Local democracy development in Croatia
– From experimental self-management to weak local democracy

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1. Introduction
Croatian history of local self-government is rich, dynamic and can be traced back to ancient times. The towns in the coastal, Mediterranean area of the country have a particularly interesting and long history. Many of them had been founded even before the Roman Empire whose part they used to be. Contrary to that, local self-government forms in the continental part of the country were established mostly during the Middle-Ages.

Despite numerous and frequent changes of state arrangements, political systems and public institutions, the establishment of local government in Croatia started in the second half of the 19th century, following mainly the German model, within the frame of the Austro-Hungarian Monarchy. In the period between the two world wars, local government system in the Kingdom of Serbs, Croats and Slovenes (until 1918-1929) and in the Kingdom of Yugoslavia (1929-1941) followed mainly the French model of unitary centralistic state. Socialist Yugoslavia, created after the Second World War, was organized as a federative state consisting of six republics and two autonomous provinces with considerable and, especially after the Constitutional reform of 1974, increasing autonomy (more in: Koprić, 2003a).

During the socialist period, fragmented territorial organization was consolidated in several waves of reforms, which started in 1955. At the end of that period, local units in Croatia were large monotypic communes, with 42,339 inhabitants in average. The position of local government during socialism was rather strong, but it was not a democratic institution since the system was controlled by a single political (communist) party. What differentiated the former Yugoslavia from other socialist countries was self-management experiment, formally launched as early as in 1950. One of the components of this experiment was territorial self-management.

Beside other forms of direct democracy and citizen participation, it was characterised by specific tricameral assemblies as the representative bodies of communes. They consisted of
workers’ chamber, territorial communities’ chamber, and social-political chamber. A significant part of local decisions was made by a dense network of self-managing interest councils which consisted of the representatives of users and employers, and of politically delegated members. The self-management doctrine and particular institutions built for its realisation weakened state control and introduced a kind of citizen participation.

After Croatia gained independence, previous communes and their local institutions were partly retained. Self-managing interest councils were abolished. The first multiparty elections were held in May 1990, not only at the republic level, but also at the local level. It was only the 1993 reform that introduced substantial institutional changes and tricameral assemblies were finally replaced by unicameral local representative bodies. A two-tier local governance system with towns and municipalities at the lower tier and counties at the second tier was established. Territorial organisation became fragmented since the number of units was quintupled. Local scope was narrowed, and local finances reduced – the whole system was organized in a centralistic vein. Local bodies functioned in a parliamentary-like manner.

The first attempt to decentralise the country happened in 2001, especially in education, social care, healthcare, and fire-fighting service. Because of the fragmented structure and low capacities, only counties and 33 towns were able to take over these services. Currently, local government consists of 576 units (128 towns, 428 municipalities and 20 counties). A vast majority of local units have less than 5,000 inhabitants (446, or 80%). In 2009, direct election of mayors was introduced, when the system started to function in a presidential-like manner. However, there has not been any other significant change in the local government system, even after joining the European Union in July 2013.

Using the neo-institutional theory, we analyse the development of local democracy institutions in Croatia during the transition period. We also try to evaluate effects of that development. Our analysis covers four main developmental lines: a) direct democracy (referenda, recall procedure, citizens’ initiative), b) local representation and the development of local electoral system (including several innovations such as independent lists, national minorities’ representation, etc.), c) attempts of finding a balance between representative and executive bodies, including the effects of introduction of direct election of mayors, and d) efforts to foster new democratic standards by introduction of new participation channels (youth councils, public consultation procedures, participative budgeting, etc.).
2. From Yugoslav communal system towards new Croatian local self-government

An attempt to realise the concept of self-management concept was exactly what distinguished Yugoslavia from other socialist countries. The state experimented with the idea of self-management in the economy, public services, local governance, and political system. Workers’ self-management was referred to as a kind of extremely developed type of industrial democracy. It was based on the concept of social ownership, which was considered to be “everybody’s and nobody’s”. The idea that workers simultaneously had a share in decision-making, or, in other words, that the workers managed their factories by themselves, displayed certain motivational effects. Although the economic system was based on planning, market rules gradually gained more space. Those reasons made the economic development possible, even quite intensive and vigorous during some periods (Horvat, 1984).

In public services, such as education, science, culture, health, welfare, housing, utilities, energy supply, water supply, roads and traffic, transport, telecommunications, and others, self-management was realized through the specialized institutions called ‘self-managing interest councils’ (SIZ) which made all decisions about these services, adopted by-laws, protected citizens and users’ interests, controlled performance of service providers, etc. They gathered, as specific, autonomous forums, representatives of users, public service providers and employees of public service organizations, and politics. These councils were established at all governance levels, not only at the local level, depending on the tier of government which was accountable for the respective services (Pusić et al., 1988: 392-394; Koprići et al., 2016).

As far as territorial organisation of the country was concerned, the idea of self-management was incorporated in the concept of the commune. The notion of the commune as a basic territorial unit was formed on Marx’s glorification of the 1871 Paris Commune as a prototype of the ideal socialist political community (comp. Ivanišević et al., 1979: 31-33). Official ‘communal doctrine’ wanted the commune to be a basic political unit and basic component of the ‘self-management system’. The role of the commune was to ensure the whole life circle, meaning almost all public and administrative services,1 social welfare, employment possibilities, cheap housing, leisure, etc. In the official Yugoslav ideology, the commune was

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1 Communes controlled even the tasks which normally controlled by central governments, such as the police and internal affairs, parts of army organisation, tax administration and collection, judiciary (appointment of municipal court judges and other judicial officials at the municipal level), etc.
seen as a tool for outgrowing the state-type political systems by building the governance system from the bottom, on the delegate principle (the concept of “withering away of the state”). In other words, political authorities on higher levels would not have their own political legitimacy but would be constituted of the delegates-representatives of the communes (Šmidovnik, 1995: 153; Ivanišević et al., 1979: 88-96 etc.).

Economy-wise, the self-management doctrine was officially launched and regulated in 1950, after a five-year period of ‘state administrative managing of economy’ (1945-1950). Along with ‘workers’ self-management’ in the economy, ‘social management’ in public services (education, culture, social care, health, science, etc.) started to develop after 1952.2 ‘Social management’ was constitutionalized as a form of self-management in 1953. In reality it meant specific limitations to self-management of employees in public service organizations, in comparison to workers, in order to protect users. However, the public interest was also protected by applying civil servants’ law on their employees and by establishing specific public financing regimes for such organizations.

The process of establishing the ‘communal system’ started in 1952, but the real beginning was in 1955 when communes were established as the basic local governments, replacing previous districts. The main communal body was peoples’ council (narodni odbor), after 1957 obligatorily composed of two chambers, communal chamber (općinsko vijeće) and chamber of producers (vijeće proizvođača). While members of the communal chamber were elected by citizens, members of the chamber of producers were elected by workers in the economy sector. Communes elected their representatives in republic and federal bodies on delegation principle. In addition, communal administration was in charge of implementing republic and federal laws and regulations except those for which it was explicitly decided otherwise. Since in such way communes were entrusted with many serious obligations, they needed adequate financial, organizational, and personnel capacities. It was one of the reasons why consolidation of communal territorial organization started – it was believed that the bigger the territory of a commune, the better its capacities. The number of communes decreased from 1,479 in 1955 to 581 in 1963. Institutional answer to designing the ever growing communes was the establishment of territorial committees (mjesni odbori) in rural and housing communities (stambene zajednice) in urban zones as the smaller forms of

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2 In the first phase (1946-1950), local companies and other organizations (such as non-profit public institutions providing public services) were considered to be the state bodies.
submunicipal self-management,\textsuperscript{3} as well as territorial administrative offices (\textit{mjesni uredi}) as particular one-stop branches of communal administrative bodies (Ivanišević et al., 1979: 88-96; Ramljak, 1989: 66).\textsuperscript{4}

The Constitution of 1963 widened the definition of workers to all employed persons in different sectors and abolished the previous difference between workers’ self-management and ‘social management’. Certain self-management rights were guaranteed even to civil servants in state administrative bodies. Local representative bodies were only slightly redesigned by renaming the council of producers into the council of working communities. Territorial committees and housing communities were abolished and territorial communities (\textit{mjesne zajednice}) were constitutionally provided for.\textsuperscript{5} The whole system faced a deep change in 1965, when the profound economic reform started. It introduced market and market-like principles and institutions to the economy (banks, autonomous decisions about investments, loans, etc.). Such changes in the economy had impact on the political system as a whole, including functioning of local governments. During the first half of the 1970s the new concept of ‘associated work’ was constitutionally, legally, and institutionally designed (Ivanišević et al., 1979: 96-110).

