to the Elementary Education and the Secondary Education Law transferred founders’ rights to elementary and secondary schools and student dormitories to local and regional self-government units. These amendments settled the administration of the schools and the demarcation of the obligation of meeting the costs of schools and dorms. A new provision was that the minister no longer appoints the principals of secondary schools, and no longer has to give consent to the appointment of head teachers of elementary schools, rather the principals are in both cases appointed by the school committee [board of governors] subsequent to a public tender.

According to the new division of jobs and authorities in the area of preschool education and education, we present the jurisdictions of the state, the counties, the cities and the municipalities.

1. The state, or central government, carries out the following operations:

a) elementary schools

• provides financial resources for salaries, transports and other remunerations of employees, the further training of teachers, education in minority languages, meeting the increased costs of children with learning difficulties, financing programs for work with gifted pupils, pays for the costs of IT and the equipment of libraries, jointly finances programs of private education, capital development to the minimum financial standard and programs of interest to the education industry as a whole (national Budget);

• gives a ruling stating that the conditions for carrying out the work have been met (minister of the Education and Sports Ministry), without which a school cannot start working;

• gives previous consent to a network of elementary schools (minister of the Education and Sports Ministry);

• adopts the teaching standard (Parliament);

• determines the criteria and yardsticks for the provision of the minimum financial standard for the sake of satisfying public needs in the area (Government of the Republic of Croatia);

• can discharge a head teacher if the school committee does not do so, although the conditions for this have been met (minister of the Education and Sports Ministry);

b) secondary schools:

• provides financial resources for the salaries and remunerations of the employees, further training of teachers, education in minority languages, covers increased costs of children with learning problems, finances programs for work with gifted pupils, pays for the costs of IT and equipment of libraries, co-finances private education programs, capital construction up to the minimum financial standard and programs

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20 This system is specifically governed by the Preschool Education Law, NN 10/97.

21 The system is separately governed by the Elementary Education Law, NN 59/90, 26/93 (Article 129 of the Amendments to the Law defining fines for economic offences and misdemeanors), 27/93, 7/96, 59/01, 114/01 and the Secondary Education Law, NN 19/92, 26/93 (Article 128 of the Amendments to the Law defining fines for economic offences and misdemeanors), 27/93, 50/95, 59/01 and 114/01.

22 Data from the Ministry for Education and Sports, 2002.
of common interest to the education in-
dustry (national Budget);
• adopts a ruling consenting to the beginning
of work of a school (minister of the Edu-
cation and Sports Ministry);
• draws up the project of a secondary schools
network;
• adopts the teaching standard (Parliament);
• determines the criteria and yardsticks for
the provision of the minimum financial
standard in order to satisfy public needs in
the area (Government of the Republic of
Croatia);
• supervises the way the work is carried out
(Education and Sports Ministry);
• can dismiss the principal when the school
committee does not do so, although the
conditions for this have been attained
(minister of the Education and Sports
Ministry).

2. The counties carry out the following operations:
   a) elementary schools
      • are the founders of schools in their areas
        (except in 32 cities);
      • provide financial resources for costs of
        materials, investment maintenance, pro-
curement of school equipment, teaching
resources and aids, transports of pupils
and capital construction of premises and
equipment (up to standards laid down by
the minister of the Education and Sports
Ministry);
      • determine general public needs in the edu-
cation industry in its area (at choice, e.g.,
joint financing of school meals, longer
school hours and so on) and provides the
financial resources to secure them;
      • determine the network of elementary
schools in their area (with the prior consent
of the minister of the Education and Sports
Ministry);
      • can dissolve the school committee of a
school they own if it does not carry out the
operations within its sphere of competence
in line with the law, or carries them out
in a way that makes the regular work and
activity of the school impossible.
   b) secondary schools
      • are the founders of schools in their area;
      • provide financial resources for costs of
materials, investment maintenance, pro-
curement of school equipment, teaching
resources and aids, transports of pupils
and capital construction of premises and
equipment (up to standards laid down by
the minister of the Education and Sports
Ministry);
      • determine general public needs in the edu-
cation industry in its area (at choice);
      • determine the network of elementary
schools in their area (with the prior consent
of the minister of the Education and Sports
Ministry);
      • choose three members of the school
committee (county assembly) at the recom-
mandation of the administrative body of the
unit of local self-government in which the
school lies;
      • can dissolve the school committee of a
school they own if it does not carry out the
operations within its sphere of competence
in line with the law, or carries them out
in a way that makes the regular work and
activity of the school impossible.
   c) student dormitories:
      • are owners of dorms in their area and from
this point of view they have all the same
rights and duties as they do with respect to
secondary schools.

