# Policy Analysis and Croatian Public Administration: The Problem of Formulating Public Policy

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*Summary*

The paper considers the role of policy analysis tools in preparing decisions within the Croatian public administration system, concentrating on the specific phase of adoption or formulation of public policy. The starting argument in the paper is that the application of policy analysis is fairly limited in the Croatian public sector. Policy science in Croatia is mostly confined to the analysis *of* policy, and not to the analysis *for* policy. The analysis for policy, including systematic comparison of options, collecting information for policy or policy advocacy, has just started to be applied in public administration structures. The failure in applying policy analysis is shown by the institutional deficiencies in running vertical and horizontal coordination, and by the failure in introducing a Regulatory Impact Assessment (RIA) tool kit into the Croatian system of public administration.

*Key words*: policy analysis tools, Croatian public administration, institutional deficiencies, RIA, reform, Europeanization

## Introduction

One of the indicated steps towards a reform of the public administration in Croatia relates to the wide spectrum of problems connected with framing, coordinating and estimating impacts of public policy. The problems connected with the introduction of systemic analytical tools for planning and formulating public policy, as well as for policy implementation and evaluation, are not a Croatian peculiarity. In many countries, the very process of public policy-making lacks adequate policy analysis and planning modes, relying extensively on improvisation and non-systemic de-

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cision-making. In exploring the specific role of policy analysis in Croatian public administration, we have found many similarities with the exploration which Israeli political scientists Iris Geva-May and Aharon Kfir used for answering the question of why the application of policy analysis as a systematic tool for preparing decisions in the public sector is so limited in Israel (Geva-May and Kfir, 2000).[1] Limited usage of policy analysis as the basis for making policy decisions has therefore shown to be one of the basic prerequisites for modernizing public administration.

In the case of Croatia, the above-mentioned modernization goes in the opposite direction in comparison with most Western countries, in particular with the United States of America, where the policy analysis initially appeared as a separate approach to public affairs. Beryl Radin (Radin, 2000) arguably showed that this type of analysis in the formative years of development of the discipline was first and foremost aimed at the initial phases of the policy-making process – the putting of a policy onto the agenda, its formulation and the way of its legitimization.[2] The implementation and evaluation of policies were not given particular attention until policy analysis became mature as an individual administrative profession (*ibid*.: 46).

In this paper we will try to show that the direct consequences of such development are significant problems in the coordination of public policy, in which the initial phases of the process of policy-making are particularly critical, especially the phase of formulation.

### Politics or Policy – How Public Policy Issues are Labelled?

The discussion about the policy approach to public administration affairs makes it necessary to first differentiate between the notions of policy and politics. In Croatian, as in the majority of languages (Heidenheimer, 1986), there are no separate words for English expressions *policy* and *politics*, as both expressions in Croatian are expressed by the word *politika*. One cannot notice the difference until policy is given a specific content, such as social, educational, fiscal or cultural policy, when we move from the general level of discussion about public policy to the level of adjective policies. But the translation of the notion of policy becomes problematic when we leave the content-related aspect of political life linked to some concrete policy and enter the field of general definition of policy as an aspect of political life, regardless of whether we look upon it from the point of view

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[1] On the basis of a substantial review of decision-making practice in Israel, they showed that there indeed exists a systemic "lack of established norms, functions, and skilled practitioners, particularly in policy analysis and evaluation" (Geva-May and Kfir, 2000: 409).

[2] Her book *Beyond Machiavelli: Policy Analysis Comes of Age* probably represents the most complete review of the development of policy analysis as a profession of its own within the American system of public administration (Radin, 2000).

of formal or informal actors. It is a kind of political activity which, in literature, we describe as a part of political life which represents a way of achieving goals, as a rational way of trying to solve a problem, and only in English we can specify this by a separate word – policy, which is different from the usual understanding of politics as a display of political power.

Politics and policy are thus two strongly intertwined concepts that – as Yehezkel Dror, one of the founders of that very discipline (2006: 81), points out – "often overlap, and in part cannot be separated, even analytically". At the same time, as he says, this is probably the main reason why there is no clear differentiation between these two aspects of political life in the majority of world languages. But this does not mean that such a differentiation is not important. Moreover, Dror emphasizes some sort of normative principle according to which not even the rulers should cease to make a difference between politics and policy, as policy is basically a value orientation and a realization of fundamental social objectives, and the only way of materializing these objectives is to give preference to the basic demands of the policies over the compromises of everyday political life (Dror, 2006: 82).

Distinguishing between policy and politics is in a way balanced by distinguishing between public policy and public administration (Colebatch, 2004: 64-66). Political life is what leads to a specific policy, whereas the administration is what is derived from it. When decisions on the objectives that should be perceived have been taken (public policy), people carry them out (public administration). This is an analytical distinction equalised by the division of work between the participants: there are people whose task is to choose objectives (those who make public policy), and the rest, whose task is to implement the set objectives (public administration).

