

**Meeting of the European Committee on Democracy and
Governance (CDDG) of the Council of Europe**

Strasbourg, 30 November 2018

**Speech by the
Minister of Public Administration of Republic of Croatia
H. E. Lovro Kuščević**

Esteemed representatives of the Council of Europe member states,
Ladies and gentlemen, Dear friends,

Allow me to first express my gratitude to the European Committee on Democracy and Governance for organising this event and providing a nice opportunity to share with you the Croatian experience in public administration reform.

The Council of Europe, as a pivotal European institution, represents a general measure of the highest democratic standards in the fields of respect for human rights, democracy and the rule of law.

From May to November 2018, the Republic of Croatia has held the Chair of the Council of Europe's Committee of Ministers for the first time since becoming a member in 1996.

We have accepted this duty as an honour, given the prestigious role of the Council of Europe in promoting the highest standards of human rights protection, rule of law and democracy in Europe and beyond.

I will take this opportunity to emphasize our excellent cooperation with the European Committee on Democracy and Governance as well as the Centre of Expertise for Local Government Reform, and I sincerely thank them for their engagement and mediation in the

exchanges of experience with other member states, and for their expert opinions.

Please allow me to present you with a brief overview of the efforts of the Government of Croatia in the field of public administration reform on central and local levels.

There is no doubt that public administration is a strategically vital area of state functioning, and the modernisation of it is a prerequisite for fostering entrepreneurial activities and ensuring a better living standard for all citizens.

In its work and functioning, Croatia reflects full acceptance of the implementation of European administrative standards through the Croatian legal system.

One of Croatia's reform priorities is the Development of efficient public administration with the objective of Rationalised state administration system, and the measures under this objective include normative regulation of state administration tasks.

At the same time, the 2018 National Reform Programme envisages the reform measure of Enhancement of public administration under the objective of Strengthening economic competitiveness.

For that purpose, the Proposal for a new Law on the State Administration System has been drafted, which is designed to optimise the management framework of the state administration system.

The intention is, among other things, to eliminate one level of politically appointed state officials, the level of assistant ministers, who are currently heads of administrative organisations within ministries, and to replace them with heads of directorates, who would

have the status of managerial civil servants and would be appointed on the basis of an open competitive procedure.

By doing this, we want to send a clear signal towards de-politicisation of public administration, that is, towards greater professionalization. This also implies a reduction in the number of politically appointed officials in the public administration system.

With regard to the structure of state administration, the new legislative proposal no longer envisages the establishment of state administration offices in the counties, which, according to the current setup, are state administration bodies of the first-instance, 20 of them in total. Most of their tasks will be transferred to regional self-government units, namely the counties, and state administration bodies will take over the remaining tasks.

Another extremely important measure is the Rationalisation of the system of agency-type legal persons vested with public powers, as a number of them perform tasks which could also be performed by central state administration bodies.

The Government therefore adopted a proposal to reduce the number of agencies, institutes, funds, endowments, companies and other legal persons vested with public powers. It faced some resistance on the way, but then again, what reform doesn't?

A special aspect of the public administration reform is the fight against corruptive activities. We are aware that no society is spared of this challenge.

The Anti-Corruption Strategy for the Period 2015 to 2020 and the accompanying Action Plan for the Period 2017 to 2018 envisage the adoption of a new Law on the Prevention of Conflict of Interest, as one of the activities under the competence of the Ministry of Public Administration.

In relation to the circle of public officials subject to this Law, it is extended to the chairpersons and members of the boards of directors of majority state-owned companies, heads of public institutions founded by the Republic of Croatia, and the chair and members of the board of the Croatian Bank for Reconstruction and Development.

The Law lays down actions of public officials which are considered forbidden, it stipulates the content of the Declaration of Assets, regulates the membership of officials in the management bodies and supervisory boards of specific entities, and it imposes restrictions on business entities for entering into a business relationship with a public authority in which the respective official holds office. Furthermore, it stipulates post-employment restrictions for public officials, and so on.

In addition, our focus is on strengthening the ethical, preventive and educational function of the Conflict of Interest Commission.

At the beginning of Croatia's Chairmanship of the Committee of Ministers, we were able to jointly organize a conference on the topic of cross-border cooperation, which took place in Dubrovnik in May this year.

Needless to say, this event also reaffirmed the exceptional significance of local and regional self-government for Croatia, just as any other country.

The Croatian Constitution guarantees its citizens the right to local and regional self-government.

I find it important to mention that Croatia has fully ratified the European Charter of Local Self-Government – initially in 1997, and fully in 2008.

The basic principles underlying local self-government in Croatia are the principles of autonomy and subsidiarity.

We must not neglect the fact that local units are at different levels of economic development and economic strength.

Today, there are 576 units of local and regional self-government on the territory of Croatia. Out of that, 556 are local self-government units, more specifically, 428 municipalities and 128 towns (including the City of Zagreb, which also has the status of a county), and there are 20 counties as regional self-government units.

We believe that over a quarter of a century of the existence of such setup of local and regional self-government represents a good basis for the analysis of the system and its further improvement.

Therefore, the 2018 National Reform Programme envisages the measure of Establishing a Functional and Fiscal Decentralisation Model, and the holder of this measure is the Ministry of Public Administration. The objective is to develop a database of the capacities of local and regional self-government units.

The final outcome should be improved functional distribution of competences and efficiency of local and regional self-government units, with a territorially balanced provision of services to citizens taken into account.

It is for this reason that the Ministry of Public Administration launched the project of “Optimisation of the local and regional self-government system“, the general objective of which is to improve the efficiency of the public administration system.

