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## The impact of local self-government capacity on territorial state administration

PhD candidate: Iva Lopižić, University of Zagreb

### 1. Introduction

The local self government system and its' strengthening through implementation of decentralization policy has been on agenda these days. The scientific literature recognizing its advantages has been growing; different influential international organizations have been advocating it considering it a tool for promoting democracy and efficiency; national political parties have been incorporating it in their political programs. However, the concept of decentralization is predominantly understood and discussed in its narrower meaning, including only its political or financial aspect, while its administrative component has been neglected both in scientific and practical discourse.

Namely, the state can organize exercise of public affairs throughout the territory both by local self-government system and by territorial state administration system. There is no country, independently on its size or constitutional organization, that doesn't have state organs that operate in the field. Unlike local self-government bodies that have certain degree of autonomy in relation with central state, these organs are functionally, personally and financially completely dependent on state authority. Differently from local self-government bodies that operate within local units, territorial state bodies and organs exercise their tasks within administrative units. The term that stands for the transfer of authority from central state bodies to these organs, that is primarily administrative in nature, is originally French and it is called *déconcentration*. The word *déconcentration* hadn't been used in non-French literature for a long time so the term *administrative decentralization* was developed to describe the transfer of power within the system of state administration. State may adopt *territorial model* of territorial state administration by establishing only one office that exercises different tasks within administrative unit, *functional model* of territorial state administration where central state administration bodies establish their organizational units in the field that are specialized for performing narrow range of functions and *prefectoral model* of territorial state administration when there is a representative of the state in territory that coordinates specialized territorial bodies and organs in the field.

This research will be focused on territorial state administration and administrative decentralization. Even though the presence of the state at the territory varies among countries, this study is based on the idea that state operation in the field deserves greater attention. The topic will be approached from the local self-government system and the way capacity of local self-government system may be of influence on organization, functioning and role of territorial state administration. This approach will offer more holistic understanding of

territorial administrative system as a whole and the interplay of political and administrative component of territorial organization of public affairs.

## 2. Review of scientific literature

While local self-government system and political decentralization have been very popular themes in academic discourse, territorial state administration and administrative decentralization have been rather neglected. The literature review below comprises the most relevant academic studies on these themes and emphasizes the main characteristics of current state of scientific thought on territorial state administration and administrative decentralization.

The first theoretical discussion on specificity of power delegation within state authority was given by Léon Aucoc, the French writer, at the very end of 19<sup>th</sup> century in *Les controverses sur la décentralisation administrative*. That's when a term *déconcentration* was coined and differentiated from *décentralisation*, the concept that was used to describe transfer of state authority to subnational actors, independently on their status and legal position. The term had been afterwards elaborated by other French scholars (e.g. Philippe Bezes, Francis Chauvin, Jean-Pierre Didier, Patrick Le Lideck, Gerard Marcou) and became one of the most prominent French administrative concepts. Since France has gone furthest with implementation of deconcentration policy (96% of state officials work in the field), besides great academic literature on the theme, there is also a great empirical data on *déconcentration* and territorial state administration summarized in various reports made by state institutions (e.g. Sénat *Pour une République territoriale: l'unité dans la diversité: rapport d'information 2000*; Cour des Comptes *La déconcentration des administrations et la réforme de l'État 2003*, *L'organisation territoriale de l'État 2013*). Unfortunately, the literature is predominantly in French and faintly translated into English and thus **limited to francophone linguistic area**.

The greatest contribution to the understanding of the reality of territorial state administration in English was given by:

- a) James W. Fesler in *Criteria for Administrative Regions (1943)*; *Field Administration (1949)*; *French Field Administration: The Beginnings (1962)*; *The Political Role of Field Administration (1963)*; *Area and Administration (1964)*; *Approaches to the Understanding of Decentralization (1965)* and
- b) Brian Clive Smith in *Field Administration: An Aspect of Decentralization (1967)*; *Field Administration and Political Change: The Case of Northern Nigeria (1972)*; *Decentralization- the Territorial Dimension of the State (1985)*

Some other books and articles related to state representatives in the territory (B. Chapman *The Prefects and Provincial France 1954*; R. C. Fried *The Italian Prefects 1963*; H. Machin *The prefect in French Public Administration 1974*) or models of territorial state administration (F. F. Ridley *Integrated Decentralization: Models of Prefectoral System 1973*; G.W. Jones *Local Government and Field Administration: Some Models 1987*; H. Bjørnå and S. Jenssen *Prefectoral System and Central-Local Government Relations in Scandinavia 2004*) should also be mentioned.