**Policy Formulation and Public Policy Process in Croatia**

The way in which it is possible to integrate policy analysis into the Croatian public administration system still remains an open question. With no pretension to giving a systematic interpretation of such a possibility, it seems that we can at least point out the critical points of such an endeavour. They concern, first and foremost, the critical points of the process of policy-making. If we start with the basic assumption that the cycle of policy-making can be split up into five or six phases – from putting a policy on the agenda, through formulating (policy design), legitimating and implementing a policy, to evaluating and deciding whether to continue or discontinue its implementation – it seems it is possible to abstract at least three fundamental problems to which one should pay attention. The first problem concerns a possible lack of coordination in formulating particular policies, the second one a possible lack of monitoring, and the third one an unsystematic evaluation of policies (Petak, 2008a: 160-164).

In this paper we are going to concentrate on the particular phase of formulating or adopting public policy, emphasizing the specific role of the Croatian public administration in the whole process. That step in the policy-making process could be labelled as the coordination of different actors in adopting specific policy proposals which are then sent to the approval by policy-makers (Grdešić, 1995). In Croatia, this process involves four basic steps: intra-ministry review, inter-ministry review, review by the coordination bodies of the Government, and review and approval by the Government (James and Staronova, 2003: 15). The main problem connected with the coordination of public policy is the fact that one kind of public service is in many cases provided by more ministries at once. For instance, different aspects of the war veterans' policy in Croatia were caught by the measures of several ministries – the Ministry of War Veterans, the Ministry of Defense, the Ministry of Education, and the Ministry of Finance (Crnković-Pozaić, 2006).

The fundamental precondition for good coordination of public policy lies within the very way in which the formulation of policy is worked out, as the key phase in policy-making before the policy is legitimised. That phase includes the estimation of alternative options in the implementation of a policy, and is therefore regarded as the vital phase in the making of the policy itself. The estimation of alternative options in the designing of a policy includes at least five successive steps (Kraft and Furlong, 2007: 98). The first step concerns the definition and analysis of the problem, the second one the generating of alternatives related to a policy, the third one the development of criteria of evaluation of the policy itself, the fourth one the estimation of alternative solutions, while the last step relates to coming to a decision about what policy is a better solution to the problem the political community is faced with.

Apart from the problem of coordination of public policy from the standpoint of governmental (state) policy actors (government, parliament, central regulatory agencies, judiciary, units of local self-government), there is also the problem of stakeholders – actors which act in the horizontal sphere of policy-making. Although the expression "public policy" could suggest that the discipline exclusively analyses the activities of the public sector and actors in the sphere of governments, it is strongly oriented towards a number of stakeholders in the private sector, as policy networks or policy communities. Given that this sort of stakeholders is becoming increasingly important in policy-making, the problem of how to coordinate their role in that process remains.

### Inter-organizational Tension, Policy Coordination and the Concept of "Joined-up" Government

Inter-organizational tension in forming public policy, identified so superbly by Allison (1971), requires the carrying out of a comprehensive coordination of various sectors' policies. The Australian *Public Policies Manual* (Althaus et al., 2007), for

example, tersely indicates this fact as well. Its chapter that deals with the coordination of public policies follows after a discussion on *consulting* and precedes a text on *decision-making*. Since the mechanism of government is not a single, homogeneous body, but a set of more or less connected organizations, coordination "reflects the ideas about *efficient interaction* of various parties trying to cooperate in order to achieve a common goal" (Althaus et al., 2007: 124). In addition, coordination includes various procedures and structures, such as an efficient system of consultations, organizing of central agencies, departments for coordination in ministries, etc. All this ends with the establishment of "public policy guidelines" (*policy alignment*), which essentially acquire two basic forms – horizontal and vertical guidelines.

While horizontal guidelines refer to organizational cooperation and assistance in the elimination of the hindrances that encumber efficient interaction of the sectors' organs of administration, the vertical ones refer to the joining of goals, structures and resources in order to establish a connection between policy design and delivery of services on the one hand, and basic intentions planned to be achieved with this policy on the other (*ibid.*: 138). Additionally, the conceptualization of the issue of policy coordination primarily refers to the horizontal dimension and it concerns the integration of various sectors, programs and projects at a single level of government (Peters, 2006: 119). The reduction of overlaps, contradictory guidelines and duplication in the use of resources is the basic characteristic of the horizontal public policy management (Christensen, 2006: 461). In this respect, the horizontal type of coordination is largely related to the categories of efficiency and rational use of public resources in satisfying the needs of the community. The vertical dimension refers to another aspect – "signalling" to subordinate administrative bodies or to "lower levels of government". In this way, the above-mentioned institutions have a better understanding of the basic political intentions or goals of the *core executive*. Therefore, central agencies or crucial public companies can get closer to political leadership, which is one of the important ideas upon which the new public management insists.

