

4 ADMINISTRATIVE REFORM CAPACITIES

In 2001 the Government Office for Strategy Development contracted out the elaboration of a number of sectoral strategy documents, including Public Administration Reform. This was submitted in September 2001. Although this was a promising start to a new era of reform, these strategies have neither been converted into a comprehensive government strategy nor an operational medium-term plan, nor placed within the fiscal framework.

4.1 Strengths favouring reforms

Much of the reform that has taken place over the past two years has been driven by the desire to dismantle the structures inherited from the Tuđman era, rather than by the perception that administrative reforms can result in better policy, greater allocative efficiency in relation to Government priorities, improved service delivery and economic development. Such reforms represent a start to the overall administrative reform process, and some progress is being made.

*Progress with
PAR and Civil
Service Reform
is uncertain*

The outgoing government's programme for the period 2000 to 2004 affirmed public administration reform as a primary task. In November 2002, a Task Force on Public Administration Reform was created, with the objective of preparing a public administration reform policy paper by June 2003 as the basis for a comprehensive action plan. This task force was placed in the Ministry for European Integration, reporting directly to the Deputy Prime Minister charged with the co-ordination of domestic and foreign policy. The task force worked closely with the CARDS project covering PAR and civil service reform, which was based in the MoJALSG (the lead Ministry under the outgoing Government). The task force was asked to deliver its report to the government in June 2003, two weeks earlier than foreseen (Sigma has not had the opportunity to review it). The outgoing Government did not take a decision on the report, and it remains to be seen if the new government will carry the work forward.

In the outgoing Government, there were three main potential reform drivers in Croatia: -- the MEI, the MoJALSG and the MoF. The Deputy Prime Minister charged with co-ordination of domestic and foreign policy relied mainly on the MEI for moving PAR forward. In fact, only

the MEI had sufficient staff to take up this task. However, it seems that in the past the strong support of the government for EI, and consequently the strong role that the MEI played in co-ordination of EI policy, aid co-ordination and training led, in some cases, to difficult relationships with the traditional ministries. According to the MEI, relationships with the other ministries were improving at the end of 2003, and its role as EI co-ordinator had been more or less accepted.

On the other hand, the capacity of the other potential reform drivers remained very limited. The staffing of the MoJALSG, with only seven staff to review the general administrative legal framework and the overall administrative organisation, was inadequate for it to play a prominent role in PAR. The change of the staffing plan, which was announced at the end of 2003, should have strengthened its capacity to play a leading role in public administration reform. In addition, the MoJALSG was in charge of two other main reform areas, namely decentralisation and justice, where there also seemed to be insufficient staff to drive the reforms. The MoF, which should be both a priority object of reform and also a vehicle for driving reform elsewhere, was significantly understaffed although supported by several external assistance projects.

Positive signs of PAR being accorded priority by the new Government may be emerging

The new Government has retained the Ministry of European Integration and, of course, the Ministry of Finance. However the Ministry of Justice, Administration and Local Self-Government has been suppressed, seemingly in line with proposals already discussed under the outgoing Government. A Ministry of Justice has been created and the portfolio for public administration has been given to the newly created Office of Administration, under the Prime Minister. This move may indicate that the new Government has acknowledged the difficulty for one single Ministry to effectively lead 3 high priority reforms, and the allocation of responsibility to the Prime Minister may indicate that the new Government intends to pursue public administration reform vigorously. However, it is too early to tell if the organisational change will be followed by the development and implementation of a reform agenda and if sufficient resources will be allocated.

4.2 Governance deficits

The pressure for public sector reform has been inconsistent and uneven, driven largely by the demands of the donor community. In many areas opportunities for substantive reform have been squandered or missed – the failure of the MoF to capitalise on the reforms which should have been necessitated by the introduction of its new accounting system is indicative of this trend. Even though new laws have been adopted or are being drafted, their implementation remains doubtful, as adequate staff is lacking and implementation guidelines and systematic training are missing.

Public Sector Reforms need to

The lack of an overall reform strategy, including an implementation

*be seen as an
opportunity*

plan, is aggravating the situation. Central to the development of such a strategy is the need for a “champion” for reform at the highest level. It is one thing for the government to issue instructions or decisions concerning reforms, but they are meaningless without an authoritative champion to push reform forward. This can only succeed if public sector reform is placed at the forefront of the government’s agenda and is widely seen as a necessary prerequisite to the process of European integration and economic development. There is an opportunity for the new government to seize the initiative in this respect and move the reform agenda forward more swiftly. Such action would also significantly enhance Croatia’s ability to implement the requirements of the SAA and to meet EU practices and norms.