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DUH - Good Governance in Croatia

Institutional and legal framework for good governance in Croatian agencies

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SUMMARY

In the past two decades the agencies in Croatia have been established following a global agencification trend endorsed by international organisations and the EU through the concepts of new public management and the regulatory state. Croatian agencies were founded without a strategic approach or legal framework, failing to incorporate elements of good governance systematically, adopting them sporadically instead. Politicization, clientelism and poor efficiency are the key problems of a disarrayed agency system, which calls their credibility into question. In order to fulfil an agency's purpose, it is necessary to incorporate elements that ensure sufficient independence (autonomy) of the agencies, while in parallel enabling the achievement of their tasks (control). In order to achieve that, the agencies are required to implement appropriate procedures within the corresponding legal framework, strengthen control mechanisms, including civil society organisations and their contribution to good governance.

It is necessary to create a legal framework for the establishment, organisation and functioning of the agencies that will comprise mechanisms of both independence and accountability and to evaluate their performance periodically, as well as ensure the functioning of the control mechanisms. In order to improve transparency, it is necessary to develop a database of agencies, implement consultation mechanisms and other forms of public participation and strictly implement the anti-corruption regulations. Civil society organisations can participate in monitoring of agencies' work in various ways, for instance through development of case studies according to a previously agreed-upon methodology.

1. The Agencification Process in Croatia and its Initiators

Extensive establishment of agencies is an emerging global trend which has spread to Croatia as well. **The agencification process in Croatia can roughly be divided into three stages - limited agencification during the 90's, extensive agencification in the 2001-2009 period and relative de-agencification in the 2010-2012 period.** These processes include the opposites – from administrative decentralisation of varying intensity, mostly driven by the pressure of Europeanization, responses to the central state administration problem and acceptance of neo-managerialism, to centralisation in the last stage, through consolidation and a decrease in number of agencies, influenced mainly by the economic and financial crisis. It should also be noted that **the establishment of administrative organisations with a certain degree of autonomy is not a novelty in Croatian administrative and political traditions.** Self-governing organisations established during socialism have been a part of the decentralisation trend relying on participation of beneficiaries, employees and companies in collective decision-making processes, like those in self-governing interest unions, councils, boards, institutions, etc... (See Koprić and Musa, 2012), within the framework and under the control of the dominant political ideology of that time. Some of the agencies today are basically old decentralised institutions that were incorporated into the new system.¹

Since the first years of state independence up to the year 2000, the agencification in Croatia had not yet taken its roots and it mostly included *ad hoc* creation of agencies in order to perform certain tasks². Alternatively, the agencies were inherited from the previous system. According to the Public Institutions Act of 1993, most of the agencies were established as public institutions, some were registered as companies and other as legal persons without type specification. The number of agencies was about 30³, about 20 agencies continued to exist after 2000, and the remaining 10 agencies have been either abolished⁴, reformed⁵, or merged with others.⁶ Regarding the method of decentralisation, the agencies mostly originated by reorganisation of the existing organisations, by means of separation from the state administration bodies or were established to carry out new tasks.

¹ Some examples are: Croatian Pension Fund, Croatian Health Insurance Fund, Croatian Employment Services, Croatian Ship Registry, Croatian Restoration Institute.

² Some examples are: Croatian Institute of Telecommunications in 1999, Croatian Agency for Promotion of Investments in 1996, Croatian Guarantee Agency in 1994, Croatian Mine Action Centre 1999.

³ Preliminary data, no systematic research.

⁴ Some examples are: Croatian Cultural Information Institute established by government's regulation OG 72/94, 34/97 was cancelled by the government's regulation on termination OG 83/00

⁵ For example: Croatian Guarantee Agency was established in 1994 as a company, but has been transformed into Croatian Agency for Small Businesses in 2004.

⁶ For example: Agency for Supervision of Pension Funds and Insurance, Securities Commission of the Republic of Croatia and Administration for Supervision of Insurance Companies have been merged into Croatian Agency for Supervision of Financial Services (HANFA).

The second period, from 2001 to 2009, is marked by intense agencification during which about 60 agencies were established, one-third in the 2001-2004 period and two-thirds from 2005 to 2009. The distinction between the two phases in that period, marked by the process of Europeanization,⁷ points to the possibility of distinguishing agencies established in the first, preparatory phase of the EU accession and the others, established in the EU negotiation phase and intense legislative harmonization.