We deal with what is known to researchers of policies as the four types of coordination in public administration affairs (Peters, 2005: 5-7). The types are in a hierarchical relation, depending on the level of complexity necessary in each of the specified types of coordination. The simplest is the negative coordination, which specifies the non-existence of a negative overlap in the work of individual administrative organs, respectively ensuring that everyone does his/her work and does not interfere with the work of others. The more demanding form of integration in the work of administrative organs is represented by the positive coordination, whereby the common activities of two or more administrative organs are described in order to offer better service to the clients.

The following form of coordination concerns the policy integration that coordinates not only the offering of services, but also the objectives to be followed by individual administrative organs. This sort or coordination calls for a top-down approach, which typically requires the establishment of some sort of office for policy analysis by the government. Only in this way would it be able to effectuate the integration of the objectives of the particular public policy between the ministries and solve the problem of the integration of different policies. The last and highest level of coordination includes strategic planning as a form of the government's activity, where it is not sufficient to integrate the resources and objectives between administrative organs, but it is also necessary to include in the vision the development of public policy and programmes connected to the activity of individual administrative bodies.

The growing use of the expression "joined-up government" and, sometimes, "whole of government" in the literature on public policy and public management indicates the importance of the issue of coordination for modern public-policy forming (Christensen, 2006; Christensen and Lægreid, 2007; Davies, 2009; Parsons, 2001, 2004; Peters, 1998a, 1998b, 2004, 2005; Pollitt, 2003). Whichever of the two expressions is used, it refers to an increase in the level of coordination of the executive branch of government and to an improvement of the quality of its work. Such expressions are particularly used in the countries strongly oriented towards the new public management, such as Great Britain and other Anglo-Saxon countries (Christensen, 2006: 460).

The above-mentioned types of successive levels of coordination (Peters, 2004: 5-7) are: *negative integration*, which designates the fact that there are no job overlaps in the activities of public administration and various types of agencies; *positive integration*, which refers not only to the avoiding of overlaps in the activities of various agencies and organizations, but also to a clear agreement on cooperation in the provision of services; *policy coordination*, which includes not only cooperation in the provision of services, but also the fact that organizations should follow common goals; *government strategies*, which not only ensure cooperation in the provision of services and joint pursuit of goals, but also give a clear picture of the future of a particular policy sector and, furthermore, the government's role in it should be considered as part of the JUG framework. Or, on the other hand, in the context of discussions on the modernization of governance, which have led to the afore-mentioned concepts of "joined-up government" as a form of modernization of government activities that was supposed to ensure higher efficiency and effectiveness in service provision (Pollitt, 2003: 34-35; Christensen, 2006: 460-462). The concept itself is based on four fundamental motives: elimination of the opposites and tension in public policies; better use of the resources used in forming these policies;

cooperation of all stakeholders affected by these policies; and creation of an integrated, uninterrupted set of services being provided to citizens, or provision of all services in one place (Pollitt, 2003: 35).

The discussion that has started to unfold around the concept of "joined-up government" has encompassed a few important questions (Pollitt, 2003: 37-38). First, it has addressed the issue of consolidated creation of policies which are very complex in nature, such as youth policy or elderly persons' policy. In addition, the above-mentioned access has also been applied to the consolidated provision of public sector services in various types of agencies, such as a *one-stop shop*. Second, the "joined-up government" literature has additionally underlined the interconnectedness and interwoven nature of the phases in the policy process, as well as the fact that it is hard to separate those who "make" policy from those who "pursue" it. Third, this literature makes a clear distinction between horizontal and vertical connections in the formation of public policies; as a result, the expressions "horizontal policy management" and "vertical policy management" are being introduced now. The former expression is being used for the consolidation of actions of two or more ministries or agencies that make policy (e.g. youth policy), while the latter is used for the coordination of policies towards higher or lower levels of authority and for connecting the policies of individual ministries and agencies with the fundamental priorities of the government. Fourth, a distinction is now being made between the expressions of "joined-up government" and "joined-up governance"; the latter expression is now being used for the strengthening of ties between vertical structures of power and the profit sector or non-profit NGOs. And finally, a distinction is now being made between the joining up of organizations and the joining up of citizens' activities. The former, for example, includes the opening of one-stop shops and private-public partnership, while the latter refers to increased citizen participation in the formulation of policies and the provision of services.