The Constitution of 1974 was particularly important for thorough and consequent regulation of the new institutional picture in the whole country, local government institutions included. According to the Constitution of 1974, the communal assembly as the local representative body consisted of three chambers: the workers’ chamber, the territorial communities’ chamber, and the social-political chamber. Stronger obligations of communal delegations were established in representing the interests of their communal base but the possibilities to adapt the political concepts agreed within the communal councils were opened by introducing mechanisms of ‘self-management communication and negotiations’ (\textit{samoupravno sporazumijevanje i dogovaranje}) (Ivanišević et al., 1979: 116-123). Second-tier governments were established in 1974 as communities of communes (\textit{zajednice općina}), nine of them.

\textsuperscript{3} For example, in Sisak in 1960 three housing communities were established, while 32 territorial committees were established in the rural part of that commune in 1962 (Šustić, 1997: 244).

\textsuperscript{4} On 31\textsuperscript{a} January 1960 there were 3,224 territorial committees in Croatia. The number of territorial administrative offices was 447 increasing to 630 in 1977 (Pusić et al., 1988: 304, table 3; Pusić, 1981: 76, table 4).

\textsuperscript{5} There were 3,871 territorial communities established in Croatia in 1981, increasing from 3,778 in 1978. They were abolished only in 1993 when their number was about 3,950.
They had been an obligatory form of intermunicipal cooperation until 1986 and voluntary associations of communes after that (Pusić et al., 1988: 308-309). Forms of direct democracy also existed at the local level. Referendum was regulated as a facultative form, except in few cases when it was obligatory (about the change of communal borders or introduction of a voluntary local tax). Assembly of electors (zbor birača) was a rather frequently used form of citizen participation in smaller communities or settlements.

Territorial committees and housing communities enabled active participation of citizens. Territorial communities had a significant role not only in terms of ensuring political representation of citizens, but also in terms of initiating lesser community infrastructural investments. They had a constitutional status, were entrusted with legal personality, had their own bodies, and could finance community investments predominantly through voluntary local taxes. There were several additional form of citizen participation, such as councils and, later, social councils (društveni savjeti) as specific advisory boards accountable to communal assemblies, public discussions about new regulations and by-laws, official surveys, petitions, complaints, ad hoc meetings, etc. Self-managing interest councils, which were established in each commune for various public services, had a very important role in participation of users (Ivanišević et al., 1979: 181-182, 184-185; Pusić, 1981: 149 etc.; Pusić et al., 1988: 286-296).

Self-management enjoyed wide legal protection. Separate self-management courts, first of all the courts of associated work, were established for protecting the right to self-management, but predominantly in the economy sector. In addition, each commune had a community defender of self-management (društveni pravobranilac samoupravljanja) who had wide competences to initiate various procedures aimed at protection of all forms and components of the right to self-management. The role of the Constitutional Court has to be mentioned, because the right to self-management and the position of self-management institutions were constitutionally protected.

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6 During the last period (1987-1990) eight communes were refused to associate with any community of communes: Donja Stubica, Dugo Selo, Ivanić Grad, Jastrebarsko, Kutina, Vrbvoc, Zelina, and Novska.

7 In the period between 1955 and 1960 territorial committees (41 of them) in the commune of Varaždin held 827 meetings and organized 426 assemblies of electors (Martinčević, 1981: 123; comp. Mlinar, 1965).

8 The basic issues of their status were regulated by the Law on Territorial Communities of 1983.

9 For example, there were 16 councils in the commune of Sisak in 1962 with between 9 and 15 members. Five of the councils established as many as 13 commissions as working bodies. The number of councils was reduced to five in 1971, because of the coordination problems (Sustić, 1997: 241).

10 For example, in such a vein the Constitutional Court decided that several provisions of the Law on Territorial Communities were in contradiction with the provisions of the Constitution (decision no. U/I-394/1987 from 27th December 1989).
The governance system in Croatia, similar to the situation in other federal units of Yugoslavia, was unique in terms of institutional design comparing to the other East European socialist countries, and strongly locally oriented, with autarchic communes that had rather solid capacities and provided a rather wide circle of public and administrative services on their territory. Strengthening the communes was especially visible during the last two decades, from the beginning of the 1970s to the end of the 1980s. Self-management was part of the official ideology with regard to territorial self-government. Self-management in socialist communes – local communities in Marxist form – had much in common with the autonomous processes of classical local self-government and direct democracy, but without multiparty competition. Application of the communal concept led to the autarchic separation of the communes, strengthening of the local political cliques, domination of state administrative tasks over local matters, weakening of political legitimacy, and disintegrative processes in the system.

At the end of the 1980s, the public governance system in Croatia was not as rigid as in other Eastern European socialist countries. Additionally, although it retained workers’ self-management and strong elements of industrial democracy, its economy opened, experimented with market principles, and moved towards the world business processes. The final step was the transformation of the political and governance system.

At the end of the socialist period, Croatia consisted of 102 large monotypic communes that had a substantial decision-making autonomy, a very wide scope of affairs, and a high financial share in public revenues and expenditures (more than 40 per cent). In the beginning of the 1990s such strong communes either became the central government’s obedient servants, or established themselves as the focal points of a strong opposition, even resistance to the central government (almost all communes with Serbian majority).

The reform at the local level was postponed because of the rebellion, aggression and war, and was carried out only in 1993, through the Law on Local Self-Government and Administration and some other laws. The old French centralistic model of state organization with a strong position of central executive was in its most important characteristics literary transplanted to Croatia. The key role in the new system was given to the county level, as a supervisory and decreeing middle level between the central government and local units. The most powerful official was county governor, who was the central state representative in the territory of the

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11 It was assessed that 70-80 per cent of the workload at the municipal (commune) level was caused by transferred state administrative tasks (Ramljak, 1989: 76).
county approved by the president of the Republic on Government’s proposal. In comparison with other states on the territory of the former Yugoslavia, Croatia went through the most intense fragmentation process, increasing the number of local governments five times (from 102 to 556; 392% increase) and introducing counties as second tier governments. The average size of local governments in Croatia is about 7,700 inhabitants (details in: Koprić, 2010: 110-111). The 1990s were the years of strong etatisation and centralisation, while the role of local government in the provision of services was significantly weakened.

Decentralisation claims were rather strong at the end of the 1990s. The basis for the construction of a decentralisation strategy was professionally elaborated in the project *Legislative Frameworks for Decentralisation in Croatia* (1999-2000; project results were published in Koprić, 2003). Although its results inspired the Government’s reform efforts, that project was never translated into an official decentralisation strategy. Similar destiny hit another large project, *Decentralisation of Public Administration*, financed by the Open Society and the Croatian Government in 2000-2003. Its results were not adopted by the Government, either.

In parallel, the Government’s Programme for the period 2000-2004 offered a firm political basis for decentralisation, announcing wide decentralisation, strengthening of local autonomy, especially those of large towns, introduction of general clause and subsidiarity principle, increase of financial autonomy of local governments, and possible and gradual territorial reform (Program VRH, 2000). Decentralisation was perceived not only as an instrument of strengthening local autonomy but also as a prerequisite for further democratisation of society and for abandoning nationalist politics of the 1990s. Decentralisation policy guided the Constitutional amendments of 2000 and amendments to the general local self-government legislation of 2001. After adoption of the new general legislation on local and county self-government in April 2001, several sectoral laws created new legal foundations for decentralisation in four policy areas: education (primary and secondary), health, social care, and firefighting.

However, because of the fragmented structure and low capacities, only counties and 33 towns were able to take over these services. A significant part of finances for these services was ensured by the central budget. These 33 towns represented only 6 per cent of all local governments in Croatia indicating that local budgets were very weak, and unable to endure the burden of decentralization. Subsequent Croatian governments also, at least formally, committed themselves to decentralisation and indicated some reform directions. The only
result in the later period was the design of large towns, i.e. those with more than 35,000 inhabitants, by legislative changes in 2005, which were entrusted with only two additional public tasks: 1) maintenance of public roads, and 2) issuing building permits and other documents necessary for construction and implementation of spatial planning documents.

Because of weak local capacities, after decentralization attempts of 2001 and 2005, further decentralisation efforts have refocused from widening local responsibilities and autonomy to the promotion of citizens’ political participation at the local level. The new orientation has been mainly incremental. The legislation has been changed several times to attract interest of citizens to local participatory institutions, such as referendum, citizens’ initiative, sub-municipal councils, occasional consultative meetings, youth councils, public consultations, national minorities’ councils, etc. As the major innovation, direct election of mayors was introduced in 2009, with a possibility to recall the new, more powerful local executive officials (Koprić, Klarić, 2015; Koprić, Vukojičić Tomić, 2013; Koprić, 2012: 34-35; Koprić, 2009).