What is particularly important for this period of agencification is that **a large number of agencies has been established or has been structurally or functionally altered due to the requirements set by the EU.**⁸ This conclusion stems from the content of the annual National programmes for accession to the EU from 2003 to 2009, which provide the establishment of a special agency in 26 cases (34.67%) and structural-functional adaptation of the existing organizations in 16 cases (16.33% of all agencies). Some agencies are part of the formal negotiating conditions or arise from the SAA (e.g. AZTN, SAFU, AMPEU, HAA, ARPA, and the similar conclusion can be applied to regional development agencies and regional energy agencies), while some have emerged as result of the pressure to strengthen administrative capacities, since the placement of activities under the authority of an agency has been found to be an adequate solution for more efficient and professional performance. To some extent, the agencification is the result of Europeanization of Croatian public administration with the purpose of harmonisation with the EU legislation, which corresponds to equivalent processes at the European level, but also on the Member States level. It is important to emphasize that the selection of a legal form and internal organization of the agency has been generally in the domain of the Member State (candidate country)'s decision, but it is required that such form meets specific organizational or functional criteria that should guarantee an appropriate level of independence in their work, thus ensuring their efficiency, which is particularly related to regulatory agencies but also to a number of implementing agencies having a key role in the implementation of the European policies.⁹ In addition, the capacities of ministries to adequately ensure the implementation of public policies are a *conditio sine qua non* for the implementation of European public policies.

Unlike the period of limited agencification (1990-1999.), followed by intensive agencification (2000-2009.), **the period from the end of 2009 onwards has been characterised by two opposing trends - reduction in the number of agencies and the start of their treatment as a particular type of institution, requiring a specific approach and organisation.** The first turn, which began at the end of 2009 and continued in 2010, can be considered as de-agencification representing a centralisation approach, compared to previous intensive

⁷ The Stabilisation and Association Agreement was signed in 2001, negotiations with the EU began in 2005 and lasted until June 2011.

⁸ Considering their origin, a number of agencies had existed earlier in another form and emerged either in the process of decentralization of central government bodies, separation (from the ministries or state administrative organizations) or transformation (from state administrative organizations).

⁹ For example, the Commission has stressed the need for extending the authorities of the AZTN for sanctioning, and strengthening of HAKOM and AEM in its Communication from the year 2008.

decentralization which was marked by consolidation, merging and elimination. The second step, which began in 2010 and intensified during 2012, can be considered to be a period of "demystification" of agencies, i.e. the beginning of a systematic approach to agencies as a special type of organization, focused on the analysis of existing agencies and the potential creation of a legal framework as first steps in the institutionalization of the new model.

The reasons for this turn in the agencification process can be found in a complex combination of economic, political and administrative impulses, as well as greater popularization of the model in both the scientific community and the general public.

Firstly, the economic crisis and the need for consolidation of public expenditures has led to the necessity of dealing with the uncontrolled spending of public administration in general, in particular in the agencies and companies; a similar trend can be observed in other countries, including the EU, where the decentralized bodies (agencies, public companies) were identified as major blind spots of management systems which require adequate systematic approach and open up possibilities for savings. In a political sense, the agencies in Croatia earned a bad reputation as factors contributing to the general lack of transparency in the administrative system and creating vague and weakened reporting lines. The public began to perceive the agencies as black boxes that spend public money without any control, employ staff according to vague criteria, operate inefficiently and belong to a part of the public sector away from the public eye. The media are wondering what agencies are doing, why they are established and who controls them. The inability of politicians (ministers) to control their own respective sectors contributes to the perception of a general lack of public accountability of government to citizens. Besides, the change of government at the end of 2011 created a political prerequisite for dealing with a disorganised administrative system, including the agencies, in the sense that the new government can address the deficiencies and problems inherited from the previous government. Good governance becomes a slogan of the new approach to agencies. In administrative terms, the agencies are starting to be considered as part of the problem in regard to duplication of functions and coordination problems of the administrative system, contributing significantly to its complexity and influencing management capacity, i.e. the (in)efficiency and (ir)rationality of government. Therefore, establishing order in the agencies system, including the need to define the principles and criteria for their establishment, organization and functions became one of the government's objectives since 2009, with the purpose of increasing efficiency. Neo-managerialism and similar doctrines have begun to be intensively used in the approach to the agencies. Finally, the popularization of the agency model in the scientific and professional communities, as well as the general public, especially via the media, has contributed to the perception of the agency model as a disordered legal and administrative area requiring particular attention of the relevant authorities and the scientific and professional communities.