This brief review on literature concerning territorial state administration suggests that English literature on territorial state administration is rather *scarce* and *old*. As some other scholars noticed, studies on deconcentration are *far lacking behind those of decentralization* and there are *insufficient academic sources regarding solemn study on deconcentration* (Utomo, 2009); deconcentration is *significantly less explored than decentralization* (Divay, 2012). Yet, one could notice the *expanding literature* on territorial state administration among scholars who are researching government systems *in African and Asian countries*. The intense presence of state at local level as a tool for state building and sustaining political stability in fragile institutional context has been supporting feature of developing countries and thus relevant for academic research. The theme is also *rather topical in post-socialist European countries* whose social-political transformation included the need for revision of state's role within growing demands for stronger local self-government and democracy. Territorial state administration *hasn't been of great interest in Croatian academic research*. Some authors have sporadically analyzed administrative decentralization and execution of local elements of state affairs (V. Đulabić, I. Koprić, I. Krbek, E. Pusić, M. Škarica), delegated scope of affairs and special status of the capital city (I. Koprić, S. Ivanišević), differentiation between administrative and local units as well as the role of counties in a period they were administrative units (I. Koprić, E. Pusić), etc., but the last systematic contribution to the understanding of different organizational models of execution of public affairs throughout the territory and the impact of horizontal differentiation of local affairs on affairs performed by state territorial organs as aspects of territorial state administration was given by Milan Ramljak in his book *Central and local government in development from 1982*. According to the analysis of thematic structure of Croatian and Comparative Public Administration (the only Croatian journal specialized for public administration issues), most of the articles published in a period from 1999. to 2009. (app. 20%) are dealing with local self-government, followed by public servants (11%) and Europeanization (9%) (Lopižić, 2013). One can thus conclude that *organization of state administration and relations between local self-government and territorial state administration have been understudied in Croatia*.

### 3. Research goals and objectives

- a) **To fill the gap in the lack of scientific comprehension about organization, functioning and role of territorial state administration and their interrelatedness with local government system.** As follows from literature review, the scientific comprehension of territorial state administration and the way it is affected by local self-government system is rather weak. The objectives of the research would be: a) to contribute to the theoretical understanding of territorial state administration and the way it interplays with local self-government system, b) to derive practical guidelines for the rationalization of state bodies and organs at local level and for stimulating more integrative type of territorial administrative system in order to enhance quality of public services in the Republic of Croatia.

**b) To make a systematic overview of the Croatian territorial state administration.** The Croatian system of state administration consists of ministries (20), state offices (4), state administrative organizations (7) and offices of state administration in counties (20). Ministries, state offices and state administrative organizations are central bodies of state administration with jurisdiction that extends on the entire state territory, while offices of state administration are first instance state bodies whose jurisdiction is territorially limited and corresponds to state's division on counties that are second tier of local self-government system. The central bodies of state administration can establish their offices and offices' external services throughout the territory. We can see thus that Croatia has adopted functional model of territorial state administration composed of offices of state administration and central state administration bodies' territorial offices and their external services. While there is some official data on organization and functioning of offices of state administration, the situation with territorial offices and their external services is quite different.