Today, the system of local self-government in Croatia suffers from conceptual inconsistencies and organizational problems, and fails to deliver equal level of quality public services in a cost-efficient manner. Huge differences in the size and capacity of local governments cause significant regional and local disparities and demographic problems (Koprić, 2014). The majority of small and very small local governments open the issue of economy of scale in a dramatic way (Jambrač, 2016). Genuine regional governments have not been established, and counties function only as the second tier local governments, supplementing municipalities and towns with extremely weak capacities. Only a small portion of towns, mainly large towns (those with more than 35,000 inhabitants), and several municipalities are able to perform their local tasks on their own. Since counties are too small and financially weak, they are not able to support regional development, although this is one of their main constitutional tasks. Support to regional development is centralised, with the Ministry of Regional Development and the central Agency of Regional Development as the main institutions. Beside them, two statistical regions have been established (Continental Croatia and Adriatic Croatia) as NUTS II units. Low capacity of local governments to absorb money from EU funds hinders local and regional development (Koprić, 2012; Koprić et al., 2014). On top of that, local governments have established about 4,300 forms of internal territorial decentralization (territorial committees, town districts, and city quarters) whose
effectiveness in improving political participation of citizens is rather low (more in: Koprić, Klarić, 2015).

3. Development of local democracy in post-socialist period

3.1. Development of local representative democracy

The end of the socialist period brought different concept of local governance system and decentralization mode. The Marxist commune was first replaced by the concept of administrative decentralization, followed by the political decentralization as a prevailing mode of central-local relations (see Koprić et al., 2014: 249-254). While the right to local self-government has been constitutionally guaranteed in 1990, the principle of subsidiarity has been introduced in 2000. In practice, however, Croatia has applied a limited variety of political decentralisation and is still relatively centralised country.

Local territorial and organizational framework inherited from the socialist period was preserved until 1992, when replaced by the new system as a consequence of the Croatian independence. First democratic local elections in 1990 were, therefore, conducted for the members of three assemblies according to the majoritarian system (“winner take all” system). Assemblies elected the executive council together with the president of the council. Local political system established in 1993 is the one still existing and consists of town and municipal councils (gradsko i općinsko vijeće) as local representative bodies and county assemblies (županijska skupština) as regional. Since 2001, forms of territorial self-government at the sub-municipal level have also had their representative bodies (vijeće mjesnog odbora) elected in the so-called territorial elections (mjesni izbori). Local executive system, on the other hand, has seen two variations: collegial body headed by the municipal/city mayor/county governor elected by the local council/county assembly and directly elected municipal/city mayors and county governors. First system existed from 1993 until 2009, when abolished by the introduction of directly elected mayors. We further analyse development and characteristics of local legislatures and local electoral system, while analysis of local executive follows in the next chapter.
As in the most local political systems, representative bodies remain the central point of local decision making.\(^\text{12}\) As already mentioned, local representative bodies are municipal and town councils, and county assemblies as regional legislatures. Special status pertains to the City of Zagreb, Croatian capital which has twofold character - the status of a city and a county, with City assembly as legislative body. According to the law provisions\(^\text{13}\) local councils have to be odd-numbered, with the number of councillors depending on the local and regional units’ population. Population of rural areas is relatively overrepresented compared to the population of urban areas as one councillor represents much less citizens in municipalities than in towns. Members of local councils are elected for four-year period. They perform their function honorary, not as a profession. Local councils possess usual regulative, financial, personal, organizational and control competences (Koprić et al., 2014: 301-302). They regulate all local affairs, within the frame of law. The main acts are statutes, but local budgets and certain other bylaws are considered equally important, since they require council majority for the final decision on their passing. The meetings of local councils are public. Most decisions are previously prepared by councils’ committees. The members of representative bodies elect the president and up to two vice-presidents among themselves (Koprić, 2007: 340).

Following elections in 1990 conducted in “old” institutional framework, elections for local councils according to new organisational framework established in 1992 were conducted six times (1993, 1997, 2001, 2005, 2009, 2013) with following elections in 2017. Local elections are held every four years, in the third week in May, on the Sunday. Elections in 1993 and 1997 were conducted according to the mixed proportional – majoritarian electoral system (one half of the councillors elected by the proportional representation and other half by the relative majority system in 1993, with the increasing proportional principle in 1997). Mandates were calculated according to the D’Hondt method. Coalitions were destimulated by high threshold (8% for coalition of two, 11% for coalition of more political parties). Mixed electoral system was changed in 2001. New electoral system has been proportional representation system, with closed lists, threshold 5% and the D’Hondt method. This electoral system in general favours national political parties and stimulates coalitions, at the expense of small political parties and independent lists. Those effects depend on the size of the unit – in some smaller political parties are able to win mandates, which can also lead to

\(^{12}\) Formal and practical domination of local legislatures in local governance is consistent with the provisions of the European charter of local self-government which declares local councils and assemblies as a means of realising citizens’ right to local self-government.

\(^{13}\) Law on the local and regional self-government,Official journal 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 36/09, 150/11, 144/12, 19/13, 137/15.
the typical problems of proportional systems – instability and conflicts. However, those outcomes are attenuated by the effects of electoral threshold and the method of mandate calculation. Closed (blocked) lists imply no possibility to express preferences for individual candidate.\textsuperscript{14} Alongside political parties, a group of citizens can nominate electoral lists. However, unlike political parties, they have to provide sufficient number of citizens’ signatures, depending on the size of the unit and varies between 25 and 2500. Political parties and independent list which won at least one mandate in the representative body have the right to annual funding and reimbursement of the election campaign expenses.

Pattern of national electoral system has been followed at the local level, which assigns Croatian electoral legislation as harmonized with respect to the electoral system applied on national and local level (see Kasapović et al., 2004: 71-75). In addition, the functioning of the local political system until 2009 was parliamentary-like, reflecting formal legislative-executive pattern on the national level. This changed with the introduction of direct election of mayors which turned the system into presidential-like. In practice, a high reflection of national issues in local elections can be noticed, which is not a Croatian specificity. Although the local level is the closest to citizens in a sense that it deals with issues important to their everyday life, national issues are perceived as more significant and often projected on the local level. Held between national elections, local elections can be considered mid-term elections reflecting the pulse of the voters towards the incumbent government. The trend of “nationalization” of local elections is not rare phenomenon in modern democracies (Kasapović et al., 2004: 67). Local elections are often considered to be second-order in relation to national elections. There is a number of reasons: their formal status, significance of elections perceived by voters, often they reflect main issues of national elections, weaker participation of voters, greater voter volatility, etc. (Kasapović et al., 2004: 61-63). Local elections in Croatia can be considered as second-order in relation to national, especially with regard to the voters’ turnout which is generally considered as the main indicator.\textsuperscript{15} In their analysis of county elections in Croatia, Koprić et al. (2016) found that they are highly nationalized and can be considered as second-order elections as voters use their vote to express dissatisfaction with national government. This “nationalization” is further reinforced by the local electoral system mostly favouring established national political parties.

\textsuperscript{14} In 2015 preferational voting has been introduced only for national elections.

\textsuperscript{15} In the local elections 2005 average voter turnout was 42.34%, 48.43% in 2009, and 47.35% in 2013. Voter turnout in the national elections, on the other hand, has not been below 60%: 63.41% in 2007, 61.95% in 2011, and 62.80% in 2015.
However, nationalization of local politics and domination of political parties has recently led to attempts towards “localization” of local politics, a reverse effort which includes greater personalization and specific local problem-orientation. One of the indicators\(^\text{16}\) is appearance and greater proliferation of independent lists. Strengthening of the independent actors can be noticed in a number of countries, mostly due to the crisis of political parties and party systems in general (Dalton and Wattenberg, 2002). Some of the positive effects of independent actors’ participation in elections refer to the inclusion of a wider spectre of voters’ political interests, differentiation of political choice, new channels for manifestation of citizens’ dissatisfaction, fragmentation of political actors, greater attractiveness of elections, etc. On the other hand, there is a possibility of inconsistent behaviour by such actors, blackmail potential as well as a question of their actual independence (Kasapović et al., 2004: 89-90; Koprić, 2011: 88)). In Croatia, one can notice a solid presence of independent actors in local elections, but also their very limited success. Table 1. shows the number of independent lists competing in elections for the local councils and regional assemblies, and a number of independent lists that were successful, that is, which crossed the threshold. A relatively low share of mandates for independent actors compared to the number of votes is a consequence of a high threshold (5%) and D’Hondt method, especially in small local units were much higher number of votes is needed in order to gain a mandate. Therefore, although a shift to proportional elections in 2001 can be seen as an accelerator for greater success of smaller political parties and independent lists in local political life, it seems that electoral system still favours political parties which due to their organisational, personnel and financial advantages have obtained dominant position in relation to independent actors, lacking all those resources (Koprić, 2007: 342).