Economic reasons in particular (and political and administrative reasons indirectly) influenced the decision to address the issue of agencies as one of the measures to reduce public

expenditures and rationalize the public sector, which were formally expressed in *the Economic Recovery Programme of the Government* in June 2010, which, inter alia, set up the following priorities of the public sector rationalization: establishing a register of public servants, reducing the number of public servants by 5%, reforming the agency system, including the definition of criteria for establishment and control of the agencies and redefinition of the scope of existing bodies by concentrating similar activities either within a ministry or an agency (through mergers or expansion), but also the transfer of public authorities onto other bodies. In July 2010, the Government adopted the Proposal of *Reorganisation of Agencies, Institutes, Funds and Other Legal Persons with Public Authorities*, highlighting smaller government, better management and planning, lower overall costs and easier control over the spending of budget funds as the main objectives. Instruments for the implementation of these measures were found in repealing, mergers and acquisition of agencies, including the reallocation of activities, equipment, rights and obligations, financial resources and employees of the agencies that had ceased to operate. Within the framework of this activity, the first stage of analysis was limited to those agencies whose reorganization did not affect the fulfilment of obligations to the EU, while the analysis and reorganization of the agencies that have either been established during the negotiation process or have taken over some of the negotiation obligations have been left for later. In this sense, the document analysed the state of play in 14 agencies from various sectors according to criteria of the largest number of employees, costs and functional overlapping with other agencies, legal entities or public administration bodies.¹⁰ Based on the analysis, in the next few months 11 agencies were abolished, combined or merged and, subsequently, several other agencies were abolished as well, so that the final outcome of the de-agencification phase is closing of 19 agencies by merger with another agency, state government body or other body (chambers, companies, ombudsman). At the same time, several new agencies were established, three in 2010 and another three in 2012.

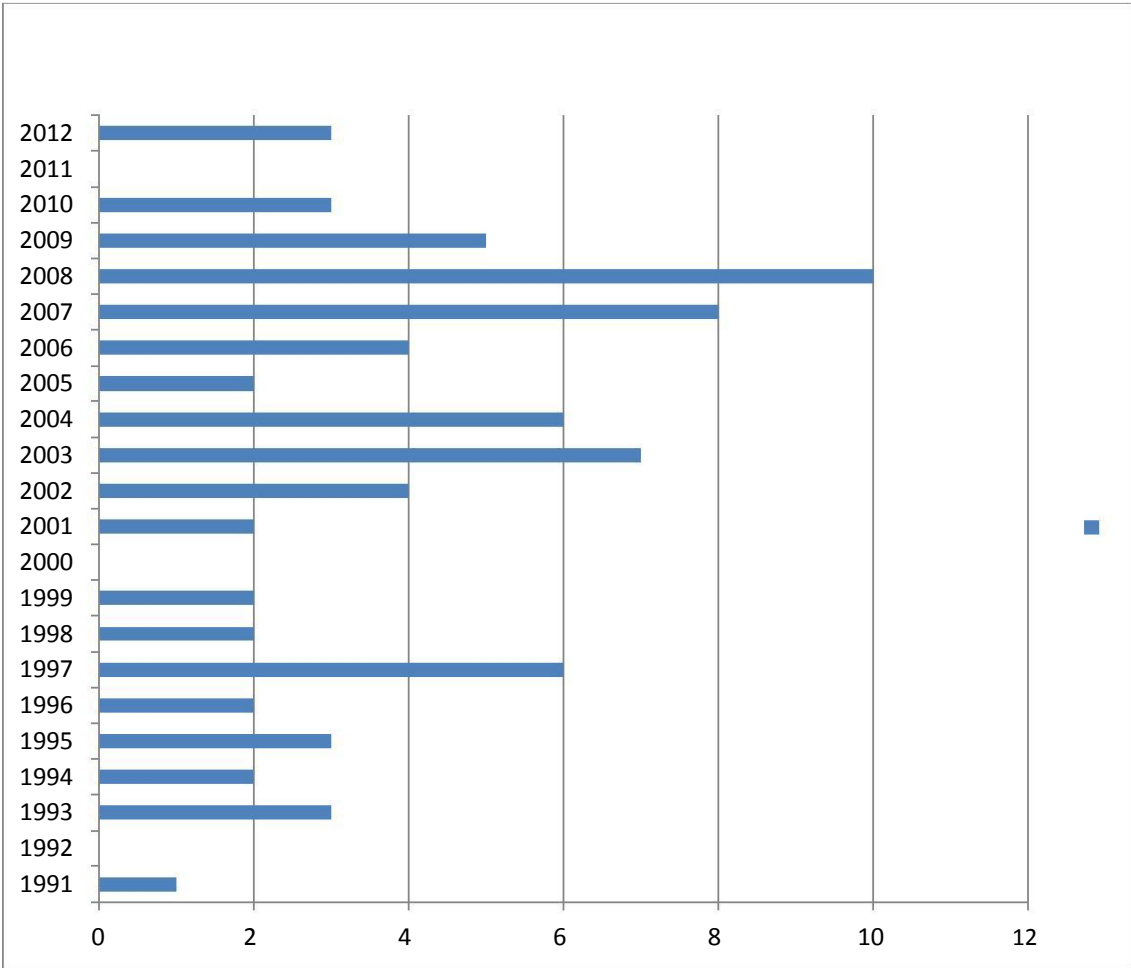
In the period from 2009 to 2012, the total number of agencies has been reduced, but the trend of agency establishment has not stopped completely. Compared to 87 agencies that existed in mid-2009, 19 agencies were closed down (21.8%), but 7 new ones were established (8%), so the final outcome of this phase of the end of 2012 was the existence of 75 agencies (see Appendix I), i.e. the reduction of agencies by 13.8% (12 fewer agencies). In addition, compared to the previous high intensity of agencification,, an average