As you can see, the efforts of the Government of Croatia have a clear reform orientation when it comes to both local and regional self-government system and the accomplishment of the established reform objectives.

We have introduced direct elections of the executive heads of municipalities, towns and counties, new instruments of fiscal equalisation are now in place, additional powers have been transferred to counties and large towns, which represents a continuation of the decentralisation process.

We are aware of the fact that reform is a continuous, never-ending process. Each new achievement still leaves room for further adjustment of local and regional self-government to the needs of its users.

With regard to the numerous reform activities undertaken by the Government of Croatia in the field of local and regional self-government, I would again like to thank the Council of Europe for the valuable contribution provided in the form of suggestions and proposals.

Ladies and gentlemen,

The Government of Croatia devotes special attention to the observance of the rights and freedoms of national minorities, including the rights enshrined in the Croatian Constitution and the Constitutional Act on the Rights of National minorities.

Analysing the implementation of the Constitutional Act on the Rights of National Minorities, we can conclude that activities aimed at the exercise of the rights of national minority members, as guaranteed by the Constitutional Act and other regulations, have been implemented in all areas.

The Government has devoted special attention to the improvement of the position of the Roma minority. In accordance with the National Strategy for the Inclusion of Roma, a Commission was established with the task to monitor and coordinate the implementation of the National Strategy in a systematic manner.

One of Croatia's commitments is also to monitor the implementation of the Council of Europe's Framework Convention for the Protection of National Minorities, and to submit reports on the implementation of that document through the Government Office for Human Rights and Rights of National Minorities.

In addition, Croatia is committed to the implementation of bilateral agreements and contracts on the protection of minorities, which have

been concluded with Hungary, Italy, Macedonia, Serbia and Montenegro.

Croatia in fact emphasized the national minorities protection policy as one of the priorities in its programme of the six-month chairmanship of the Council of Europe.

Policies of the current Government have, from the very beginning, been oriented towards building efficient public administration, depoliticisation and efficient human resources management in the public sector, as well as digitisation of public services.

To improve the functioning of public administration, to ensure better accessibility of public services and information for citizens, businesses, institutions and other users, and to adjust to new European trends in public administration development, it is also necessary to enhance the civil service system.

This implies the coordination of the civil service system with European administrative standards, which require professional public servants whose recruitment and career development are based on the principle of merit.

We recognize the need to establish a quality job classification system, and a transparent and objective recruitment system based on the competencies necessary to perform the duties of a specific job in public administration.

Therefore, an EU funded project is currently underway for the Development of the competency framework for public administration staff. The purpose of the project is to standardise jobs in central and local government as well as in legal persons vested with public powers.

Public administration reform in Croatia also includes the salary system for the civil servants and employees of the central government. The reform aims at establishing a new, more transparent and fairer system.

In the new job classification, all jobs will be classified into 13 pay grades. In the current system, there are 64 general jobs classified, along with additional 476 “special” jobs in individual state administration bodies and other state bodies.

The envisaged pay scales model will enable horizontal and vertical mobility of civil servants on the basis of their expertise, competencies, skills and performance.

Moreover, by revising the performance appraisal model, we want to introduce performance-related pay. Based on the results of performance appraisal, a civil servant will be promoted to a higher pay step within a grade, receive a one-off financial reward or will be demoted to a lower pay step.

Dear friends,

We are aware of the digital era we live in, and of the need to adapt public administration to new technologies in order to ensure better quality services for our citizens.

It is for that reason that, in 2017, the Ministry of Public Administration implemented the electronic identification and trust services solution for electronic transactions in the internal market, by which we enabled EU citizens to sign in to our services with their national credentials.

In 2018, the Ministry of Public Administration successfully completed the process of notification of the Croatian electronic personal identity card as the selected e-ID credential in the eIDAS network, which enabled our citizens to use services in other EU Member States with our national credentials. By doing this, the Croatian Government signalled its strong support for the development of the Digital Single Market.

Furthermore, we have introduced the so-called e-Newborn service, as the first example of a complex electronic service, which simplifies the newborn registration procedure and saves parents the time they would otherwise spend collecting documents from various institutions.

E-Citizens, the electronic public services platform, has been in operation for four years and has continuously been upgraded by including additional electronic services and improving the quality of existing ones as well as user support.

The Government strives to complete several more projects in the remaining two years.

In particular, the e-Fees project will enable electronic payment of administrative fees and charges in procedures subject to payment, which will facilitate further development of more complex e-services integrated in the e-Citizens and e-Business systems.

Another project serves to establish the e-Business system, which will enable central access to public e-services for businesses and other legal persons, as well as communication of public authorities with them through the Personal User Box, which will simplify business operations. Some components of the e-Business system will be operational in the first half of 2019.

We are also planning to establish signature and validation services e-Stamp and m-Stamp for public authorities and other legal persons, and e-Signature and m-Signature for natural persons.

Through the project of establishing the Shared Services Centre, the national information infrastructure will be consolidated and joint use of ICT enabled.

We can easily agree that public administration reform is always a complex process, the results of which are often not visible as fast as we would like them to be, but it should always result in better quality services for citizens.

To conclude, I would like to thank all of you, member states of the Council of Europe, experts and all others who relentlessly invest energy and expertise in order for the foundations and the structure of this home of democracy to be able to resist all the known and unknown challenges.

The Croatian Government will continue to pursue its reforms, and on that path we will count on the exchange of experience and expertise with all of you.

We wish our friends from Finland successful chairmanship of the Committee of Ministers during the following six months. You can always count on Croatia.

Thank you.