Table 1. Independent lists in local elections 2005, 2009 and 2013.

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\(^{16}\) Direct election of mayors is another, related, manifestation of the search for greater “localization” of local elections and local governance in general, through greater legitimacy and efficiency of the local executive (see point 3.3.).
In his analysis of the 2005 and 2009 local elections, Koprić (2011: 93) found that (1) independent list were less successful in cities, although they were more common in urban units; (2) the smaller the local unit, the greater the chances for independent lists’ success; (3) lower chances for independent lists’ success at the regional level; (4) significant regional differences with much greater success of independent lists in coastal areas; (5) positive correlation between more complex national structure of citizens and independent list competing in elections.

First three points can be explained with the variable of size of the unit. Smaller rural areas are much more characterized by concrete problems which do not preoccupy national political parties. In smaller units therefore, influence of local politicians and actors may be much higher than the one of established political parties. In addition, organisational branches of political parties are mostly located in bigger units, that is, towns, not in smaller, mostly rural, units - municipalities. The independent actors are therefore more successful in smaller units, with decreasing chances at wider levels of governance system - regional and, especially, national level (Koprić, 2007: 351; Kasapović et al., 2004: 85). In relation to greater success of independent actors in the Mediterranean region, only a hypothesis can be posed about a long history of local self-government and the tradition of strong and wide city autonomy. Finally, correlation to complex national structure may be explained with national minorities’ attempts to find alternative channels in order to strengthen their position in the local representative bodies.

Finally, special emphasis needs to be given to the question of national minorities’ representation at the local level. The Constitutional Law on the Rights of National Minorities was adopted in 2002, and amended in 2010 and 2011. It regulates the presence of national minorities’ representatives in each local and regional unit where certain national minority has a minimum 5% share of inhabitants. If the share is between 5 and 15%, the Law requires at
least one national minority representative. If the share is above 15%, there has to be proportional share of national minority representatives in a local representative body. If a minority is underrepresented after elections, the number of local representative body members rises for the necessary number and new members enter the representative body from the competing local lists, according to the election success. If this does not lead to the necessary number of representatives, additional elections will be held. National minority representation has to be ensured also in local executive and administrative bodies. Moreover, the Law stipulates for special national minority councils and representatives. A national minority council can be established by those minorities which have a share in local population over 1.5%, or which have at least 200 national minority members in a local unit, or 500 members in a regional unit. National minority councils consist of 10 members in the municipalities, 15 members in the cities and 25 members in the counties. In the local and regional units which do not have preconditions for the establishment of national minority councils, any national minority with at least 100 members can elect its own individual representative. The mandate of the councils and representatives is for the period of four years. Their main role is to participate in local public life and public affairs, mostly through proposals, information sharing, consultations, and supervision. While legal regulation of the national minorities’ rights is in general adequate, deficiencies are numerous in the implementation – low interest for the elections of national minority councils and representatives, problems with their functioning and financing, low level of awareness and education on minorities’ rights, etc. (Koprić and Vukojičić Tomić, 2013: 90, see Tatalović et al., 2011).

### 3.2. Towards direct democracy

The development of local referendum in modern Croatia can be tracked into three periods. The first Law on Local Self-Administration and Administration was enacted in 1992 and entered into force in 1993. This law has introduced the facultative local referendum which could be initiated by the local council on the request made by 1/3 of its members, executive body or 1/5 of sub-municipal units on any issue that enters into the local scope of affairs. The local council was not obliged to accept the request and initiate the referendum. In case the referendum was held, the decision was obligatory for the local council.

In 2001 the new Law on Local and Regional Self-government (further: the Law) was enacted. Although the basic rules governing local referendum remained intact, one step forward in the
fostering of local democracy has been made since the Law has stipulated that also 20% of citizens’ having residency in the local unit are entitled to request the local council to initiate the referendum. However, the council was not obliged to accept this request. One small step back was made, since an increase in the number of sub-municipal units requiring local council to initiate the local referendum happened, from 1/5 of sub-municipal units to one half of sub-municipal units.

In 2012 new changes to the Law have been made and the institute of local democracy was further strengthened. Namely, now the local council is obliged to initiate the referendum if this is required by 20% of citizens’ having residency in the local unit. In case the council does not oblige to this request, it will be dissolved and new elections will be held. The council is only entitled to require the Ministry of Public Administration to control whether the request for referendum has been signed by at least 20% of local citizens and whether the referendum question is legally valid.

These changes show positive steps in institutional design of local referenda since the role of the citizens’ is constantly increasing: from their inability to request the referendum to the present situation where there is no means to stop the referendum if so required by an appropriate number of citizens.

However, the real problem for holding of local referenda in Croatian local units has always been the high quota for the validity of local referendum which has not been changed. That is to say, in order for the referendum to be valid and by the consequence to be obliging for local council, the turnout has to be more than 50 per cent, and more than 50 per cent of participating voters have to be in favour of the proposed decision. This is an extremely high quota, especially taking into consideration the fact that state-wide referendum is valid regardless of the turnout. Apart from the obligatory referendum, a consultative referendum has been introduced. This referendum does not require a turn-out quota in order to be valid.

The development of legal regulation shows some steps towards the fostering of local democracy in Croatia and strengthening of citizens’ roles in initiating local referenda. However, in practice, local referenda in Croatia are completely marginalize (Koprić and Vukojičić Tomić, 2013: 177). There are no official data on the number of referenda held, but the empirical research conducted by Koprić and Klarić (2015: 397) has shown that there were only 15 referenda with obligatory (mostly negative) decisions.

Since the legal regulation from 2012 onward fosters citizens’ involvement and their direct initiation of referenda, it is reasonable to expect the number of referenda initiated by the citizens’ has grown. However, it seems this is not the case. Namely, the data from the
Ministry of Public Administration show that in the period from 2012 forwards only five request for the examination of referenda questions or for the control of validity of signatures necessary for citizens to initiate the referenda have been received. Out of these five requests only two referenda were held and only one was valid. In the remaining three cases the referendum question was judged to be non-valid by the Ministry of Public Administration and therefore the referenda was not held, although some court processes because of these decision are still in process.\textsuperscript{17}

One can only speculate about the reasons for the non-use of local referenda, but three main explanations can be stated: 1) \textit{the turn-out quota for the validity of referenda} - it is very hard to obtain a 50\% turnout in the bigger local units which inhibits citizens from even initiating the referenda\textsuperscript{18}, 2) \textit{lack of appropriate knowledge in formulation of referenda question expressed by the citizens'} - there is a lack of civil society involvement in local affairs and by the consequence there is a lack of knowledge about local competences which results in referenda question which are illegal or which exit the local scope of affairs, 3) \textit{tradition of citizens' passivation} – the possibility for citizens to directly initiate the referendum has emerged only in 2012, until then local councils had the final word in deciding on the referenda. Logically, this inhibit the active role of the citizens. Since local democracy takes time to develop, it will be interesting to follow whether the use of local referenda will increase in the following years.

\textit{Citizens' initiative} as well as \textit{consultative meetings} have been introduced in 1993 with the \textit{Law on Local Self-Administration and Administration} and there have been no changes in their legal regulation since then. If 10 per cent of voters sign a petition requiring local council to act in some respect, local council has to take the petition into examination within the three-month deadline. However, the council is not oblige to accept the petition, but simply to discuss it and inform the petitioners about its decision. Consultative meeting can be organized at the level of sub-municipal units. Its purpose is to provide the local council with their opinion on some topic that enters into local scope of affairs, but local council has no obligation in accepting this opinion.

In practice, both citizens' initiatives as well as consultative meetings are not very often used. The data from a research that has covered 349 Croatian local units (Koprić and Klarić, 2015:

\textsuperscript{17} Data obtained by the authors from the Ministry of Public Administration in February 2016.

\textsuperscript{18} As said, the data from the Ministry of Public Administration indicate there were only two referenda initiated by the citizens that were held and only one was successful. The successful referenda was held in the Municipality of Goričani with only 2,823 inhabitants. The unsuccessful referendum was held in the City of Dubrovnik with 42,615 inhabitants.
shows that in the last 23 years citizens initiatives have been used in only 3.2 per cent of local units and consultative meeting in 23 per cent.