¹⁰ The stated 14 agencies employed 962 employees and had annual expenditures of over 2 million Euro, out of which 20% accounted for the 'intellectual services'. This demonstrates that the agencies that were supposed to be specialized professional organizations employed outside experts to perform the tasks put under their competence. This indicates that the agencies were either not professional or used the lack of control over the use of funds and/or work results in order to achieve their own or particular interests.

According to unofficial data, the agencies employed approximately 12,000 employees in mid-2010 (excluding FINA which alone employs three and a half thousand employees and public companies which are also agents in a broad sense), while the state administration employs more than 50,000 employees.

of two agencies were formed per year in that period, while, for example, in the period from 2001 to 2008 58 agencies were established, which makes an average of 7.25 per year.

Figure 1: Agencies according to the year of establishment (N = 75, status as of 31.12.2012.) ¹¹



¹¹ This does not include agencies that were established but have been closed in the meantime.

2. Implementation of good governance elements in Croatian agencies

Although the overall picture of the agencies indicates a state of disarray, lack of uniformity and diversity, it should be noted that firstly, the agencies generally operated in accordance with their legal frameworks, and secondly, many of them have established and implemented various elements of good governance. Still, there remains a series of inconsistencies and gaps, which can be resolved by taking a systematic approach to the agencies and adequate legal regulation.

The elements of good governance in the agencies are determined in accordance with recent documents from European countries and theoretical and research findings. Rating of their implementation in specific agencies is possible by application of the research protocol in specific cases.

However, **it is possible to briefly describe the elements of good governance that have taken root in Croatian agencies and to identify the basic deficiencies in their implementation.** The case study protocol should be used to identify individual elements in individual agencies and to allow for their comparison and identification of common best practices, and more or less widespread deficiencies.

A. Establishment and termination of agencies, and the legal framework for individual agencies

Good practice: Establishment of the agency is carried out in accordance with the law and the legal basis for establishment of the agency. The basic legal framework is the regulation providing for establishment of the agency (a law, a regulation) which sets out elements of agency management and operation. The termination of agencies usually takes place *ad hoc*, except for the partial analysis conducted in 2010 for a part of the agencies. The statutes of some agencies are published in the Official Gazette.

Deficiencies: A legal framework that would set out the conditions for establishment of the agencies and standardise agency types, control mechanisms, and some elements of operation, as well as its relations with line ministries and other bodies, does not exist. There is no obligation to conduct an analysis about the need for establishment of the agency. There is no obligation to make periodic evaluations. There is no clause about the termination of the agency, which has become part of a good European practice and has been set out in regulations governing the establishment of European agencies. Most of the agencies publish their unconsolidated statutes on their websites, and only some agencies are obligated to publish them in the Official Gazette.