Whether the above-mentioned concept of horizontal and vertical management in the realization of public policies has actually led to better results is still an open question. Can the expression "smart policy" be linked with horizontal and vertical policy management and with expressions like "joined-up government" or "whole of government"? Most authors doubt whether the concept of "joined-up government" actually creates a better policy. This is reflected in the fact that the discussion on this subject was published in the latest *Oxford Handbook of Public Policy* under a title consisting of the latter expression, followed by a large question mark (Christensen, 2006). Although giving an answer to this question will require a more thorough analysis, it can already be said that the various concepts of "joined-up government" are but a reaction to the fragmentation and disintegration of the public sector, resulting from the two different kinds of reform based on the new public management (Perko Šeparović, 2006).

In his above-mentioned article, Pollitt suggests that evaluation of the successes of "joined-up government" should include answers to at least three types of questions (Pollitt, 2003: 43-46). The first question refers to adherence to best practices: have the right things been put to the right place? The second question, in Pollitt's view, should be put to the stakeholders of this process – is coordination a good thing or a bad thing? Does it contribute to the better formulation of policies and better provision of public services to the citizens? Third, adequate measures should be found for the outcomes and results of integrated policies and programs, which should be oriented a bit more toward making impact assessments than toward the process itself.

### Institutional Obstacles to Policy Formulation in Croatia

The problem of coordination in public administration matters is labelled as one of the basic obstacles to effective public policy-making in Croatia. Although we have only a limited number of empirical studies on that issue, it is evident that the limited usage of policy analysis in planning and formulating public policies could be pointed out as the basic obstacle to the improvement of the public policy process in Croatia (Petak, 2009; James and Staronova, 2003).

The Rules of Procedure in the Croatian system of public administration provide a three-layer system of inter-ministry 'filtering' instruments for resolving differences between ministries. Additionally, there are four different inter-ministry bodies for coordinating policies: Domestic Policy; Foreign Policy, Social Services and Human Rights; Regional Development, Reconstruction and Revitalisation of Returnee Areas; and Economic Affairs. All issues are discussed at one or more task forces, which report its conclusions to the corresponding ministerial committee. Some issues may also be discussed in the Inner Cabinet. At each level, discussions focus on issues not resolved at an earlier stage (if any). In addition, the fifth committee on Croatia's EU accession negotiations, consisting of all ministers, meets after the weekly Government meeting. The participants in this meeting are members of the government.

The system of policy formulation is, however, showing two basic difficulties. First, the whole process is extremely compressed: the task forces of officials meet on Mondays, the ministerial committees on Tuesdays, and the 'Inner Cabinet' just before the Government meeting on Thursdays. Task force debates may require some additional policy work, based on an applied policy analysis, to be carried out before an appropriate solution can be presented to the ministerial committee, yet there is only one day available for this, and only two days between the ministerial committee meeting and the Inner Cabinet/Government meeting. For this reason it is very hard to establish a formulation process based on an evidence-based policy approach, as

a prerequisite aimed at achieving enhanced "results and improving public services ('delivery') and producing better policies rooted in evidence-based analysis, well designed and capable of successful implementation" (Sanderson, 2009).

In Croatia, there is obviously a whole array of disputes with regard to enabling horizontal public policy management (Peters, 2006). As not even the minimal scope of policy analysis connected with public policy coordination is carried out very often, the introduction of fundamental tools of this kind of decision-making in the public sector emerges as one of the important requirements of public administration in Croatia (Koprić, 2008; Petak, 2008a, 2009). The materials included in the process of formulation undergo a quite limited type of policy analysis in terms of cost estimates and the one accompanying the implementation of the newly proposed regulation.

But has the introduction of the said evaluation tools ensured the conditions required for a high-quality horizontal public policy management? Basic reviews of this field (Peters, 1998b) usually hold that at least three preconditions should be fulfilled for raising the level of inter-sector coordination of public policy. First, some kind of assessment of the extent of overlapping should be in place – in other words, it should be established to what extent two or more programs/organizations deal with the realization of the same goals without prior coordination of their actions. Second, some kind of assessment of the extent of incoherency – i.e. of the extent to which two or more programs/organizations that should have identical courses of action tend to achieve opposite goals – should be in place. And third, the horizontal public policy management assumes the identification of issues that have not yet been included in the agenda and that constitute an essential condition for the development of some sectors' policy. It is a problem that the literature on public policy calls policy gaps.

Second, central government bodies that support policy-machinery described above are weak and fragile, and unable to provide any policy advice, to undertake any proactive policy coordination or to enter upon any kind of policy analysis. As a consequence, this weakness reduces the coordination capacity of the whole system by the inability to provide cross-ministerial perspectives on proposals and to assess their coherence with other government policy and strategic objectives. The non-existence of one kind of policy analysis unit at the central government level appears therefore to be one of the essential institutional obstacles to the process of policy-making in Croatia (Petak, 2009).