The organizational structure of state administration bodies, and thereby the structure and territorial jurisdiction of territorial offices and offices' external services as their organizational units, is regulated by a Government decree. For instance, *Decree on internal organization of the Ministry of finance* determines Customs' Direction and Tax Direction as administrative organizations inside the Ministry of finance. While Tax Direction comprises 20 territorial offices that are situated in counties' centre (the number of their external services varies from 2 in Požega to 20 in Zagreb), Customs' Direction comprises 7 custom offices. *Decree on internal organization of Ministry of maritime affairs, transport and infrastructure* determines that Maritime Direction comprises 4 territorial offices that don't have their own external services (with the exception of the office in Osijek), while Direction for Safety of Navigation comprises 8 territorial offices that generally have their own external services (e.g. territorial office in Rijeka has got 19 of them), etc.

These examples are given to illustrate density and complexity of territorial state administration in Croatia and high differentiation in territorial organization among ministries as well as among organizational units within a single ministry. **There is no systematic overview of the number of these offices and their external services, the number of state servants they employ and financial resources they consume.** As long as there is no complete and comprehensive insight in reality (both organizational and functional) of state at local level, it is impossible **a) to evaluate its performance, b) to reorganize state at local level taking into account requirements of the field, c) to design and implement deconcentration and decentralization policy.**

## 4. Research hypothesis and methodology

- a) **Under the same conditions, weak local capacity increases the likelihood of state to strengthen capacity of territorial state administration.**

Local self-government system and territorial state administration are ends of two different continuums: continuum of political decentralization (*décentralization*) and continuum of administrative decentralization (*déconcentration*). The hypothesis however suggests that there might be certain interrelatedness between the capacity of local self-government system (independent variable) and the capacity of territorial state administration (dependent variable) in a way that the weaker self-government capacity, the more likely is state to strengthen capacity of its territorial organs.

**Local self-government capacity** may be defined as the ability of overall local government system to design and implement local policies and provide local public services. Even though it is affected by numerous factors (e.g. development of local civil and private sector, use of ICT, managerial skills, cooperation with other local units etc.), the capacity of local government system will be measured through following dimensions that are considered to be its key determinants:

- a) *number and educational structure of local public servants;*
- b) *sources and quantity of local public finances;*
- c) *number of local public organizations and locally established and financed public institutions and companies.*

**Territorial state administration capacity** may be defined as the ability of overall state territorial bodies and organs to implement state policies, to provide state public services and to influence local self-government bodies in their administrative units. Territorial state capacity will be measured through following dimensions:

- a) *number and educational structure of state servants in territorial state bodies and organs;*
- b) *quantity of financial resources territorial state bodies and organs consume;*
- c) *degree of integration of territorial state administration.*

Degree of integration of territorial state administration has two dimensions that will be analyzed separately:

- a) *degree of integration of state territorial bodies and organs;*
- b) *degree of integration of state territorial bodies and organs with local self-government bodies*

The hypothesis will be tested by thorough analysis of territorial administrative system in the Republic of Croatia. It is possible to differentiate three phases in development of local self-government system in the Republic of Croatia: the phase of institutional inertia (1990.-1993.), the recentralization phase (1993.-2000.) and the phase of modernizing local and regional government (2000.-) (Koprić, 2010). These phases are characterized by different territorial organization of the state and different institutional position of local self-government within the state, and consequently different degree of local self-government system capacity. These

phases as well as the organization and functioning of territorial state administration during the phases will be presented by following research methods:

- a) *Analysis of normative framework*. The analysis of normative framework in a broader sense would encompass analysis of a) Law on State Administration System, Law on Local and Territorial (Regional) Self-Government and other relevant legislative sources that regulate organization, functioning and financing of state administration and local self-government system and their mutual relations, b) Government decrees that regulate internal organization and jurisdiction of bodies of state administration; c) orders and instructions that ministers can issue in order to affect the operation of their internal organizational units. The analysis of normative framework will be followed by analysis of draft legislation, political parties' programs and national strategies that might shed light on values and ideas that led to various institutional decisions and designs.
- b) *Analysis of official data and statistics* (on for example: the number of local self-government and territorial state administration employees, their educational structure, their attendance to in-service training programs, etc.) as well as structure of state budget and budgets of local self-government units.
- c) *Interviews* with leading officials of territorial state administration bodies.