B. Agency Management

Good practice: The agencies have political, participatory or professional councils (boards, committees, etc.), depending on the type and purpose of the agency. Agency Directors are

appointed through public calls for applicants. In some agencies, the requirements for termination of council members or directors are set out.

Deficiencies: The structure and methods of appointment are not uniform, which opens up the possibility for manipulation and adjustments to current needs. Professionalism of the agency directors has not been ensured adequately, as they are often appointed based on political criteria. The liability of management structures for performance of the agencies has not been clearly established.

C. The purpose and scope of the agency

Good practice: The purpose, scope and jurisdiction of the agency is clearly defined and set out by the constitutive act and the agency's statute and it is clearly distinguished from other bodies working in the same area.

Deficiencies: There is no sector analysis that would investigate to what extent the scope of the agencies and the ministries is matching or overlapping.

D. Expertise and insurance of independence and neutrality

Good practice: Many agencies usually employ professional staff and pay adequate salaries. Employees undergo different training in the area of the agency's work. Political independence in some agencies is provided by the pre-determination of conditions for the appointment of management structures and provisions on the incompatibility of functions, conflicts of interest and limited possibilities of termination.

Deficiencies: Publicly announced vacancies for agency employment are not conducted systematically and in all cases. Salaries in agencies differ, they are not harmonised with each other or with respect to state administration. Management of an agency is in some cases entrusted to party officials lacking special knowledge in the field of the agency's activity. The executives of some agencies are government officials, and it is not clear what criteria determine their status. The conditions for executive positions are not set out by legal framework for all agencies. Regulations on conflicts of interest are not applied consistently across agencies.

E. Anti-corruption legislation, transparency, cooperation with the interested public as well as political and democratic accountability

Good practice: Agencies have their own websites. Some agencies have set out or adopted certain elements of the anti-corruption legislation (provisions on conflicts of interest, codes of ethics, public procurement, and access to information). Some agencies conduct public consultations when preparing drafts of general regulations or important documents. In general, the agencies publish their annual reports on their websites.

Deficiencies: There is no single location at the Government's website which would provide information about agencies, legal frameworks, analyses and other contents that would enable the interested public to get to know the agencies on the whole and individually, and monitor

the implementation of the good governance elements. Anti-corruption legislation has not been systematically applied to all agencies (e.g. Act on Prevention of Conflict of Interest), and there is no analysis that would determine the way in which conflict of interest is managed in the agencies, modelled after the ones existing in the EU. Consultations with the interested public are not conducted systematically. The structure of the annual reports is variable. It is not clearly established for all agencies which of their regulations and decisions have to be published in the Official Gazette. The agencies do not publish consolidated regulations and statutes.

F. Financial independence and liability

Good practice: The agencies are financed independently from the ministries. Some agencies have their own income which guarantees them a greater independence. Financial control mechanisms include internal control systems, audits, and annual reports.

Deficiencies: A systematic approach to agencies' financial management and financial results control is missing. The State Audit Office does not have an implementation plan that would systematically cover the agencies. Independent external audits are not carried out systematically but rather *ad hoc*. Revenue of the implementing agencies is not always the budget revenue.

G. Cooperation with other bodies and accountability

Good practice: Agencies are obligated to implement provisions of the Administrative Procedure Act. Appeal against decisions of the agency applies in case of a part of the implementing agencies. Judicial oversight is provided by the administrative courts. The agencies publish their annual reports on their websites. Agencies collaborate with other similar agencies and networks.

Deficiencies: There is no analysis on the legality of the agencies' operation, which would determine the level of confirmed decisions. There is no systematic training of employees on the application of the general administrative procedure. The summaries of parliament discussions regarding reports of the agencies are not published.

H. Elements to ensure efficiency

Good practice: No data.

Deficiencies: There is no systematic control of effectiveness in terms of performance of tasks, or of efficiency in terms of financial management in the implementing agencies. The mere existence of the agency does not imply its successful performance. Periodic evaluations of the agency are not carried out. There is no obligation to introduce performance management in public administration as a whole, or within the agencies.

