

# THE CONGRESS OF LOCAL AND REGIONAL AUTHORITIES

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## Recommendation 508 (2024)<sup>1</sup> Monitoring of the application of the European Charter of Local Self-Government in Croatia

1. The Congress of Local and Regional Authorities of the Council of Europe (“the Congress”) refers to:

*a.* Article 2, paragraph 1.*b*, of the Charter of the Congress of Local and Regional Authorities of the Council of Europe appended to Statutory Resolution CM/Res(2020)1 relating to the Congress, stipulating that one of the aims of the Congress is “to submit proposals to the Committee of Ministers in order to promote local and regional democracy”;

*b.* Article 1, paragraph 3, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1, stipulating that “[t]he 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 the effective implementation of the principles of the European Charter of Local Self-Government;

*c.* Chapter XVIII of the Rules and Procedures of the Congress on the organisation of monitoring procedures;

*d.* the contemporary commentary by the Congress on the explanatory report to the European Charter of Local Self-Government adopted by the Statutory Forum on 7 December 2020;

*e.* the Congress priorities for 2021-26, in particular Priority 6.*b* which concerns the quality of representative democracy and citizen participation;

*f.* the Sustainable Development Goals of the United Nations 2030 Agenda for Sustainable Development, in particular Goal 11 on sustainable cities and communities and Goal 16 on peace, justice and strong institutions;

*g.* the Guidelines for civil participation in political decision making, adopted by the Committee of Ministers on 27 September 2017;

*h.* Recommendation CM/Rec(2018)4 of the Committee of Ministers to member States on the participation of citizens in local public life, adopted on 21 March 2018;

1. Debated and adopted by the Congress during the 46th Session on 28 March 2024 (see document [CG\(2024\)46-18](#), explanatory memorandum), co-rapporteurs: Gobnait NI MHUIMNEACAIN, Ireland (L, ILDG), and Cecilia DALMAN EEK, Sweden (R, SOC/G/PD).

*i.* Recommendation CM/Rec(2019)3 of the Committee of Ministers to member States on supervision of local authorities’ activities, adopted on 4 April 2019;

*j.* the previous Congress recommendation on the monitoring of the application of the European Charter of Local Self-Government in Croatia ([Recommendation 391\(2016\)](#));

*k.* the explanatory memorandum to the current recommendation on the monitoring of the application of the European Charter of Local Self-Government in Croatia.

2. The Congress points out that:

*a.* Croatia joined the Council of Europe on 6 November 1990, signed the European Charter of Local Self-Government (ETS No. 122, the “Charter”) and ratified it on 11 October 1997. Croatia has not yet signed nor 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);

*b.* the Committee on the Honouring of Obligations and Commitments by Member States of the European Charter of Local Self-Government (“the Monitoring Committee”) decided to examine the situation of local and regional democracy in Croatia in light of the Charter. It instructed Gobnait Ni Mhuimneacain, Ireland (L, ILDG), and Cecilia Dalman Eek, Sweden (R, SOC/G/PD), to prepare and submit to the Congress a report on the application of the Charter in Croatia;

*c.* the monitoring visit took place from 13 to 15 June 2023. The Congress delegation met representatives of various institutions at all levels of government. The detailed programme of the monitoring visit is appended to the explanatory memorandum;

*d.* the rapporteurs wish to thank the Permanent Representation of Croatia to the Council of Europe and all those whom they had exchanges with during these meetings.

3. The Congress notes with satisfaction:

*a.* the implementation of significant legislative amendments in the sphere of local and regional self-government. These include the delegation for decentralisation purposes of the administrative functions to the counties following the abolition of the State administrative offices in the counties and ongoing tax reform, aiming at increasing local authorities’ autonomy in defining personal income tax rates;

*b.* the incentives provided in 2022 for the encouragement of voluntary mergers to improve the efficiency of the local and regional self-government system;

*c.* the improvement in the process of consultation of local and regional representatives in practice, notably on financial and fiscal matters.

4. The Congress expresses its concern on the following issues:

*a.* the weakness of the administrative and revenue-generating capacity of the large number of small municipalities and cities. This negatively affects the performance of basic

public functions and the delivery of proper services, economic growth and development potential at subnational level, and hinders the strengthening of decentralisation;

*b.* the inadequacy of financial resources available to local and regional authorities, which they could use freely in order to exercise their powers autonomously, and the significant use of earmarked grants, which makes them dependent on State financing;

*c.* the unclear delineation of tasks and responsibilities between the various levels of government leading to certain overlaps, and the attribution of delegated tasks to subnational authorities, without allowing enough discretion to adapt performance to local conditions;

*d.* central State administration and line ministries' extensive supervisory and instruction-giving powers over local self-government, which may limit local authorities' room for initiative;

*e.* the lack of a formally established consultation mechanism between the central, local and regional authorities and their associations in respect of matters that concern them directly;

*f.* the lack of effectiveness of the financial equalisation mechanism in fully correcting territorial disparities.

5. In the light of the foregoing, the Congress requests that the Committee of Ministers invite the authorities of Croatia to:

*a.* continue supporting inter-municipal co-operation and providing incentives to municipal mergers, which will increase the population and territory of the new self-government units and promote decentralisation;

*b.* provide adequate financial resources for subnational authorities to enable them to regulate and manage a substantial share of public affairs under their own responsibility;

*c.* further revisit the conditions governing local taxation and explore opportunities to diversify subnational income

sources with the aim of strengthening subnational authorities' revenue-generating capacities and in order to move away from dependency on the State in this regard;

*d.* reduce earmarking of grants and transfers to increase subnational financial independence and sustainability;

*e.* revise the provisions of the legislation allowing the dissolution of the local representative body and dismissal of mayors or prefects without a previous judicial review, to align them with the principle of proportionality, set out in Article 8.3 of the Charter;

*f.* further clarify, based on consultation with subnational authorities and their associations, the division of responsibilities between various levels of government so as to avoid any overlapping of responsibilities, and allocate to subnational authorities more substantial powers;

*g.* set a legal framework for consultation of local and regional authorities and their associations on all matters that directly concern them to render the consultation procedure binding and systemic;

*h.* reconsider the criteria on which the equalisation system is based to make it more effective in correcting the inequalities between the local government units for the benefit of financially weaker authorities;

*i.* sign and ratify in the near future the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority.

6. The Congress calls on the Committee of Ministers and the Parliamentary Assembly of the Council of Europe to take account of this Recommendation on the monitoring of the application of the Charter in Croatia and the accompanying explanatory memorandum in their activities relating to this member State.