

EXECUTIVE SUMMARY

This report examines the support given to public administration reform in Croatia by the EU, taking account of the contribution of expert advisers and donors, in the context of the lessons learned from the fifth enlargement and from good international practice. It then makes recommendations for advancing PAR in Croatia.

Key Findings

Extensive support provided by EU, SIGMA and many donors with some useful outputs but limited wider impact and sustainability.

The EU; the EU supported OECD programme ‘Support for Improvement in Governance and Management’; the International Financing Institutions and bilateral donors and others have all directed support towards aspects of public administration reform in the context of the obligations and requirements of Croatian EU membership.

In the absence of an effective central coordinating mechanism for all donors’ support, the design and implementation of support has essentially been driven by the donors, who have coordinated, rather informally but quite effectively, among themselves, with the Commission Delegation playing a key rôle.

Support has been effective in assisting with drafting, or effectively masterminding, many Croatian laws, decrees and strategies, and in the establishment of agencies and regulatory bodies. However, the results of support are eroded by shifts in policy and staffing, and generally do not percolate through to other parts of the national administration or create wider impacts and sustainable outcomes.

PHARE and IPA support has not reflected the international consensus on good practice.

Evidence from good international practice and evaluations within the EU have both pointed to the fact that supporting Political Criteria issues such as PAR requires a multi-pronged and holistic approach rather than the kind of single issue related support which is more appropriate for the Economic Criteria and for the *acquis*. Failure to assist candidate countries more effectively to take ownership of the PAR process has contributed to poor levels of reform which have, in many cases been shown by the World Bank to prove unsustainable after accession.

Support to Croatia in recent years has nevertheless followed the same approach as was applied during the 5th enlargement. In so far as PAR and the Political Criteria are concerned support has continued to be addressed piecemeal to aspects of PAR and not to exhibit the holistic approach which experience has shown to be a precondition for good progress.

Regular Reports and other analyses have noted that there is a need for increased ownership of reform from the Croatian side. Nothing of significance will be achieved, and any recommendations with regard to PAR in Croatia from this evaluation will be unavailing, unless and until the Croatian authorities themselves desire progressively to embrace comprehensive and sustainable reform.

Croatia's State Administration Reform Strategy is a positive step but it suffers from considerable weaknesses

The motivation to design and publish a horizontal public administration reform strategy is commendable. The Strategy contains sound 'mission statements' and makes a good identification of many problems. Planned activities are clearly listed and the related responsible body for taking action within a specified deadline is identified. Moreover, arrangements are made for supervising the implementation of the Strategy through the establishment of a National Evaluation Council for State Administration Reform.

However, in its present state there are also considerable weaknesses in the Strategy which is something of a 'wish list' with low operationality (unrealistic timescale and insufficient prioritisation and funding, for example) and which appears to have been prepared without wide consultation and without regard to some important strategic and institutional developments elsewhere in the public administration of Croatia, for example in relation to anti-corruption measures, the role of supervision and control bodies or budgetary or economic reforms.

Conclusions

The Commission's Progress Reports, evaluation evidence and major donors' and expert advisers' experience all point to the fact that Croatian public administration is weak. Extensive support from the EU and others has not had commensurate results in terms of wider impact and sustainability. A central 'owner/driver' for reform at the top level of government with authority to engender sustainable change is lacking and the need for this rôle does not appear to be sufficiently appreciated. Unless reform is sufficiently embedded before accession, previous experience suggests that deterioration is a risk thereafter.

Recommendations

1) ***The European Commission (DG Enlargement) should continue to promote an appreciation and acceptance of the need for PAR in Croatia***, at the highest political level stressing the implications for EU membership functionality and Croatia's economic and civil society development. It should explain the essential need for high political commitment to PAR and its implementation and offer to assist Croatia to review and improve its PAR. The EU should offer such mechanisms as peer review, networking support at a high level from new and old member states and expert hands-on function and structure analysis.

If such an initiative did not have positive results, there would be little or no point in pursuing the remaining recommendations concerning Croatia

2) ***The SARS process should be developed further***. Despite its weaknesses, the SARS is a bold venture on a scale only occasionally seen in the 5th enlargement. It provides a unique opening for the European Commission to discuss with the Croatian authorities the full range of public sector reform issues and for offering support to the SARS' further development as an operational management tool. ***The European Commission should therefore offer support to the Croatian development of a revised and comprehensive SARS.***

3) ***The European Commission should press Croatia to re-establish formal donor coordination***, taking the leading role in their donor coordination process.