Text box 5: New European standards of good governance in agencies

With regard to the forthcoming accession to the European Union and expected activities of the Croatian agencies within certain European policies, it would be useful to refer to some of the recent elements on which standards of good governance in agencies are concentrated and which have been recently intensively consolidated across the EU (for its 44 agencies) :

a. establishment and termination of activities

impact assessment before establishment of the agency

periodic evaluation of agency performance

b. ensuring independence and professionalism

provisions about the appointment and termination of the agency management which guarantee independence and expertise in determination of performance indicators for the management and set out competence levels of managing council members

conflict of interest regulation

HRM policies

c. efficiency and accountability for results

stakeholder engagement

multi-year work programmes

annual reports

quality of websites

internal and external audits

identification of key performance criteria

procedures to prevent fraud

application of financial regulations

budgeting by activity

resource planning

Conclusion

Each institutional model has its own purpose realized through certain built-in mechanisms.

The purpose of an agency is to ensure efficient implementation of certain public policies on account of its expertise, specialization, separation from common politicization and pressures of various lobbies. This purpose is achieved by numerous instruments which should provide legal, managerial and organizational, personal, financial

and policy autonomy and independence on one hand, and legal, financial, political and democratic accountability and control of results on the other.

The problem with the agency model in many countries, including Croatia, is that the introduction of that model into the system suffered from various shortcomings whose negative implications were revealed only after a certain period of time and due to external circumstances, such as the economic and management crises. **Insufficient and/or inadequate regulation, an inadequate supervision system, a certain degree of non-transparency and, in general, a special treatment which has not been adequately realised through accountability mechanisms have earned the agencies a reputation of the black box of modern public management.** In recent years, many countries, as well as the EU, have made significant efforts to analyse and evaluate the agency system and to identify problems and suggest solutions. In that regard, a number of comparative experiences can be used to improve the situation in Croatia, and they were used in preparation of this study as well.

I. A case study protocol for good governance in agencies

The protocol contains detailed instructions for development of case studies for individual agencies. The purpose is to determine how and to what extent the agency's operations meet the principles of good governance in agencies: a) regulatory rules and legality of operation, b) independence, impartiality and expertise, c) transparency, openness and collaboration, d) accountability, e) efficiency and effectiveness. The focus is on the normative level but non-regulated data that may indicate certain conditions and developments in the agencies are also taken into account.

The protocol consists of eight categories that contain a series of questions: general information, management structure, scope and tasks, expertise, independence and neutrality, anti-corruption legislation, transparency and cooperation with the interested public, responsibilities and cooperation with other authorities, agency funding, and accountability and efficiency. The categories are not clear-cut but partly overlap.

In the first phase, data on an agency is collected from secondary sources, such as the agency website, the legal regulation on the establishment of the agency, the agency statute, activity reports, and other documents relating to the organization and functioning of the agency. Important information can be provided by other sources, such as reports of other bodies (e.g. discussion in the Croatian parliament, government documents, and court judgements) or media coverage, which may indicate some important issues regarding the agency or its work.

The second stage includes semi-structured interviews with the management, professional employees of the agency, and other persons who can provide information on the agency's operation and further clarify or supplement the collected information.

Beneficiaries of the protocol are primarily the interested public (civil society organizations, organizations active in the agency's field of work, etc.), but the results of its implementation can provide valuable information to agencies themselves, relevant ministries, government and legislators. The results can be used by civil society actors to detect problems in agency functioning, establish best practices, and compare agencies. For legislators, government and ministries the results are applicable in possible future evaluation of the agencies or creation of a legal framework, as well as setting out of an action plan to improve the agency system or performance of agencies within the ministry's scope. For the agencies, the procedure of protocol implementation and the result analysis can be used to create an action plan for improvement of the agency's work and the exchange of good practice.

a) General information about the agency

Purpose: General information about the agency is used to gain insight into the size and longevity of agencies and sources of information on agencies (legal framework, websites). It

is necessary to determine whether these data exist on the agency website or if they are published elsewhere.

1. Agency name
2. Year of founding
3. Legal regulation
4. Location
5. Website
6. No. of employees
7. Budget of the agency
8. Statute of the agency
9. Reports of the agency
10. Evaluation of agency's performance

b) Governance structure of the agency

Purpose: Determine the level of politicization, professionalism and openness of governance structures to participation, and the capacities to combat illegal pressures and clientelism.