The reasons for the non-use of these institutes can be considered to be similar to those for the non-use of local referenda: since citizens’ are not able to pass the referenda they see even less purpose in the use of non-obligatory institutes which strengthens the culture of citizens’ passivation.

While referenda, citizens’ initiatives and consultative meetings have been known in Croatian local self-government for more than 20 years, the recall of elected officials has been introduced only with the Law changes in 2009. Namely, in that year the direct elections of municipal and town mayors as well as of county governors has been introduced. One of the arguments for its introduction was to increase citizens’ participation and increase the turn-out rate for local elections (s. 3.3.). In parallel with direct elections of mayors and county governors, their recall procedure was established. The development of the recall procedure can be tracked in two periods.

According to the Law, in the first four years of its existence (2009-2012) the recall of directly elected mayors/governors was possible by a referendum that could be approved only by the local council on the proposition of 1/3 of its member or on citizens’ proposition. The recall was valid only if the total turnout to the referendum was at least 50 per cent of voters in local units, and more than 50 per cent of participating voters have been in favour of the recall.

In the second period that has started in 2012 with Law amendments, the rules have been adjusted in order to facilitate the recall. Namely, now the recall referendum has to be held if so required by at least 20 per cent of citizens’. Local council has no means to initiate the referendum, but it also has no means to reject the referendum if so required by the appropriate number of citizens. It can only request the Ministry of Public Administration to control if the request for the recall referendum has been supported by the appropriate number of voters. The turnout quota for the validity of the recall has been reduced and the recall is legally valid if at least 1/3 of the voters has voted in the referendum and the majority of them has voted for the recall.

Until now, no directly elected major of governor has been recalled. In the first period two recall referenda were held but none was successful. Although in the second period the rules for the recall have softened and the turnout quota has been reduced, the Ministry of Public

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19 Which can be considered a step back in the development of local democracy since the council have lost the power to give the citizens’ the possibility to decide on mayors/governors work on the recall referenda. Even if the council considers there are considerable mistakes and misuses in the mayor’s/governor’s work, it can only hope the citizens will initiate a recall procedure.
Administration has not received neither one request for the control of such recall. As it is a case with the referenda, it is obvious that the changes in legal regulation have not stimulated a more intense citizens’ participation. While one explanation can be that the citizens are satisfied with the work of their mayors and governors and they not see the need to recall them, the other one is that the culture of citizens’ participation is still not developed and citizens use only the regular elections and mechanisms of representative democracy as a way to punish the elected officials.

Table 2. Most important developments in forms of direct democracy

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<tr>
<td>Referendum</td>
<td>Facultative obligatory referendum – initiated by the local council on the request made by 1/3 of its members, executive body or 1/5 of sub-municipal units on any issue that enters into the local scope of affairs. The validity quota for the referendum is 50 per cent turnout.</td>
<td>+ 20% of citizens has the right to propose the holding of referendum. The council decides.</td>
<td>=</td>
<td>+ The council cannot refuse to approve the holding of referendum if so required by at least 20% of voters.</td>
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<td>One half of sub-municipal units is entitled to propose the holding of referenda</td>
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<tr>
<td>Citizens' initiative</td>
<td>If 10 per cent of voters sign a petition requiring the local council to act in some respect, the local council has to take that into examination within the three-month deadline. No obligation to</td>
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20 Data obtained by the authors from the Ministry of Public Administration in February 2016.
### Consultative meetings

Organized at the level of sub-municipal units. They provide the local council with their opinion on some topic. No obligation to accept the opinion.

### Recall procedure

Local council decides on holding of the referendum for the recall on the proposition of 1/3 of its member or on citizens’ proposition. The recall is valid only if the total turnout to the referendum is at least 50 per cent of voters in local units, and more than 50 per cent of participating voters have been in favour of the recall.

The council cannot refuse to hold the referendum if so required by at least 20% of voters.

The turnout quota for the validity of the recall has is 1/3 of the voters that have to vote and the majority of them has to vote for the recall.

The council cannot initiate the referendum on its own.

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Legend: + positive changes, - negative changes, = unchanged regulation, / no regulation

Source: authors based on Law on Local and Regional Self-government

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### 3.3. In search of a new balance in local political arena

#### 3.3.1. Institutional balance
When the relationship between local representative body (LRB) and executive body and the quest for their proper balance is examined, both positive as well as negative changes can be noticed.

In 1993-2009 period each local unit had a city/municipality mayor (općinski načelnik/gradonačelnik) and the executive board (poglavarstvo) as the executive bodies. Both the mayor and the executive board were appointed by the directly elected LRB, which means parliamentary-like system was established. Although mayors were politically strong, the representative body was responsible for their appointment and removal and this was used as a “balance assurance mechanism”.

The system was amended in 2001. Namely, until that year, county governors (župan) had a special status, they were contemporary local executive bodies and state political functionaries. Because of this dual status their election by the LRB had to be confirmed by the president of the Republic on the proposal of the central government. In case the president refused to confirm two consecutive candidates, he had the authority to appoint the governor himself. This regulation has created the so called “Zagreb crises” in 1995-1997. In that period, the mayor of Zagreb was contemporary the county governor of Zagrebačka county. The centre-left parties won the election in Zagreb and elected a mayor. But the president of the state, Franjo Tuđman, who was the leader of the right wing party (HDZ), declined to confirm that mayor, as well as the following three candidates elected by the representative body. At the same time, the representative body voted non-confidence to the candidates appointed by the President. The situation was resolved when HDZ managed to assure the majority in the representative body.

In 2001 the role of the counties has been redefined and they became solely autonomous second-tier self-government units with central state having no power in the nomination or confirmation of county governors. This can be considered an important steps forwards, since it established a pure parliamentary-like system also at the county level, with representative body becoming the only body responsible for electing or removing county office holders.

Important insides into the relationship between the executive and representative body in the period of parliamentary-like system (1993-2009) can be drawn from the research conducted by Ivanišević (2007) in which the stability of executive power and the democratization of decision-making process in the assembly of the City of Zagreb have been examined.21 The

21 The main hypotheses stated by Ivanišević (2007) were that the parliamentary-like system which was established in the City of Zagreb in 2001 will have a twofold effect. On the one hand, this system guarantees the possibility for the LRB to remove the mayor and executive board, thus greater instability of the executive power
research has shown that for the most the City assembly was able to exercise political control over the executive bodies but there was a tendency for the executive bodies to be less stable. Also, considerable steps forward in the democratization of decision-making process were made, although the assembly was still rather inert with its member waiting for the executive bodies to solve the problems.\textsuperscript{22}

In 2009, a shift in local political arena happened. Specifically, in that year the direct election of municipality/city mayors and county governors was established, with mayors/county governors becoming the sole executive body.\textsuperscript{23} According to the Law, the only way for mayors/county governors’ removal is their recall on the referendum. In 2009-2013 period, the recall referendum could be initiated by both the representative body and 20% of citizens (s. 3.2.). In addition, in this period, the representative body could by dissolved by the Government for a number of reasons, among which also in case the budget had not been enacted, with no consequences for the mayors/county governors. Since the mayors/county governors are the only one allowed to propose the budget, by obstructing this process, they had the possibility to instigate the dissolution of the representative body.

When examining the balance between the representative and executive body, the introduction of directly elected mayor (and the creation of president-like political system at the local level) should create a system in which both bodies, the executive and representative, act as "check and balances mechanisms" to each other (s. Ivanišević, 2008: 41-42).\textsuperscript{24} However, it seems that in Croatia this system creates two possible situations:

can be expected. On the other hand, the system allows LRB to be the control mechanism over the functioning of the executive bodies and thus acquire independence from them which means a lesser number of decisions adopted by the LRB will be proposed by the executive bodies and a lesser number of decisions will be adopted without changes and without discussions. In order to examine the hypotheses, the content analysis of the minutes from 52 sessions have been analysed and both hypotheses were partially confirmed.

\textsuperscript{22} Although the research deals exclusively with the City of Zagreb, with necessary precautions, its results can be extended to Croatian local self-government in totality.

\textsuperscript{23} The candidates for the mayor or county governor can be proposed by both political parties as well as groups of citizens. The candidate receiving 50%+1 of votes is elected. In case no candidate receives that majority of votes, the second round of elections is held in two weeks. Only two candidates receiving most votes in the first round participate in the second round and the candidate receiving more vote is elected mayor. The elections for the mayors/county governors are held the same day as the elections for local and county representative bodies (assemblies and councils) where the proportional electoral system with blocked lists is being applied. Since the citizen can vote for the mayor belonging to one political party and for some other party or independent list for the representative body, there is a possibility that the mayor and the majority in the representative body will not belong to the same party.