The above-quoted assessment of the situation indirectly points to the inadequacy of the realization of the process of vertical public policy coordination. Although the author does not mention concrete institutional arrangements for the implementation of vertical public policy coordination directly, she is really talking about the

lack of the institution which in modern policy literature is called a central policy agency (Althaus et al., 2007: 132-134). In the concrete example of Croatia, we are talking about the lack of a central policy agency of the Government and a central policy agency of the Prime Minister. The main role of such an agency, as well as of the state treasury and other government agencies, is to provide relevant ministries and directorates (and coordination bodies) with vertical guidelines on pursuing the fundamental goals of some policy. This means that, in their decisions, two or more departments must pursue the Government's fundamental goals in an implementation policy. If, for instance, employment policy puts an emphasis on the employment of young people seeking a job for the first time, then the activities and objectives of particular administration bodies must be coordinated with this general goal of the government.

The vertical dimension of coordination also refers to the coordination of public policies with other levels of government, with the supranational government of the European Union, and with policies being pursued at the level of regional and local self-government units. For example, the degree of democratization required in the education, social-welfare or health-care systems is a concern of the vertical policy coordination. In order to gain an insight into the complexity of both horizontal- and vertical-policy coordination bodies, one should refer to the relevant literature on this issue beforehand.

In order to answer all of these questions, researchers must have a rather clear idea on how policy work is done in the present-day conditions, which is exactly what various protagonists do when they take part in forming public policies (Colebatch, 2006; Radin, 2000). Is there a universal policy expert comparable with an administrative generalist, or is it about many different types of experts using various types of public policy knowledge and its use (Hoppe, Jeliazkova, 2006; Kustec Lipicer, 2008), which, in turn, is strongly connected with the institutional and cultural context of public policy-making? Another aspect of this problem is the specific role of public administration in the process of public policy-making. Public policies are not made only by members of the political elite and dominant protagonists from the horizontal policy dimension, such as major employers; the issue of policy bureaucracy is also important here. Recently, the latter has frequently been studied by some of the most important public policy researchers (Page and Jenkins, 2006).

## Regulatory Reform in Croatia as a Missed Opportunity: Failure of Introducing RIA into Croatian Public Administration

In the Croatian context, the term 'politicised' has predominantly negative connotations, in the sense that a political sphere is too involved in some matter with extremely bad consequences. That is also the most frequent critique connected with

the need to reform the Croatian public sector, meaning that the usage of expert knowledge in decision-making (or policy) is almost always 'overwritten' by politics (understood as a struggle for power). This article would like to stress the hypothesis which consists of a quite opposite idea – that the Croatian public administration reform is not politicised enough. It has never become a highly positioned (and not just declaratory) priority of any Croatian government. Public administration reform that would involve the introduction of systemic utilizations of policy analysis in Croatian bureaucracy has never become an important issue on the institutional agenda, and has never made the transformation from the institutional[3] to the decision agenda[4]. To emphasize this notion, we could say that, in order to make decision-making more rational (more policy-oriented, using more knowledge, or with more policy analysis), it is necessary to have some actor(s) in the process who are extremely passionate about that orientation – or, firstly, we need to make it more irrational. This can be nicely shown on the example of Croatian regulatory reform, an unsuccessful attempt of introducing policy analysis into the Croatian bureaucratic routine, which completely broke down. Many contextual factors could be linked to the failure of the reform. But the fact that it did not become an important issue on the list of Croatian priorities, or, in fact, an important issue to any policy actor, could be designated as the most significant factor.

Regulatory reform is part of the public sector reform. It contains changes in the way regulations, as a type of policy instrument, are created and evaluated. Policy instruments, mechanisms or tools that are at the government's disposal for public policy implementation, are systemized into three categories, according to the level of state involvement: voluntary, mixed and compulsory instruments (Howlet and Ramesh, 1995: 87-101). Regulations, compulsory policy instruments,[5] are decrees of government (Kraft, Furlong, 2007:85), and they mostly come in forms of laws, but also include different kinds of statutes, protocols, ordinances, directives, etc. The preparation of a regulation and its implementation is a major task of the public administration. Historically, the main impulses for regulatory reform came from the economic crises in the 1970s, which brought up the reorientation of state goals towards increased competitiveness, and the trend of privatisation also fostered its development. To achieve those aims, higher levels of efficiency and effectiveness

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[3] Institutional agenda is a list of items with active and serious consideration of authoritative decision-makers (Birkland, 2007: 65).

[4] Decision agenda consists of issues that are about to be acted upon by a governmental body (Birkland, 2007: 65).

[5] Compulsory policy instruments are those which are characterized by a high level of state involvement in solving some collective problem, and they shape individual, group or organizational behaviour with no or little discretion left for their response.

of public administration were necessary. Today, regulatory reform is a global trend, present in almost all OECD countries.