11. What are the governing bodies of the agency (council, director, etc.)?
12. What is the composition of the agency board (number of members, length of their tenure, possibility of re-election and the number of possible re-elections, who are the members, what is their previous experience in the agency's field or other fields) and how the members are appointed (are the qualifications prescribed, are the public calls for applicants carried out, who proposes and who appoints the members, what is the role of the ministry in the appointment, are the members of the board determined according to their function, such as the competent minister or a representative of the ministry) and how they are relieved of duty (are there conditions for dismissal, who dismisses them and upon whose proposal, what the practice has been so far); are the board members' CVs published on the website, are the board members elected at the same time or, for example, some members are elected every two years, has there been a case of dismissal due to inefficiency in performance?
13. The director of the agency - how is that person appointed (upon whose proposal, who decides, is a public call carried out, are the qualifications for the position prescribed), length of term in the office, who is the current director, who were the previous directors of the agency, has there been a case of dismissal due to inefficiency in performance?
14. Are there expert or advisory bodies, what is their role, who are the members of these bodies and how are they appointed, does their work include external stakeholders (representatives of that profession, beneficiaries, or regulated entities, etc.) does the work of the agency involve key stakeholders in the area in which the agency operates,

are the mechanisms for engaging external stakeholders established and how often are they used?

15. Is there a clear division of powers and responsibilities between the board and the director (e.g. is it defined by law/regulation or statute) that would indicate the degree of internal specialization, what is the decision-making practice (at which level of the agency is a decision formulated and who is formally in charge of its adoption)?

c) *The scope and functions of the Agency*

Purpose: Determine the clarity of the agency's scope and lawful conduct.

16. What is the purpose and scope of the agency? What ministry is responsible for the agency's field? Are there any other agencies or bodies complementing the work of the agency?
17. What tasks are performed by the Agency (a list of competences)? What tasks represent the main work of the agency? Are there any tasks or procedures the agency performs to a lesser extent and for what reasons?
18. How is the legality of the agency's activities supervised? Is the General Administrative Procedure Act or a special administrative procedure implemented for the purpose of formalized actions? Is there data (statistical indicators) on control of the agency decisions (administrative court, appellate instance)? What are, according to these data, the main reasons for illegal decisions (e.g. formal or material)?
19. Does the agency apply European regulations and/or standards? Does the agency participate in the work of international and European bodies or networks? If so, does that have an impact on its work in terms of compliance with good practice?

d) *Expertise of the agency, insurance of independence and neutrality*

Purpose: Determine the level of expertise in the agency that represents a barrier to politicization and clientelism.

20. Is there a job classification system in the agency and to what extent are those positions filled with appropriate personnel? If there is a significant deviation, what is the reason for it (lack of funds, or lack of appropriate specialists in the market)? Prohibition of employment?
21. How are the agency employees hired (public calls, criteria, specific knowledge and skills)?
22. What is the structure of employees (distribution according to level of education, years of experience, age, gender, etc.)?

23. How are the salaries of the employees determined (work contract, internal regulation on coefficients, own rule book) and is there an option of payment by performance in order to reward and motivate employees (by what criteria, who decides on that)?
24. Do training programmes exist within the scope of the agency and are they implemented?
25. Do training programmes in other areas exist and are they implemented (management, special processes and procedures such as public procurement, administrative procedure, etc.)
26. Are the provisions regarding the incompatibility of functions and prevention of conflict of interest for governing bodies/staff in place and in what way are they implemented?
27. Are there any incompatibilities for employment or appointment (political duties, membership or ownership in regulated entities, previous job posts, etc.)?
28. Are there provisions prohibiting employment in the regulated entity upon termination of office for governing bodies/employees, and in what way are they implemented?
29. Before their appointment, what was the professional career of the persons currently holding managerial functions, (regulated area or users, government administration, political parties, public companies, private sector, civil society, academic community)?
30. Are the agency executives (director, president of the board, members of the board) public officials?

e) Anti-corruption legislation, transparency and cooperation with the interested public

Purpose: Determine the application of the good governance principles in agencies in terms of the implementation of anti-corruption legislation, ensuring transparency of their work and cooperation with the interested public.

31. Does the agency apply a code of ethics (its own or the government's) and is the ethics commissioner appointed? Is there an implementing mechanism for the code of ethics? What has been the practice in the agency so far?
32. Is the information officer appointed and is the information catalogue established in the agency?
33. Does the agency apply public procurement regulations; is there an employee in charge of public procurement? What are the implementation indicators?
34. Is the agency executive (directors, members of the Council), subject to the Act on Prevention of Conflict of Interest? What are the implementation indicators (are the statements of assets published, were there any proceedings before the Commission involving the agency managers)?