\textsuperscript{24} Some other arguments for the introduction of direct elections of mayors can be singled out. Among others, it was expected that the direct elections will increase citizens’ interest in local politics and thus stimulate the turnout to the elections. However, the desired result has not been achieved since the turnout for the 2009 and 2013 elections increased only by six per cent compared to the election of 2005, just to return to what it was in 2001 (s. Koprić et al, 2016a). In addition, it was expected that the direct elections will decrease the influence of political parties in local politics. However, in 2009 elections independent candidates for the mayor (candidates supported by a group of citizens and not by a political party) won the elections in only 48 local units (out of
1) when the mayor and the majority in the LRB belong to the same political party, the mayor is the one controlling the entire political system;

2) when the mayor and the majority in the LRB do not belong to the same political party considerable delays in decision-making process are noticed.

In either case, the representative body is at lost and thus the 2009 change has weakened the representative’s body position. It has lost the possibility to elect or remove the mayor and the mayor can influence its dissolution by obstructing the budget process. In addition, the introduction of direct elections has significantly strengthened the political position of mayors and they gained several important new competencies (Koprić et al., 2016a, s. infra).

The latest changes happened with the Law changes at the end of 2012. Now, in case the budget is not being enacted, the government is dissolving the LRB and removing the mayor from its office. The dissolution and removal are followed by the new elections. This change tries to assure the collaboration between the LRB and the mayor in the budget process and stimulates their accountability (Government, 2012: 26-27, Milošević, 2013:10).

When speaking of the balance between the LRB and the mayor, this change tries to restore the balance which was lost when only the LRB had to suffer the consequences of the failure in budget adoption. It is interesting to note that in the 2009-2013 period there were only 20 dissolutions of the representative bodies, and in 2014-2015, when the law changes entered into force, there were 27 contemporary dissolutions of representative bodies and mayor removal (eight in 2014 and 19 in 2015) (Koprić et al. 2016b: 13). Such an increase in the number of dissolutions and contemporary mayors’ removal can be interpreted as a sign of the new balance between the representative body and the mayor. Namely, in previous period the LRB had no reasons for not adopting the budget since this would provoke its dissolution but there were no consequences for the mayor. Now, the LRB can provoke both its dissolution

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556) and in 59 local units in 2013 elections. Other arguments were that the post-electoral coalitions necessary in parliamentary-like system are unethical, that the parliamentary like system is instable, etc. (s. Koprić and Vukojičić Tomić, 2013: 164).

25 The most prominent case is those of the City of Zagreb. Namely, in 2009 the elected mayor was the member of the party who had the majority in the assembly. Later he left the party and became an independent mayor. This has brought to many conflicts between the assembly and the mayor. These conflicts had influence on the functioning of entire city, on citizens but also on the perception of the new system of directly elected mayors in its totality (Koprić and Vukojičić Tomić, 2013:169).

26 This consequence of the direct elections was singled out by Ivanišević already in 2007. Namely, he has stated that “…the introduction of direct election of the mayor…done in order to assure the stable majority in the representative body, will have as its consequence the strengthening of the executive power and the weakening of the effective political control over its functioning” (Ivanišević, 2007: 387).

27 In general, the most common reason for representative bodies’ dissolution is the impossibility of the local representative body to continue its functioning because of the resignation of the majority of its members or for other reasons (Koprić et al., 2016b: 13). The failure to adopt the budget is the second most common reason (Crnković, 2012: 815).
but also mayor’s removal which creates a situation in which new elections are being held and the final decision is given to the citizens.

Apart from this positive change, in 2012 one negative amendment to the law was adopted. Namely, the representative body has lost the possibility of initiating the mayors’/county governors’ recall procedure (s. 3.2) which constitutes a new misbalance in favour of the mayor.

Obviously, Croatia is still struggling trying to find a proper balance between the representative and executive body. The 2009 changes have created a misbalance in executive’s body favour and the 2012 changes, especially the contemporary removal of the mayor and dissolution of LRB because of the failure to enact the budget, are trying to restore the balance. However, the balance is not yet restored and there are other possible steps which could serve as a “balance assurances”. Among others, it would be useful to allow the LRB to remove the executive body in case of severe law breaches (modification of impeachment procedure) and to reinstall the possibility for the representative body to initiate the recall referendum.

3.3.2 Other aspects of balance

As said, institutional balance has been pushed on the side of the mayor who is directly elected, politically strong and the LRB has no power in its removal. However, in order to better understand the relationship between the mayor and LRB currently existing in Croatia, other aspects need to be stated out.

Firstly, the control mechanisms between the mayor and LRB need to be examined. In that respect, the Law stipulates that the members of the LRB are entitled to pose questions to the mayor in oral or written form as well as request written reports on specific questions. In addition, the mayor has the obligation to submit half-year reports on the functioning of local unit and his/her work to the LRB. However, there are no consequences for the mayor in case the LRB does not accept the reports or answers provided by the mayor. This means that the control mechanism exercised by the LRB is purely nominal and it functions only indirectly, by stimulating public opinion and letting the public know about mayor’s failures.

Furthermore, LRB is adopting the budget on mayor’s proposal and the mayor is responsible for its execution. The Budget Act28 states that the mayor has the obligation to submit the half-yearly and yearly reports on budget execution to the LRB. Since the mayor is the one

28 Official Gazette, 87/08, 136/12, 15/15.
responsible for strategic planning of local development and the enactment of investments, these reports need to give account also on the execution of local “Plan of Development Projects” (plan razvojnih programa). However, there are no consequences in case the LRB does not accept the mayor’s report on budget execution. The Law on Fiscal Responsibility and Law on Internal Controls in the Public Sector stipulate that the mayor is responsible for setting up internal revision unit and assuring the fiscal responsibility of local unit. Yet, internal revision is reporting to the mayor.

All in all, although the Law states that LRB is exercising control over the material and financial functioning of the local unit, it is obvious that it has no real powers in this respect. LRB can only pose questions to the mayor and discuss his/her reports, but there are no efficient mechanisms for assuring internal control, especially in financial matters, which are the most important one.

Secondly, it is necessary to examine which body is responsible for the appointment of leading employees. Namely, local units provide a number of services to the citizens and this is done through their own bodies, through public companies owned by the local units, through public institutions funded by the local unit and through other legal entities. Thus, the question is who is responsible for their establishment, directing of their activities and for the appointment of their head officers or local unit’s representatives in their bodies.

Presently, according to the Law, LRB is responsible only for establishing administrative departments, public institutions and other legal entities but the appointment of their chief officers is in the hands of the mayor. When administrative departments are concerned, the mayor is the one directing their work, appointing their heads (based on public competition) and controlling the local civil service.

When public institutions, public companies and other legal entities are concerned, the mayor is the one appointing local unit’s representatives in their management bodies. Since the management bodies are the once directing the work of specific entity and thus establishing the management style which reflects on the quality of the services provided, the body which is responsible for their appointment is basically controlling the provision of local services and in Croatian case this is the mayor.

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29 Each local unit needs to have its own plan of development projects. These are three year plans in which the main goals and priority of local development need to be stated out and connected with the budget. Thus, these documents can be considered to have the character of strategic plans.
30 Official Gazette, 139/10, 19/14.
31 Official Gazette, 78/15.
32 External control over the material and financial functioning of local unit is exercised by the Ministry of Finance.
The solution according to which the mayor is the one appointing local unit’s representatives in management bodies can be subject to critics. Namely, until law changes of 2012, there were no specific provisions about who is responsible for these appointment but this issue was left to be regulated by the statue of every single local unit and the praxis in Croatian local units was not uniform (Milošević, 2013: 7). The question who is responsible for the appointment is important only in cases where the LRB and the mayor do not belong to the same political party or option. Since LRB are the once responsible for adopting the statue it was considered that in the so called “cohabitation situation” they could change the statue and take over the power to appoint the representatives. That is why the law changes of 2012 clearly state that the mayor is the only one responsible for these appointments. The explanation for this solution is that the mayor needs to have this power in order to carry out his/her policies and execute the budget without interferences (Milošević, 2013: 7-8). However, this solution can be criticized since it has removed every power of appointment of even confirmation from the LRB and thus created imbalance in favour of the mayor who is now the only one deciding on personnel issues.

Another issue is the collaboration and communication with central state bodies and sub-municipal entities. The mayor is the one representing the local unit and thus he is the one communicating with central state bodies. In this regards, the Law stipulates that the mayor is entitled to exercise administrative control over the functioning of the representative body. Namely, in case LRB adopts a decision which a mayor considers to be contrary to the laws or to the local unit’s statue, he/she has the power to suspend the decision (by-law) and request the LRB to adjust it accordingly to the law. In case the LRB does not comply to this requirement, the mayor is obliged to report the matter to the head of first instance state administration office who decides whether to submit the matter to higher instances or not. Also, the mayor is responsible to the central state for the proper execution of state competences that have been transferred to the local unit and in this respect central state bodies are entitle to give directions to the mayor and to revoke the transfer of competences in case the directions are not being followed.