3. Cities and municipalities carry out the following
operations:
   a) elementary schools
      • 32 cities\(^{23}\) are the founders of schools in
their area and have the same rights and
authorities toward them as the counties
do with respect to the schools which they
founded;

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\(^{23}\) These are: Samobor, Velika Gorica, Vrbnec, Zaprešić,
Krapina, Kutina, Sisak, Karlovac, Varaždin, Koprivnica, Bjelovar,
Crikvenica, Opatija, Rijeka, Gospic, Virovitica, Požega, Slavonski
Brod, Zadar, Osijek, Šibenik, Vinkovci, Makarska, Split, Labin,
Pazin, Poreč, Pula, Rovinj, Umag, Dubrovnik and Čakovec. This
list is composed in Article 3 of the Decree concerning the Manner of
Calculating the Amount of Equalization Grants for the decentralized
functions of units of local and regional self-government for 2002,
Official Gazette, 118/01. The criteria for determining these cities
were: county towns and cities with populations of over 10,000,
and income tax revenue in 1999 greater than 400 kuna per capita.
Unfortunately, these criteria were not previously published, and are
still not a component part of any regulation.
As for the financing of capital investment and maintenance of health care establishments, the new Health Insurance Law that came into force on January 1, 2002 does not contain any provisions about this, as was expressly stated in the Amendments to the Health Insurance Law (Official Gazette 59/01). It was expected that these provisions would be contained in the new Health Care Law. However, since this law has not yet been passed, at the moment, this question is not settled, but in practice one proceeds according to the provisions of the previous Law on Health Insurance, although strictly speaking they have ceased to be valid.

The Area of Health Care

The area of health care is governed by the Health Care Law and the Health Insurance Law. In the health care system operate health care institutes owned by the state and those owned by the counties.

The state owns the clinics and clinical hospitals (12 of them), the clinical hospital centers (2) and the state health care institutes (6).

The counties own health centers (120), home-nursing establishments (106), polyclinics (169), general hospitals (23), special hospitals (30), apothecary establishments (130), sanatoria (5), emergency medical service establishments (4) and public health and transfusion medicine institutes (21) (Government, 2002: 6).

The operations and the financing in this area are not arranged exclusively according to the rights and duties of ownership.

The health care industry is financed pursuant to a contract between each individual establishment and the Croatian Institute for Health Insurance (HZZO). Apart from that, resources for the financing of other operations and obligations are provided by:

1. The central government
   - entirely, for all institutes it founded;
   - for capital investments in establishments founded by the counties;
   - for numerous remunerations and compensations (in lieu of pay, for maternity benefits and so on) and grants (for layettes and so on);
   - for health care of uninsured persons;
   - for health care of members of rural households older than 65;
   - for certain other operations provided for by the law in connection with health care.

2. The counties
   - for the investment maintenance of premises and equipment of establishments they founded;
   - for health care measures for the protection of human environment;
   - for epidemiological, health care statistics and social medicine activities (not provided by the Republic of Croatia);
   - for health care of persons who take part in public works, civilian protection, volunteer firefighting, pupils in practical work and so on (not provided by the Republic of Croatia).

Health care establishments (state and county) are governed by an administrative council in which the owner appoints the majority of members.

The operations of an establishment are run by a director who is appointed after a public tender held by the governing council, with the consent of the minister of the Health Ministry.

The Area of Welfare

Welfare is governed by the Welfare Law (NN 73/97, 27/01, 59/01 and 82/01).

There are three types of establishment in the welfare system:

1. welfare centers (78 main and 26 area).
2. welfare homes: for the elderly and infirm (48), for mentally ill adults (15), for physically or mentally handicapped persons (24), homes for children without appropriate parental care (14), homes for children and young people with behavior disturbances (11), and homes for children and adults who are victims of family violence (not one has actually been set up yet).
3. centers for assistance and nursing (Government, 2002: 82).