35. Does the agency have its own mechanism for managing conflicts of interest? How is the procedure initiated and in which cases? What bodies are involved? What are the solutions provided? To what extent is the stated mechanism applied?
36. What content does the agency publish on its website? Are there any pre-established rules about the content and the time frame covering required public releases? Is the website regularly updated? Is there a consolidated statute available on the web site , along with other important regulation?
37. What acts and decisions does the agency publish in the Official Gazette?
38. Does the agency issue press releases? Are there other forms of cooperation with the media?
39. In what ways is cooperation with the interested public (professionals, academic community, professional associations, civil society, beneficiaries, regulated entities, etc. ensured? Are meetings, conferences and round tables, studies and analyses, opinions, etc. being held? Is the Code on Consultation with the Interested Public being implemented? How many consultations have been carried out and concerning which legislations, were the results published on the website?
40. Is there a possibility of filing complaints on the agency's work to the head of the agency and is that visible on the website?
41. Are there cases in which conflict of interest and similar anomalies were discussed (e.g. in the media) and did that lead to specific actions or consequences (e.g. dismissal, criminal charges, actions from the Commission for Conflicts of Interest, etc.)?

f) Financing and financial liability of the agencies

Purpose: to determine the methods of financing, changes in budget allocations, and forms of supervision in order to assess the autonomy and responsibility.

42. How is the agency funded (state budget, own resources - if so, which ones, are there projects? What are the financing amounts?)
43. Are these resources sufficient for performance of its activities and tasks?
44. What is the structure of agency expenditure?
45. Does the agency generate surplus or deficit of income over expenditures and how is this problem tackled? (In case of surplus - where is it allocated and how is it spent? How is the deficit offset?)
46. What forms of financial audit of the agency's works are applied (state audit, internal audit, external audit, reporting to the European institutions and bodies)? Are the reports posted on the website (or somewhere else)? Does the insight into the available reports enable drawing of conclusions about the financial activities of the agency (e.g. irregularities, innovative positive practice, etc.)?
47. Is the agency's work subject to state audit? What were the results of previous audits (recommendations, application, are the reports are available on the State Audit Office website)?

48. Does the agency have established mechanisms of internal financial control/internal audit?
49. Has the agency hired an independent external body to carry out external independent audits so far? What are the findings of the report?
50. Does the agency prepare special financial reports about its work and to whom are they submitted?

g) Cooperation with other bodies and responsibility

Purpose: to establish communication channels and influence of other bodies on the work of the agency and the degree to which these relations are formalised and visible.

51. What are the modalities of cooperation with relevant ministries (meetings, reporting, data exchange, participation in the design of public policies)?
52. Is the work of the agency subject to administrative supervision/administrative inspection?
53. Does the agency submit annual reports and, if that is the case, to whom? How are the reports structured and what is the procedure of their development? Are reports subject to approval and does the agency receive specific recommendations for improvement?
54. Does the agency cooperate with similar bodies in the EU and other European countries and in what form? What are the results of such cooperation? Does the agency publish the European legislation in its respective area on its website and is there a link to the relevant European bodies and networks?
55. How does the agency collaborate with experts in its field? To what extent does the agency rely on outsourced intellectual services (resources spent, number of services, what type of activities are they hired for)?

h) Agency Efficiency

Purpose: to determine whether there are ways of evaluating the agency's performance and how the results are applied.

56. Does the agency have a clearly stated vision, mission, strategy and action plan?
57. Does the agency apply performance indicators? Is there an existing obligation or intent to apply performance indicators expressed in an act or a document?
58. How are the performance indicators used (improvement of performance, introduction of new measures, etc.)?
59. Are there established mechanisms for assessment of employees' effectiveness (e.g., evaluation system, performance evaluations) and are they regulated or informally

implemented? Do the results have an impact on awards/promotions, i.e. are there any penalties for inefficiency?

60. Is the agency subject to periodic evaluation of its work (own, independent, by the competent ministry or other body)? Are those evaluation reports published? Is there a connection between objectives and tasks of the agency and performance results?
61. How does the agency evaluate the success rate in achieving its tasks? What are the key limitations to the effectiveness of the work (e.g. lack of resources, lack of employees, unclear purpose or tasks, vague regulations, poor co-operation with other bodies although formally required, etc.)?

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