Regulatory reform started with the phase of deregulation or with the efforts of simplifying regulatory systems to reduce burdens, costs, risks and barriers for business sector activities – with the economic policies as final reform objects. This framework of understanding goals and objects of regulatory reform is referred to in literature as 'quantity'. Deregulation, as the least sophisticated way of reforming regulation creation (Radaelli, 2004: 737), became a critical juncture (see Thelen, 1999) in the development of regulatory reform. The second phase of regulatory reform was development, as a better regulation policy with regulatory management (usually in the form of a special governmental office for coordination of regulatory reform). Better regulation policy means the application of new principles and techniques of creating regulation onto non-economic sectors as well, and the quality of regulation is understood as a public good *per se* ('quality' framework). So, in the last 15 years, the term regulatory reform has been applied to different trends of deregulating and re-regulating, and the same changes can be noted at the EU level (Majone, 1996). The first initiatives for regulatory reform at the EU level started in the early 1990s, but in the late 1990s and by the beginning of the new century a better regulation policy became broadly accepted among EU member states.[6] It is a meta-regulation which governs the regulatory process with a distinct set of standards and procedures (rules on the regulatory process) of formation, implementation and evaluation of regulation in all adjectival policies (Radaelli, 2007). Or, in EU language, a better regulation policy should accomplish not just a single market, as regulatory reform started off, but also sustainable development and social cohesion.

The symbol of regulatory reform, its most important part, and the central element in its discursive properties (Radaelli, 2007) is the Regulatory Impact Assessment (RIA). RIA is a special kind of policy analysis applied onto regulation, predominantly in the formulation stage of the policy process (as an *ex ante* evaluation), but also for the evaluation of existing regulation (Radaelli, 2008). RIA has a special focus on evaluating different alternatives on the one hand, and on the systematic process of consultations with stakeholders on the other. Hence, RIA tends to expand an empirical base for decision-making (to enhance evidence-based policy-making) and to make the regulatory process more transparent and accountable (Radaelli, 2004). The special purpose of using RIA is to evaluate the effects of a regulation on its final users/targets. It is conducted in several steps: "... the identification of the purpose and intended effect of the regulation, consultation, analysis

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[6] The UK has to be singled out as an exception, because it has been in the intensive deregulation stage since the 1980s.

of alternative options (including the option of not regulating), comprehensive assessment of costs and benefits of the major options, monitoring and evaluation, and final recommendation" (Radaelli, 2004: 745). The broadening of the scope of regulatory reform with a better regulation policy was accompanied by the development of different kinds of RIA (besides the fiscal one, grounded on financial cost and benefits), namely a broader economic RIA and environmental and social RIAs. This rich set of techniques was an opportunity for Croatia to introduce, with its own regulatory reform, an overall and systematic policy analysis under the label of RIA (Petek, 2009).

In the field of regulatory reform, Croatia is a 'latecomer'. Regulatory reform, as a discourse or a normative concept on the one hand, and as a policy practice on the other, has already been well developed throughout Europe in the last 20 to 30 years. Croatia started with its regulatory reform in 2005, and has not yet gone very far. In Croatia, regulatory reform has never been seriously implemented. As a latecomer, Croatia simultaneously introduced both phases thereof, with both frameworks of goal understanding (with the domination of the 'quantity' framework over the features of 'quality'), but quite soon the process was completely "frozen" or stopped. Consequently, one of the crucial problems of Croatian regulatory systems which should be "solved" by regulatory reform – the lack of expert knowledge in the process of regulation formation[7] – mostly remained unaddressed. That is how it appeared in practice.

Croatian regulatory reform came onto the institutional agenda primarily because of the influence of international actors and domestic experts working for international organizations operating in Croatia. Especially USAID (United States Agency for International Development) and FIAS (Foreign Investment Advisory Service, which is a part of the World Bank), along with the OECD and the European Commission (SIGMA[8]), should be emphasized as those who proposed to the Croatian Government the special project called HITROREZ. Besides the HITROREZ project, as a Croatian version of deregulation, in the autumn of 2006, a temporary Government's unit was formed for the creation of deregulation recommendations. An analysis of the regulatory system that affects business was carried out with a quite comprehensive consultation process. In the early summer of 2007, rec-

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[7] Sometimes even the legal profession, in Croatia still understood as crucial expertise within public administration, is underrepresented in the process of creating laws, as a major form of regulation. There are many examples of Croatian laws literally written in one night or laws that state 0 kuna as the amount of financial resources necessary for their implementation (for an example, see Kekez and Petek, 2007).

