

31st SESSION**Local and regional democracy in Croatia**

Recommendation 391 (2016)¹

1. The Congress of Local and Regional Authorities of the Council of Europe refers to:

a. Article 2, paragraph 1.*b* of Statutory Resolution [CM/Res\(2011\)2](#) relating to the Congress, which provides that one of the aims of the Congress shall be “to submit proposals to the Committee of Ministers in order to promote local and regional democracy”;

b. Article 2, paragraph 3 of Statutory Resolution [CM/Res\(2011\)2](#) relating to the Congress, stipulating that “The Congress shall prepare on a regular basis country-by-country reports on the situation of local and regional democracy in all member States and in States which have applied to join the Council of Europe, and shall ensure, in particular, that the principles of the European Charter of Local Self-Government are implemented”;

c. Resolution 307 (2010) REV2 on procedures for monitoring the obligations and commitments entered into by the Council of Europe member States in respect of their ratification of the European Charter of Local Self-Government;

d. the appended explanatory memorandum on local and regional democracy in Croatia.

2. The Congress notes that:

a. Croatia acceded to the Council of Europe on 6 November 1996. Croatia signed and ratified the European Charter of Local Self-Government (ETS No. 122, hereafter “the Charter”) on 11 October 1997, which entered into force in respect of this country on 1 February 1998. At that stage Croatia had not accepted to be bound by certain articles of the Charter however, on 1 October 2008, Croatia ratified these remaining articles, meaning that as from that date Croatia has declared itself to be bound by all of the articles of the Charter;

b. Croatia ratified the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities (CETS No. 106) on 7 September 2003. However, it has not signed or ratified the Additional Protocols to the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities (CETS No. 159, 169 and 206). Croatia has also not signed or ratified the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207);

¹ Debated and adopted by the Congress on 20 October 2016, 2nd sitting (see document [CG31\(2016\)11final](#), explanatory memorandum), co-rapporteurs: Luzette KROON, the Netherlands (L, EPP/CCE) and Ole HAABETH, Norway (R, SOC).

c. the Monitoring Committee decided to review the situation with regard to local and regional self-government in Croatia in the light of the Charter. It appointed Ms Luzette Kroon (Netherlands, L, EPP/CCE) and Mr Ole Haabeth (Norway, R, SOC) as co-rapporteurs respectively on local and regional democracy in Croatia. They were tasked with drawing up a report on local and regional democracy in Croatia and submitting it to the Congress;²

d. the monitoring visit took place from 2 to 4 March 2016 in the Capital City of Zagreb, the cities of Rijeka and Krk, Zagreb county, Primorje-Gorski Kotar county and the municipality of Omesalj. During the visit, the Congress delegation met with representatives of various political institutions such as the Ministry of Public Administration, the Ministry of Finance, the Ministry of Regional Development and EU Funds, the Parliament, as well as representatives of the judiciary from the Constitutional Court; the State Audit Office, the Office of the Ombudsman and local and regional authorities. The detailed programme of the visit is appended;

e. the delegation wishes to thank the Croatian authorities at central, regional and local level and the persons met during the visit for their readiness to assist and the information they supplied. The delegation also thanks the Croatian delegation to the Congress and the national associations of local and regional authorities who contributed to the organisation and smooth running of the visit.

3. The Congress notes with satisfaction:

a. the status of the Charter which is fully integrated into Croatian domestic legislation pursuant to Article 141 of the Constitution of Croatia;

b. Croatia's ratification, on 1 October 2008, of the remaining articles of the Charter (Article 4, paragraphs 3, 5 and 6; Article 8, paragraph 3; Article 9, paragraphs 4, 5, 6, 7 and 8 and Article 10, paragraph 2) so as to be bound by the Charter in its entirety – which shows an inclination for full decentralisation;

c. the legislative protection of local and regional self-government which is rather high overall in Croatia;

d. the introduction of direct elections for mayors and prefects since the last monitoring visit in 2007, as well as the implementation of a financial equalisation policy;

e. the adoption in September 2015 of the legislation for voluntary mergers of local government units so as to rationalise the territorial divisions and the provision of public services;

f. the proposed fiscal decentralisation reform which is currently being prepared and analysed;

g. the commitment of the government to consult local and regional authorities on government initiatives that will affect them directly;

h. the introduction of the open data initiative incorporating *inter alia* the e-citizens and the e-consultations portals, providing easier access to public services and information for citizens.

4. The Congress expresses its concern at:

a. the fact that competences are often imprecisely allocated between the various levels of government, as already indicated in 1998 and 2007, and their exercise is hampered by a still over-centralised state organisation (Articles 4.4 and 8.3);

b. the inadequacy of resources available to local and regional authorities to exercise their powers, leading to a dependency on the state (Articles 6.1, 6.2 and 9.2);

c. the cut in local tax revenues – which provide the main source of revenue for local units – brought about by amendments to the Income Tax Act with effect from 1 January 2015, while the top rate chargeable for local surtax on income tax, a further own revenue for local units, was also reduced (Articles 9.1 and 9.3);

² They were assisted by Mr David Melua, member of the Group of Independent Experts on the European Charter of Local Self Government, and by the Secretariat of the Monitoring Committee of the Congress.

d. the lack of formal consultation with local and regional representatives, also indicated in 2007, notably on financial and fiscal matters (Articles 4.6 and 9.6);

e. the insufficient implementation so far of the legislation on voluntary mergers of local government units adopted by Parliament in September 2015;

f. the territorial disparities and the notion of a universal level of public service which is still far off.

5. In the light of this, the Congress asks the Committee of Ministers to invite the national authorities to:

a. revise the breakdown of responsibilities between the central and subnational levels of government so as to avoid all overlapping of responsibilities, by establishing a clear list of the allocation of powers to the different levels of government, in consultation with those concerned, and so as to keep state intervention proportional to the interests which it is intended to protect;

b. draw up legislation setting out the procedures for consulting local and regional authority representatives to ensure that they are effectively consulted, that is in due time and in an appropriate manner, on all questions directly concerning those authorities, in particular on financial questions;

c. provide adequate financial resources for self-governing authorities, in particular financial resources, to be commensurate with their responsibilities and which they may dispose of freely within the framework of their powers;

d. in respect to the current reform and revision of legislation concerning fiscal decentralisation to reconsider the conditions governing local taxation and, in particular, the setting of tax rates by local authorities in order to give these authorities greater freedom of action with regard to their own resources and thus to move away from dependence on the state in this regard;

e. re-consider the 2015 law on the voluntary merger of local government units with the aim of making voluntary mergers more attractive by disseminating information relating to the benefits of the mergers to communities, including their public services, or considering the implementation of other incentives;

f. sign and ratify in a near future the Additional Protocol to the Charter (CETS No. 207) on the right to participate in the affairs of a local authority insofar as the relevant legislative provisions in force in Croatia, as well as current practice, appear to render the situation consistent with the requirements of this Protocol.

6. The Congress calls on the Committee of Ministers to take account of this recommendation on local and regional democracy in Croatia and the accompanying explanatory memorandum in its activities relating to this Member State.