24 Health Care Law NN 1/97 (revised text), 111/97 (Art 69. Protection of Persons with Mental Disturbances Law), 95/00 (Constitutional Court decision) and 129/00; Health Insurance Law, NN 94/01.

25 Some health care establishments may be privately owned, but they are not crucial for this paper’s topic.
The June 2001 Amendments to the Welfare Law led to a new form of governance of welfare establishments. An establishment is run by the governing council in which the owner appoints the majority of members. The director of a welfare center is appointed by the governing council after a public tender (no longer the minister). From January 1, 2002, ownership rights to homes for the elderly and infirm have been transferred to the counties.

The division of jobs and authorities in the area of welfare between individual levels of the administration now look different:

1. The central government takes care of the following operations:
   a) welfare centers
      • is their owner/founder;
      • provides financial resources for expenditure for employees, training and further training, and procurement of capital resources;
      • appoints the majority of members of the governing council (three).
   b) welfare homes
      • is the founder of existing homes (except for homes for elderly and infirm);
      • issues permission for the founding of certain types of welfare homes;
      • determines the needs for the foundation of certain types of welfare homes;
      • in the foundation procedure, determines whether the conditions relating to space, equipment, professional and other employees, health care and ecological conditions are met, and determines the harmonization between the institution’s regulations and the law;
      • makes a decision about the minimum standards for the performance of welfare work for decentralized functions as a basis for the planning of grants from the national Budget at an annual level;
      • provides financial resources for the completion of capital works already started in homes whose ownership (homes for the elderly and infirm) has already been transferred.
   c) centers for assistance and nursing
      • issues a ruling concerning the satisfaction of conditions with respect to space, equipment, professional and other employees as well as other conditions for the performance of the activity (the competent county office of the state administration, i.e., central government)

2. Counties carry out the following operations:
   a) welfare centers
      • provide financial resources for expenditure for materials, energy, utility and other services, current maintenance, financial expenditure and some other expenditure
      • appoint one member of the governing council.
   b) welfare homes
      • own the homes for the elderly and infirm in their area
      • can found new homes of a certain type
      • issue permits for the foundation of new homes for the elderly and infirm in their area
      • in the procedure of founding new homes for the elderly and infirm, determine whether the conditions relating to space, equipment, professional and other employees, health care and ecological conditions are met, and determines the harmonization of the internal regulations with the law;
      • provide financial resources to meet the costs of heating, with the conditions and in the manner prescribed by the Law
   d) submit reports about the degree to which welfare rights have been fulfilled to the Ministry of Labor and Welfare in its area and adopt Regulations (with the prior consent of the Ministry) concerning the contents of and the way of running records and documents, as well as about the manner of and deadlines for submitting reports of units of local self-government and welfare centers about the fulfillment of single rights.

3. Cities and municipalities carry out these operations:
   a) welfare homes
      • can found new homes of a certain type
   b) centers for assistance and nursing
      • founding, appointment of directors
   c) provide financial resources for meeting the costs of residence with conditions and in the manner prescribed by the Law
   d) submit a report about the satisfaction of welfare rights.
The Area of Culture

The area of culture is arranged by an array of laws governing the work and operations of culture establishments (theaters, libraries, archives, museums and other establishments). Special laws govern separate operations (protection and preservation of cultural assets, the foundation and work of culture councils, the management of public establishments in culture and so on). There are also other laws governing specific activities in the field (cinema, publishing, the music industry and so on).27

The foundation of arts councils has led to the enhancement of the influence of people and artists working in culture on the decision-making process that is important for culture, and in this manner a procedure to limit the hierarchy has been started.

The activity of setting up archives and the protection of cultural assets is mainly in the jurisdiction of state bodies, while the work of theaters, museums and libraries is mainly in the jurisdiction of local and regional self-government.

Public establishments in culture are by right governed by a governing council (establishments that have up to five employees, and theaters administered by their director are exceptions to this). Most of the members of the governing council are appointed by the owner of the establishment.

The director of the institution is appointed by the representative body of the owner, at the recommendation of the governing council, with the opinion of the expert or artistic council, there being no longer any subsequent confirmation or agreement from the minister of culture, except in the case of the directors of the national theaters.