[8] SIGMA is a joint initiative of the EU and the OECD which promotes the introduction of RIA in potential EU Member States.

ommendations on how and what to deregulate (which regulation should be cut off, which should be simplified, and which should be left in the existing shape) were written down and pompously announced by the Prime Minister. In addition, the reform got support from the Croatian business lobby. Nevertheless, the implementation failed almost completely.[9]

In the second phase of regulatory reform, a special new governmental body – the Government Office for the Coordination of the RIA System – was founded, as a regulatory management that should coordinate and evaluate the development of regulatory reform. It took almost two years (from the formal decision in June 2007 to January 2009, when its head was appointed) to get that Government's office to start to work. It was never fully equipped, it was understaffed and had no other resources. Two million euros from the European Union IPA fund were intended for the building up of the Croatian RIA Office, but were never used. In the end, with the last changes in the Croatian Government in the summer of 2009, even that symbolic introduction of regulatory management was abolished. The Office was dissolved by the new Prime Minister, as a spending cut due to the economic crisis. The RIA Office, the only body – at least as an idea – that had some resemblance to a central policy agency, was eliminated as non-efficient and too expensive, i.e. as a body with no real purpose. It was even called a 'broom depository' in the Croatian media.[10]

The most important for this article is the fact that different RIA procedures were formally introduced as part of a better regulation policy. By the Government's Rules of Procedure (of 2005), fiscal, economic, social and environmental RIAs were introduced as an obligatory part of creation of any new regulation. Standard methodologies for those different kinds of RIA were created (after a two- or three-year delay, depending on the type). Even so, almost all regulations – of different policy types – are voted in without the application of RIA (except for the Ministry of Finance and basic fiscal RIA in some cases). In 2007, with the new Government's Rules of Procedure, the RIA system and the demands for impact assessment were simplified. The so-called preliminary RIA, the simplest variant which would oblige regulation proposers to answer several typical policy analysis questions,[11]

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[9] Two and a half years later (November 2009), only a bit more than 20% of recommendations were implemented (www.hitrorez.hr).

[10] See *Jutarnji list* – Goran Penić's text with the title "Osnovali su ih prije dvije godine. Još nisu ni počeli raditi. Kaže, spremaju se. Ima ih 7 i sjede 5 metara od Charliea" ("They were founded two years ago. They still haven't started to work. They are preparing to. There are 7 of them, and they are sitting 5 meters away from the bar Charlie") that shows the ironical tone of the article (http://www.jutarnji.hr/magazin/clanak/art-2009,6,6,,165832.jl).

[11] The idea was to make anybody who proposes a new regulation answer undergraduate policy handbook questions such as: what is the problem to be solved; what is the aim to be accom-

was put as the only obligatory assessment. Through the preliminary RIA, the RIA Office would estimate the necessity of doing other, more complex RIA procedures. This simplification could enhance the application of policy analysis, even in a basic form, and that was the way of forcing different parts of the Croatian public administration to introduce at least basic 'policy thinking'. But no preliminary RIA standard methodology has ever been created. The chance to propose it with the last change of the Government's Rules of Procedure in 2007 (with the establishment of the RIA Office) was not used. This task was left to the failed RIA Office. And that is the *circulus vitiosus* of Croatian regulatory reform.

Regulatory reform experienced a complete breakdown, not only as a specific set of rules and procedures or implementation practice, but also as a (European) discourse. There was not enough political will to seriously start with it and enforce it within the Government as key policy actor. Also, no other actor (any political party, or independent experts, or interest groups, or the media...) saw regulatory reform as their own interest or a priority to advocate. Moreover, RIA was a good label for the introduction of policy thinking as a rudimentary analysis, but no actor recognized it as significant. Even in the preliminary form of basic policy questions, RIA could force all actors in the regulatory procedure to give a better structure to their argument pro or against some regulation, and to make their argumentation more comparable with each other. Paradoxically, regulatory reform, as a severe project, even though being a European project, is counterproductive for Croatian accession to the EU. The Croatian context and the way of harmonizing regulation with EU *acquis communautaire* put forward speed as the only goal and criterion of success, which would be deeply disrupted if RIA were applied on every regulation.

## Conclusion

In Croatia, there is a significant limitation of the institutional network for the creation of public policy. However, the problems in policy-making are not limited to the placing of a particular policy onto the agenda (the period of the policy process during which the goals of a policy are defined) and policy formulation (the period during which different possibilities for a policy are evaluated), where policy analysis often plays a poor role or no role at all, but the role of policy analysis is very limited in the rest of the process as well. It should be mentioned, however, that by implementing the model of estimation of the impacts of legislation in the four above-mentioned ministries, the process of creating the institutional preconditions for monitoring and evaluation of public policies was set in motion, but it is obvious

plished; what are alternative solutions to the problem; what are the positive and negative effects of the recommended solution; by which method implementation of the solution should be monitored? (see Antoljak, 2008).

that this is just the beginning of introducing policy analysis into the Croatian system of public administration. Can we therefore, in accordance with the emerging reform of public administration, ensure more coordination in the implementation of public policies, and stricter and more precise measures for their evaluation? It is definitely possible, but to that end institutional innovations are needed, having a strong political support and being designed by leading domestic and foreign experts. The fundamental direction for the design is shown in this article, but the operative plan for their introduction would require a much more detailed analysis, which we cannot enter into at this point.