33 By the consequence, there was an informal distinction, similar to one existing in the USA, between “strong” mayors in those local units in which the mayor had the power of appointment and “weak” mayors in those in which this power was left to the LRB (Koprić and Vukojičić Tomić, 2013: 163).
34 The final decision on the legality of by-laws is given by the High Administrative Court or the Constitutional Court when local statue is being examined.
Sub-municipal units are a widespread form of citizen participation (s. Koprić and Klarić, 2015: 401-405, Koprić and Manojlović, 2013). The Law stipulates that their establishment, competences, financing and other issues important for their functioning are regulated by the statute of every local unit which means LRB has an important role in it. However, the mayor is not excluded from having competences in this area, too. Namely, the mayor is the one controlling the functioning of sub-municipal bodies (each sub-municipal unit has its council and its president) and he/she has the power to dissolve the sub-municipal council in case it breaches the local statute, rules of the sub-municipal council itself or in case it does not fulfil tasks delegated to it.

Furthermore, there are other competences in which the leading role of the mayor can be noticed. For example, when local communal services (utilities) are concerned, there are five ways of their provision: by means of local public company, by means of local public institution, by establishing a special department, by means of concession or by means of contract of service provision by physical or legal persons. In the first three cases the LRB is establishing these bodies, but the mayor is the one appointing their heads or managing bodies and in this way he is the one directing and controlling their work. In the remaining cases the LRB is the one deciding on the person whom the concession will be given or with whom the contract will be concluded, but the mayor is the one concluding the contract.

When all the competences given to the mayor and LRB are compared it is clear that the mayor is the one exercising most of them without proper control mechanisms on the part of the LRB. The parliamentary-like system existing in the 1993-2009 period was able to guarantee the LRB its power of political control over the executive bodies (s. Ivanišević, 2007), but in the present system LRB can only pose questions to the mayor and discuss his/her reports, without any consequences for the mayor in case these are not adopted. The only possibility left for the LRB is to refuse to adopt the budget, but in this case it provokes its own dissolution too. Thus, the proper balance between the LRB and the mayor has not been found and presently the mayor is the one controlling the local political arena.

### 3.4. Citizens first

35 There is no legal obligation for municipalities and towns to establish sub-municipal government, but according to the data collected by Koprić and Klarić (2015: 403) it can be assessed that there are about 4,300 such sub-municipal governments in Croatia.

36 Law on local utilities, Official Gazette, 36/95, 70/97, 128/99, 57/00, 129/00, 59/01, 26/03, 82/04, 110/04, 178/04, 38/09, 70/09, 153/09, 49/11, 84/11, 90/11, 144/12, 94/13, 153/13, 147/14, 36/15.
Representative democracy is still the prevailing institution of decision-making in majority political systems, at national as well as at local level. Although not new, a trend towards greater reliance on direct forms of participation can be observed, especially at the local level which is the closest to citizens. Strengthening of citizens’ participation at the local level is envisaged by the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority. The Protocol assigns four main mechanisms for fostering citizens’ participation in local affairs: (1) procedures for involving people which may include consultative processes, local referendums and petitions and, where the local authority has many inhabitants and/or covers a large geographical area, measures to involve people at a level close to them; (2) procedures for access to official documents held by local authorities; (3) measures for meeting the needs of categories of persons who face particular obstacles in participating; (4) mechanisms and procedures for dealing with and responding to complaints and suggestions regarding the functioning of local authorities and local public services. Protocol also stipulates the use of new technologies for fostering mechanisms of citizens’ participation. It has to be stressed, however, that Croatia has not ratified the Protocol yet.

Different modes of citizens’ involvement in local democracy can be distinguished as forms of citizens’ decision-making and forms of citizens’ participation. Forms of citizens’ decision-making include instruments of direct democracy, such as referenda, citizens’ initiative and recall procedure, which have been elaborated in point 3.2. Forms of citizens’ participation refer to the involvement of citizens in functioning of administrative organizations and external influence on the functioning of public administration. Former includes co-optation in executive and supervisory boards of public organizations and participating in local representative bodies’ committees. Later encompasses participation through interest groups and other civil society organizations, public consultation in the procedures of drafting regulation and strategic documents, citizens’ complaints and suggestions regarding the functioning of local organizations, and diffuse but powerful influence of public opinion and media (Koprić et al., 2014: 69-70). These forms of citizens’ participation have become more salient in the last two decades or so, with the growing importance of the values of transparency, openness and responsibility in public administration, for which several reasons can be found, both practical and theoretical.

First, citizens’ trust in government (as well as other institutions in democracies such as political parties) has decreased in the last decades of the 20th century (Thomas, 1993). Higher
levels of discouragement and apathy derived from citizens’ perception that “participation through normal institutional channels has little impact on the substance of government politics” (Crosby, Kelly, and Schaefer, 1986, in: King, Feltey, and Susel, 1998: 317). Resulting in declining legitimation of government institutions, establishing the direct links between citizens and government has been seen as a remedy. In Rowe and Frewer’ words, ‘a nonconsulted public is often an angry one and involving the public may be one step toward mollifying it’ (Rowe and Frewer, 2004: 514).

Another reason can be found in increased complexity of modern societies. Governments today act in rapidly changing environment and face growing number of complex, “wicked” issues. Public management of complex economic, financial, social and environmental issues require new ideas, views and perspectives and wider range of solutions which can be provided by public (Cuthill and Fien, 2005: 64). As nonprofessionals, they can contribute to the development of innovative approaches and strategies because they are free from the “obsolete wisdom of professionals and the techniques that are embedded in their organizations and procedures” (Fung, 2006: 73). In the provision of public services involvement of citizens as clients in coproduction can improve the quality of services. Citizens’ participation is thus especially important at the local level, as citizens may have special local knowledge about the problems within the certain context. In addition, citizens today possess the information and knowledge to participate more actively in administrative decisions that affect their lives. In sum, citizens possess distinctive capabilities that may improve public action (Fung, 2006: 73).

Modern theoretical and doctrinal concepts advocate for the use of inclusive, participatory and collaborative mechanisms in public administration and complementing the indirect, representative democracy with direct, participative instruments. Administrative doctrine of neoweberian state, which has within theoretical discussions become prominent from 2000s, conciliates the principles of traditional (Weberian) bureaucracy with contemporary challenges of public administration, fostering greater use of direct modes of citizens’ participation, in addition to representative democracy. The doctrine of good governance argues for even greater citizens’ role in political and administrative processes. Citizens are seen as partners of government (at all levels of governance system), with equal abilities to influence decisions and set the agenda.

Further distinction can be made between traditional and new forms of citizens’ participation at the local level. In Croatia, according to Koprić and Klarić (2014) the traditional forms
encompass referendum, citizens’ initiative, deliberative assemblies, sub-municipal governance and occasional consultative meetings, while new instruments for improving the legitimacy of local politics include introduction of direct election of mayors and recall referendum, strengthening the role of local mayors, independent actors in local politics, and some others. While some of those traditional as well as new instruments are elaborated elsewhere in the text (see point 3.1. and 3.2.), here we focus on three new participation channels: youth councils, public consultation procedures, and participative budgeting.

*Youth councils* as a consultative mechanism on behalf of young people at the local level were established in 2007 by the Law on Youth Councils and amended in 2014. Youth councils are established by local representative bodies, as a kind of consultative bodies of local councils, with the actual purpose to attract young people to participate in local public life. The category of young people refers to the individuals between 15 and 30 years of age. Until 2014, the number of youth council members could vary between 5 and 15 (it has to be odd-numbered), while according to the current law provisions, this number has been increased between 5 and 21, depending on the size of local population. The new Law has also extended the mandate duration of youth representatives from two to three-years. Ensuring finances and other resources for youth councils is in the responsibility of local and regional units.