A decision about status changes and the cessation of the activity of a certain cultural establishment can be taken by the owner only with the prior consent of the competent minister (museums, libraries) or the Government of the Republic of Croatia (national theaters).

The Financing of Local Self-Government

The 2001 Amendments to the Local Self-Government and Administration Financing Law led to the size of local units’ shares in income tax being determined according to the extent of operations that given units undertake, that is, according to which jobs they have taken on in the process of decentralization. Bylaws determine the manner of calculating equalization grants for decentralized functions and the yardsticks for ensuring the minimum financial standards of public needs in activities of primary and secondary education, welfare and health care.

The financing of local and regional units is governed by an array of regulations:

1. laws concerning the financing of units of local and regional self-government and the budget.
2. the decree on the manner of calculating the amount of equalization grants for decentralized functions in 2002.
3. decisions valid for 2002 concerning the criteria and yardsticks for providing the minimum financial standard of public needs for primary and secondary education, for the decentralized functions for health care establishments, the minimum financial standards of the material expenditure of welfare centers and heating grants, and for the decentralized financing of homes for the elderly and infirm28.

Units that carry out certain decentralized functions have the right to an additional share of income tax, as follows:

- elementary education 2.9%
- secondary education 2.0%
- welfare
  - welfare centers 0.4%
  - homes for the elderly and infirm 1.6%
- health care establishments owned by the county 2.5%
- firefighting 2.0% (in 2002)
  up to 8.0% (from 2005).

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27 Theaters Law, NN 61/91, 13/97 and 127/00; Libraries Law, NN 105/97, 5/98 (corr.) and 104/00; Archives and Archival Material Law, NN 105/97 and 64/00; Museums Law, NN 142/98; Protection and Conservation of Cultural Assets Law, NN 69/99; Arts Councils Law, NN 53/01; Administration of Public Establishments in the Arts Law, NN 96/01.

According to results achieved so far, the first phase of decentralization can be given the mark of borderline successful. This is the result of a number of objective and also of human-element factors for which the state and the local bodies are responsible.

Below, the limitations that slow down the further course of decentralization are put forward and analyzed.

Limitations at the Central Government Level

A number of operators are involved in the process of decentralization at the level of the central government: the Government of the Republic of Croatia (as political body), individual ministers (as heads of ministries), ministries (state administration bodies), officials [i.e., civil servants] of individual ministries (as individuals), each of them having a particular role in the process.

1. The Government of the Republic of Croatia correctly started off the whole process with the adoption of its Program determining decentralization as the principle of its future work in many areas. In the Program itself and in later procedures, the Government has continued to express its undoubted political will for decentralization.

2. In consequence of the absence of an appropriate document at all levels of decision-making and implementation, decentralization is often understood
as just one of a string of usual and regular tasks, and that is how it is approached. Activities in the process of decentralization are often worked off as a purely routine matter, not as a strategic activity. Still more frequently, under pressure of the need to settle day-to-day problems, tasks related to decentralization are forced to take second place because, being long-term operations, they can afford to wait.

3. The pressure to satisfy the expectations of the public as fast as possible has resulted in the process of decentralization being started even before the adoption of the development strategy, and also before the first results of the decentralization projects started. For this reason the first phase of decentralization was prepared in a very short time, which made a full analysis of the existing situation impossible, particularly not the creation of alternatives, with simulations of the consequences and projection of the effects. Unfortunately, the basic method chosen was that of trial and error.

4. The decentralization process requires special research and administrative skills and abilities in the management of processes, for which most civil servants have not been trained. Most of them have been trained to carry out routine tasks, but for the performance of such an untypical job, they are not prepared. For this reason, the assistance and advice of foreign experts are often sought. However, problems often crop up on both sides in this cooperative process between local officials and foreign experts, the lack of knowledge of the language being the most banal, but also sometimes an enormous obstacle.