If we use the aforementioned taxonomy of Guy Peters, in Croatia there is a major problem of achieving higher forms of coordination in forming public policies.[12] However, problems also exist at the lower levels of coordination – in the classical issues of the horizontal policy management linked with the consolidation of inter-organizational activities. The concept of "joined-up government" still does not have a substantial impact on the course of reform of the state administration in Croatia,[13] so no clear position has yet been taken on how to determine the criteria required for the implementation of a high-quality horizontal public policy management – the assessment of the extent of overlapping, assessment of the degree of incoherence and assessment of the level of non-included issues (Peters, 1998b). It is not hard to conclude that the said assessments can only be made by policy analysts. However, they are scarce in Croatia. The problem, therefore, lies in the supply of policy-related knowledge, in the insufficient number of experts able to carry out policy analysis efficiently.

Another problem is vertical coordination, although this issue is also connected with the insufficient supply of policy analysts. Croatia simply does not have a body for a vertical public policy, something like the Prime Minister's or the Government's central policy office. With a brief overview of institutional practices of vertical policy coordination in developed democracies, we have shown that such a body closely cooperates with the state treasury and all other agencies of central government. Since there is no central Government's policy agency in Croatia, the overall authority for carrying out such assessments lies expressly in the hands of the Minister of Finance. He or his representative takes part in the work of all coordination bodies and makes decisions on all disputable issues. He thus becomes some kind of a "policy switchman" who acts as a substitute for a central Government's

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[12] Similar situations do exist in other transitional countries (Dimitrov et al., 2006; Saner et al., 2008).

[13] The document adopted by the Government in 2008 and prepared by the Central State Administrative Office for Public Administration called "State Administration Reform Strategy for 2008-2011", is an evidence of this. It can be found on http://www.uprava.hr/strat-hr.pdf.

policy agency. The problem is in the fact that, in this way, decisions are made on the basis of a rough estimate and not on the basis of a systematic policy analysis. To paraphrase the title of a book by Beryl Radin (2000), policy analysis in Croatia has still not matured and become an unavoidable part of modern public administration. Until this happens, it will not be possible to talk about horizontal and vertical public policy management in Croatia. In the meantime, the system of policy-making will be based on the actions of a *switchman* and not on *systematic policy assessments*. The problem is connected with the fact that such a public policy decision-making system can only establish the "cost price" of the proposed regulations that the state budget would incur; it cannot lead to an effective formulation and implementation of public policy.

In the Israeli case, the existence of a public policy-making mode based on improvisation and discrete decisions instead of systemic approaches to policy analysis is explained by several reasons. The first one were dual public administration structures and traditions inherited by the establishment of the State of Israel – the Commonwealth administration and Jewish agencies (where the latter were characterized by political activism, internal political subdivisions, and strong nationalism), and the fact "that the new Israeli public administration did not inherit any tools for systemic policy planning, analysis, evaluation and implementation" (Geva-May and Kfir, 2000: 411). The second reason was the political instability of the state, which has passed through six wars and strong military retaliation. Political instability was additionally influenced by an extreme level of emigration and irregular flows of budgetary revenues, which also imposed obstacles that made systemic policy analysis hard to achieve. The third element which led to pragmatism and improvisation instead of systematic policy planning was the politicisation of the public service caused by the structure of the political system, dominated by one political party over a long period (and a large number of extremely confronted parties), which, from itself, "has led to pragmatism and particularly to a lack of influence by experts and academia on public administration and policy-making patterns" (Geva-May and Kfir, 2000: 412). Therefore, there was no awareness about the importance of policy analysis as the approach to public sector problems or the capability to apply the real policy-making process.

The Israeli example points to the great importance of taking into account the explanation of historical institutionalism as a possible way of answering the question of "why policy analysis has not come of age" in Croatia. The argument stressing the strong "political activism" of bureaucracy as one of the most important features of inherited structures is evidently one of the possible answers. The structure of the political system, with the failure of dominant political parties to state clear policy goals, can serve as an additional explanation. These two arguments are very

well accommodated with the line of path-dependency logic developed in the historical institutionalism approach (Thelen, 1999). The limited application of systematic policy tools in formulating public policy in Croatia can further be explained by the non-existence of separate units for monitoring and evaluation within the system of public administration (Crnković-Pozaić, 2006; Petak, 2009), which indirectly stresses the fact that policy analysis is not a real basis for formulating public policy in Croatia.

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