In the analysis conducted for the Croatian ministry, Koprić (2011) obtained data from 72% of the local units in Croatia (414 local units) for the period 2007-2010. Data showed that youth councils were established in 83% of counties, 74% of towns and only 28% of municipalities. While the situation with counties and towns was solid, it was very defective with regard to municipalities (youth councils in less than 1/3 of municipalities). Therefore, a correlation to type and size of the units can be indicated – youth councils are mostly established in bigger and urban local units. Altogether, it was estimated that there were about 200 youth councils with about 2,000 members in all local units in Croatia. Some of the most notable problems related to the existence and functioning of the youth councils include insufficient awareness of different local actors about the role and potential of the youth councils; extensive politicization as most of the youth councils members are members of the established political parties, but also politicization in a wider, general sense; lack of interest on behalf of young people, the inequality of the young people with regard to their living place, local unit and similar circumstances; and inadequate administrative capacity of the local units (more in Koprić, 2011).
Public consultations are one of the most often used forms of citizens’ participation. The process of consultation generally differs from participation in a narrow sense with regard to the question who defines agenda and issues to be decided. In the process of consultation citizens only express their views on issues posed by government, while in the process of participation they can also determine the questions and issues that are going to be the subject of decision-making process. In the later, therefore, citizens possess greater influence and are treated as partners on behalf of government. Concrete instruments for conducting public consultations vary and can be used as one dominant or multiple simultaneously. Legislative frameworks also significantly vary in different countries. In Croatia, public consultations are subject of several laws and other regulations, among which the Law on the right to access public information designates the procedure most in detail. All bodies of public authority, which includes local and regional self-government, have to publish on their websites plan of normative activities and plan of public consultations on laws and other regulation, with specifying expected time for its adoption, mode of implementing consultations (public discussion, electronical consultations, etc.) and estimated time, they also have to publish the draft of law and other regulation on which consultations are going to be conducted, and to publish the report after the consultation has been finished, with feedback on received comments and suggestions. State administration organizations conduct public consultations electronically, via central Internet portal, while local and regional units may choose the instrument for implementing consultations. Most often they use public discussions and sending comments electronically or by post.

Before the Law has introduced in 2013 the obligation of conducting public consultations for all organizations with authority to decide on citizens’ rights and interests (i.e. all bodies of public authority), the Code of practice on consultation with the interested public in procedures of adopting laws, other regulations and acts adopted in 2009 has envisaged public consultations in issuing regulation for state administration, with annotation that it shall accordingly be applied by the organizations on local and regional level. As the Code does not have a legally binding nature, it has not been implemented. Improvement in practice has not been achieved until the provisions of the mentioned Law on public consultations entered into force. However, as opposed to the central state level, where significant and continual advancement in conducting consultations can be observed from the 2011, public consultations on local and regional level are used rarely. Local units usually conduct consultations when issuing regulation regarding spatial and environmental planning, since
other, *lex specialis*, longer in force, have obliged them to do so. When it comes to the majority of other general acts, public consultations are lacking. As showed in analysis carried in 2015 (Đurman, 2016) the legal obligation of conducting public consultations is not fulfilled by large towns and even less by the counties. As the analysis included only counties and large towns, which presumably have greater capacity and resources than the “ordinary” cities, and especially, municipalities, one could conclude that the situation with smaller local units is even more defective. Beside the problem of administrative capacity, we could identify the problem inadequate oversight on behalf of the central state, persistent practice of avoiding interventions into local autonomy – even in cases of disregarding legal obligations by the local units, and underdeveloped culture of openness at all levels of governance system (see Đurman, 2016).

**Participative budgeting** is a form of citizens’ participation in the preparation and decision-making on the local budget, that has spread - from its’ first experiment conducted in Porto Alegre, Brazil in 1989 - across the Europe and Northern America. It has become a very popular form of citizens’ participation at the local level from the 2000s, especially in some countries (e.g. Germany, France, Spain, Italy; Wampler, 2013). The mode of citizens’ engagement in this participation form, however, differs widely from a mere facultative consultation to stronger engagement of citizens as partners of local administrators. A research conducted by Džinić et al. (2016) has showed that practice of participative budgeting in Croatian local units is scarce. There are 8 towns that have introduced this mode of citizens’ inclusion, but without an active engagement of citizens in decision making, mostly relying on a possibility to submit proposals. The best practice of this form of citizens’ participation is developed by the City of Pazin. Participative budgeting was introduced as a pilot project in February 2014, and continued in the next two years (currently is open submission of the proposals for the 2017 budget). Around 6.8% of the local population had participated in the decision making process on the 0.4% of the local budget (around 40.000 euros). Citizens have first been informed about the project through the website, brochures, educative workshops in sub-municipal committees, and similar. Concrete mode of organization includes online submission of proposals in the first phase, followed by open discussion (forums) at the sub-municipal level on the proposals about utility actions and deciding on priority small utility projects.

37 A special category of towns in Croatia legally defined as those with more than 30.000 inhabitants.  
38 Pazin, Crikvenica, Rijeka, Pula, Mali Lošinj, Karlovac, Labin, Slavonski Brod.  
39 Pazin is a relatively small city with 8.638 inhabitants placed in the middle Istria.
The practice of participative budgeting in Croatia is at the very initial stage and is still poor developed. Local units are not (directly) obliged to conduct such a form/instrument of participation. The *Law on the right to access public information* only stipulates obligation to consult public in issuing laws and other regulation and documents that concern interests of citizens, which is also, as showed, very restrainedly implemented by the local units. Being left to the decision of local politicians, it has not yet been introduced in a larger number of local units. The general problems include lack of interest on behalf of the citizens, lack of political will of the local elites, and poor capacity of the local units (financial, personal, etc.). Therefore, despite there are some good examples, this form of citizens’ participation in still both qualitatively and quantitatively far from being institutionalized and used as an instrument of collaborative participation, based on the partnership and active citizens’ engagement.

4. Conclusion
In this paper we have analysed, from the neo-institutional standpoint, the development of local democracy institutions in Croatia from the socialist era to the recent proceedings. The effects of these developments have also been evaluated, with regard to the four main aspects: local representative and electoral system, direct democracy, relation between the local legislative-executive institutions, and new mechanisms of citizens’ participation in local governance.

During the socialist period the system of local government in Croatia was characterized by fragmented territorial organization and relatively large communes, whose position was rather strong with respect to their scope and capacities, but not democratic since they functioned within the frame of a communist political regime. Yugoslav specificity was self-management experiment introduced in 1950. Its main component - territorial self-management - can be seen as a form of direct citizens’ involvement, however, not a genuine one, since existing within a non-democratic (single-party) institutional framework. Representative bodies of communes were tricameral assemblies that consisted of workers’ chamber, territorial communities’ chamber, and social-political chamber. Many decisions were taken by the network of self-managing interest councils, which consisted of the representatives of users and employers, and of politically delegated members. The concept of commune was first replaced by the administrative decentralization, followed by the conception of political decentralization.
The first multiparty elections were held in May 1990, not only at the national, but also at the local level. Local elections were conducted within the old institutional setting, while the 1993 reform brought major institutional change and introduced unicameral local representative bodies. The established system of local government has comprised of two levels - towns and municipalities at the lower, local level and counties at the upper, regional level. The number of local units was quintupled, which made the territorial structure very fragmented, but at the same time very centralized in the line with the old French model of territorial organization. In relation to the previous system, the scope of local affairs was narrowed and local finances were reduced. Despite decentralizations attempts carried from the 2000s onwards, the system is still lacking of adequate capacities and the position of local government is in general weak.

Local political system has turned from parliamentary-like into presidential-like with the introduction of direct election of the mayors in 2009. Mayor with direct electoral legitimacy has replaced the collegial executive body. This institutional change has weakened the position of the local representative body, which has lost mechanisms for the effective political control over the executive. The functioning balance between the legislative and executive body has still not been established. Within the present institutional setting, the mayor is the central point of the local political system, exercising most of the competences, while the representative body does not possess adequate control mechanisms, especially with regard to the financial matters.

Citizens’ involvement in local decision-making is primarily achieved through the institution of representative democracy, while the mechanisms of direct democracy can be described as underdeveloped. The institution of referendum is neglected in the same vein as citizens’ initiatives, consultative meetings and recall procedure. Apart from the regulative problems (e.g. high quota for the validity of local referendum), a problem of citizens’ passivity can also be detected, that is, passive or even parochial political culture, while the participative type has not been developed yet. Forms of citizens’ participation are not recognized by the citizens as a channel for influencing local decision-making. In addition, local units have not embraced some of these forms as an instrument for achieving greater efficiency and quality of local governance and increasing local legitimacy and citizens’ trust. Participative budgeting has been only recently introduced by few local units, while public consultations, although legally binding, are not implemented consistently. Croatian accession process to the European Union has had a limited impact, mostly with respect to the improvement of regulative framework, with the main purpose of achieving greater transparency and responsibility of the whole
governance system. The problem, however, remains in practice in the domain of implementation of these mechanisms. Political culture inherited from the socialist period seems to remain a persistent barrier for the strengthening of traditional local democracy institutions and for the institutionalization of new modes of citizens’ participation.

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