5. The consequence of the fact that a relatively small number of administrative personnel possess the special skills and knowledge (from foreign language skills to the ability to run given processes) is that the few individuals who do possess them are vastly overloaded. These individuals, along with their ordinary work obligations, are also included in all the numerous projects, seminars, working groups, coordination bodies and similar forms of organization. The one advantage of this situation is in that in this way, in the work of these bodies, these individuals can make a great contribution, because of the sheer amount of information coming into them. Some of these activities overlap. Since on the whole, though, they are not coordinated, there is an unnecessary dispersal of time and energy. This kind of engagement has its own objective limits, which are often not considered, which again has an impact on the quality of work and the performance of the tasks.

6. Decentralization meets with the resistance of some of the civil servants and officials. The causes for this resistance are various. The most mild reason for resistance is fear of the new. Decentralization brings in new relationships that change the existing, run-in, work procedure, and the fear of possible difficulties in getting used to new conditions and circumstances arises. But behind the resistance there can also be fear of reduction or loss of importance and position, sometimes fear of getting laid off. Indeed, when some affairs are transferred from the state administration to the local units, some of the civil servants will lose more or fewer of the operations confided to them previously. This will certainly affect their positions and everything that appertains to them.

Limitations of local self-government

From the very beginning of the organization of local self-government in the Republic of Croatia, local units resented the highest government bodies for assigning them a very inadequate and narrow area of competence, often symbolically described as “grass clipping”.

But when the first phase of decentralization started, many of the local units resisted this process. This resistance was carried out even after the implementation of the first measures of decentralization.

The reasons for the resistance are sometimes objective, and sometimes related to the individual. The most marked are as follows:

1. Many municipalities and cities in the Republic of Croatia are small. The average municipality has only 3,228 inhabitants and is only 86 square kilometers in area; the average city has a population of a mere 18,741, and an area of 167 square kilometers, and these in European terms must be placed in the category of small local units.

Hence, many local units simply do not have the capacity to carry out all the operations that local self-government ought to attend to. This is not only an issue of financial capacity, but also of staff potentials.

2. Negative experience with the devolvement of administrative operations to date from the state to the local level, when this devolvement was not
accompanied by the transfer of the appropriate financial resources (for instance, firefighting and the cadastre of overhead lines), enhances fears that it will not be possible to carry out the tasks confided to the local units.

3. The situation in areas in which the operations are being devolved is fairly difficult, and there is some fear that with decentralization, it is not only the work that will be transferred, but also the responsibility for the bad state of affairs as found, for which the local units are not in fact to be blamed.

4. The officials in many local (in particular, small) units do not have the knowledge, skills and experience to take on new and very complex operations. Most of them are equipped to handle routine operations, but not up to taking on new and responsible tasks.

5. Some of the local officials do not want to take greater responsibility. Decentralization is forcing them to acquire a different kind of management and the spending of budgetary resources on new priorities. These priorities are not always publicity-friendly, do not contribute to their popularity. Apart from that, through the decentralization of given functions, local officials become directly responsible to the citizens for the financing and the performance of these functions, and there is no longer any ability to transfer the responsibility on the regular whipping-boy—the central government.

**Recommendations for the Continuation of the Decentralization Process**

The process of decentralization in Croatia encompasses the central state administration and the local self-government, in the broadest sense. This initial range is not adequate, however, for the system of administration to be called decentralized.

From experience acquired from preparing and implementing the first phase, it is possible to draw certain conclusions for further, more successful and effective implementation of the process.

Firstly, individual ministries within whose activities it is planned to carry out decentralization (whether it is the transfer of activities from the ministry to the regional administration units, or the devolvement of activities from the administration to the local self-government) should draw up a document in which the basic elements of decentralization must be defined (objectives, methods and manner of implementation, concrete tasks with those responsible and the deadlines, and criteria for performance measurement, that is, the attainment of the objectives of decentralization). These documents (as proposed by the line ministries) should be adopted by the Government of the Republic of Croatia, after which they will become an accompanying implementation act going alongside the development strategy of the Republic of Croatia.

Secondly, monitoring of the decentralization process and coordination of the activities of the line ministries should be confided to a special coordinator. This should be a person with a broad field of knowledge and experience, on the basis of which this person would take part actively in the implementation of decentralization in individual administrative fields and would at the same time unite and coordinate the activities of different operators in the process, including all the projects that are carried out in association with the bodies of state administration, or even independently of them.

It is not necessary to set up any new organizational unit for these operations; rather, the coordinator should be brought into the Strategy office or should have a direct link to the member of the inner cabinet of the Government charged with handling decentralization.

Thirdly, additional training of civil servants should be an on-going activity and an obligation upon state bodies (that they are obliged to make possible) as well as upon the actual civil servants (who should be obliged to undertake it as a condition for the performance of certain activities).

Fourthly, the implementation of each individual decentralizing measure should be well prepared in every manner possible: holding seminars, issuing brochures, providing access to information and instructions and so on. This will achieve several aims: settled solutions suit the needs of practice better, the operators are trained in advance to be qualified to carry out the tasks, political support is provided by the measures passed.

Fifthly, in order to make local structures qualified to carry out an increasing number of ever more complex operations, it is necessary to step up collaboration with NGOs that can carry out this perhaps crucial assignment. These organizations should be advised to draw up independent analyses of the impact of the measures of decentralization carried out in order to spot and remove difficulties and obstacles, and allow for any possible adjustments in the implementation of it.

Sixthly, special attention must be devoted to the areas of the Republic of Croatia that are, objectively speaking, incapable of carrying out their tasks (areas of special national interest, the islands and so on). It is
necessary to plan special measures for units in these areas to enable them to function independently for a certain period and, as far as possible, to fulfill the obligations that derive from their sphere of competence as independently as they can. If the objectives are not achieved by these measures in the planned period, this will be an unerring indicator of the need to undertake organizational changes in the territorial system.

These indicators are surely not the only that could be given and through which it is possible to ensure the successful implementation of the decentralization process and the achievement of the results that are expected from it.

For this reason it is necessary to go on involving as many operators as possible (organizations and individuals) in the process, who will be able to make this process easier and faster with their knowledge and experience, both from the administration (in the broadest sense) and from civil society.

Reform of the system towards decentralization is a politically very sensitive process, of a very complex nature. For this reason the capacity of the operators who are required to put it through is very important.

The Croatian administration is capable of carrying out this reform, but in order to be able to go through the task with complete success, it has to be able to recognize and identify the limitations and obstacles that will meet it on the way, and find adequate ways of surmounting them. Only in this way will all the objectives put forward by decentralization be achieved.

Legal Sources

Law on elementary education, NN 59/90, 26/93 (Art. 128 of the Law on Amendments to the Law defining certain fines for economic offences and misdemeanors), 27/93, 7/96, 59/01 and 114/01

Law on theaters, NN 61/91, 13/97 and 127/00

Law on secondary education, NN 19/92, 26/93 (Article 128 of the Law on Amendments to the Law defining certain fines for economic offences and misdemeanors), 27/93, 50/95, 59/01 and 114/01

Law on local self-government and administration, NN 90/92, 94/93, 117/93, 5/97 (Croatian Constitutional Court Decision), 17/99 (Croatian Constitutional Court Decision), 128/99 and 51/00 (Article 16 of the Constitutional Law on amendments to the Constitutional Law on Human Rights and Liberties and on the Rights of Ethnic and National Communities or Minorities in the Republic of Croatia)

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Law on health insurance, NN 1/97 (revised), 109/97, 13/98, 88/98, 10/99, 34/99, 69/00, 59/01 and 82/01

Law on welfare, NN 73/97, 27/01, 59/01 and 82/01

Law on libraries, NN 105/97, 5/98 (corr.) and 104/00

Law on museums, NN 142/98

Law on firefighting, NN 106/99, 117/01 i 36/02 (Croatian Constitutional Court Decision)

Law on the state survey and the cadastre of real estate, NN 128/99

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Law on arts councils, NN 53/01

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Decision on the criteria and yardsticks for the provision of the minimum financial standard of public needs for elementary education in 2002, NN 110/01

Decision on the criteria and yardsticks for the provision of the minimum financial standard of public needs for secondary education in 2002, NN 110/01

Decision on the minimum financial standards for the decentralized functions for health care establishments in 2002, NN 110/01, 115/01
Decision on the minimum financial standards for material expenditure of the welfare centers and assistance for fuel, NN 110/01

Decision on the minimum financial standards for the decentralized financing of the homes for the elderly and infirm in 2002, NN 110/01

Decree on the manner of calculating the amounts of equalization grants for the decentralized functions of local and regional self-government, NN 118/01 and 97/02

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