

**EU funds as an instrument of Europeanization:
Croatian experience with strategic planning and policy evaluation**

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Abstract/Summary:

This paper is exploring the role and its effects of the so-called EU funds in Croatia, as a part of the long-term europeanization process in Croatia. EU funds are an instrument of the EU Cohesion policy as such, but they could also be seen as a powerful instrument of Europeanization.

The paper is examining specific effects of the use of EU funds on policy process and institution building. The main proposition is that the specific experience and administrative capacity collected in two decades of use of EU funds in Croatia is having a positive impact on the national administration and policy process.

Especially in the first phase of the accession process many projects and EU financial resources were specifically allocated to policy reforms and institutional capacity building, but this should not be regarded as a part of the CP impact, that was just financial assistance has been channelled through CP, whereas it is really a part of certain EU policy.

Here, we will focus only on those elements that were implemented into national administrative framework as a direct result of CP instruments such as CARDS and IPA programmes earlier, and ESI funds at a later stage. Those elements are integral to the CP itself, however this paper argues that they might have very positive impact on the overall quality of the national governance, as they include instruments of the good governance that either did not exist in the national system or were either deeply underdeveloped or underused.

Key words: Europeanization, EU funds, policy evaluation, strategic planning

1. Introduction

Transition process of the Republic of Croatia shows some specific features. It was affected by many internal and external factors, War of independence and the nation-building process are among the most obvious ones. However the Europeanization process still remains one of the

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strongest transition drivers. Europeanization has been a common factor in all EU and candidate countries, and still is especially influential in the countries of the Central and East Europe (CEE) and of the Western Balkans (WB). Outcomes of the transition process vary significantly though.

It is argued that the Europeanization process played a very important role in the democratization of those societies, and it also helped shaping the new governance models. In Croatia, there are many examples to name – stronger transparency within the public sector is often a direct result of that process. Some good and explicit examples include policy innovations such as introduction and active enforcement of the policy on right of access to information (Musa, 2019) and the establishment of the Committee for the resolution of Conflict of interest.

These are highly visible results of the process, and public structures have been affected in many other ways, not necessarily always in an explicit way, through conditionality (Grabbe, 2003). EU influence may have some unintended effects and policy transfer, as the EU is an attractive role model and an usual mode of legitimizing variety of policy innovations in front of the domestic audience (Grabbe, 2003). Money is also a well known mechanism for policy change and this article explores the impact and effects on the national public administration of almost two decades of implementation of EU funds in Croatia.

Even a superficial look on the administrative and management principles governing the use of EU funds in comparison to “traditional” national policy process shows striking differences. Systematic strategic planning and policy evaluation, goal setting and monitoring of indicators that are applied to the national policy making process when in use for the purpose of the CP, and are not applied for the interventions financed solely by the national budget. Those two models peacefully coexist within the same political and administrative system, two models with different levels of transparency and accountability. One question stands out – should we presuppose that the European model is gradually changing the traditional national model from within, even without an external push?

In this article we use both terms „EU funds“ and „ESI funds“ almost interchangeably, although EU funds is a slightly more vague term, usually referring to any type of EU funded programmes, both pre-accession and post-accession, whereas European Structural and

Investment Funds – ESI funds² signify exclusively current 2014-2020 CP instruments. However, “EU funds” is a much more popular term and widely in use.

The paper will take a look specifically at the practices of strategic planning and policy evaluation, two instruments used by the Cohesion policy in every member state. Two models still differ considerably in those two areas. Understandingly, along the Europeanization process, all Croatian Governments tacitly allowed introduction of those, for Croatia, relatively new and unknown practices of good governance. Some of them did transfer into national policy system, but so far with limited scope and success.

2. Democratic transition and Europeanization

An overview of the democratic transition of Croatia in the Nineties reveals it was a stressful and unpredictable process. Deeply affected by the war and destruction, but also by the lack of democratic practices, it was a lengthy process, characterized by the monopolisation of power by Tuđman and his party, which resulted in a semi-authoritarian or even semi-democratic national regime. Its legitimacy was not undermined until the late 1990s, and then only as the result of different converging factors: "the failure of economic and social policies, widespread dissatisfaction with the consequences of privatisation, and the international isolation of the regime" (Henjak, Zakošek, & Čular, 2013, p. 452). The national regime used war as an instrument of legitimization for undemocratic politics, well after the war was over. On the face value, the ruling party was defending national interests from an enemy and this tactics was used to justify undemocratic practices and, equally important, to hide economic mismanagement (Boduszyński, 2010).

Both democratic transition and democracy consolidation are processes that take time. By a minimalist definition, democracy is always a matter of degree: the extent to which the elite is controlled and influenced by citizens. However, if we wish to measure the degree of democracy, we must rely on an indirect measure, that is, "democratic procedures, which relate to the existence of mechanisms, institutions, and laws that enable citizens to exercise control over their leaders" (Boduszyński, 2010, p. 43).

²Five main Funds work together to support economic development across all EU countries, in line with the objectives of the Europe 2020 strategy (European Commission, 2019b):

- European Regional Development Fund (ERDF)
- European Social Fund (ESF)
- Cohesion Fund (CF)
- European Agricultural Fund for Rural Development (EAFRD)
- European Maritime and Fisheries Fund (EMFF)

The EU was able to push candidate countries policy reforms faster than they would otherwise have gone because of the priority accorded to accession by their governments. Due to their communist and socialist legacy, since 1989, most of the candidates have been building market regulation from only the most basic of foundations, and introducing policies where previously they had none, for example in competition policy, migration, asylum and protection of minorities(Grabbe, 2003).

In general, the overall idea was that the EU would help fight corruption, and that it would improve the quality of public administration and the system of justice, i.e. it would help improve and consolidate democracy. At the very least, it was expected that the process would make new member states more resilient against crises and potential upheavals, and finally – that it would render democratisation irreversible(Sadurski, 2003).

The EU was not the only protagonist though, there were a number of outside sources, other than the EU, that provided their advice, inspiration and pressure: Council of Europe and its related bodies and agencies, OSCE, NATO and various NGOs, in particular Open Society Institute and the Helsinki Committee. Nonetheless, one cannot omit the fact that a distinctive feature of the democratic transition in Central and Eastern Europe after 1989 has been its close link to the Europeanization processes and accession to the EU(Lajh & Petak, 2015). When evaluating the results and effects of the Europeanization process, we should be also careful not to easily discount its historical significance,one should consider what would have happened without this external force.It is equally important not to over-estimate the EU's influence eather, e.g.one should distinguish Europeanization from globalisation (a powerful exogenous process) and from post-socialist transition (endogenous factors)(Grabbe, 2003).

In many instances authors tried to capture the very essence of the Europeanization, resulting in many different definitions available. One of the most widespread and accepted efforts is that of Radaelli (2004) who defined the Europeanization as

consisting of processes of a) construction, b) diffusion and c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things' and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic (national and subnational) discourse, political structures and public policies.

This definition is pertinentfor this paper as it incorporates different aspects and dimensions of the process. EU accession in its practice involves different processes that require some degree

of institutional and policy transformation in applicant countries. As they are largely used instrumentally by the EU, Grabbe(Grabbe, 2003) defines them as ‘mechanisms’ and proposes five main categories of EU integration mechanisms: (1) Models: provision of legislative and institutional templates, (2) Money: aid and technical assistance, (3) Benchmarking and monitoring, (4) Advice and twinning and (5) Gate-keeping: access to negotiations and further stages in the accession process.

In order to expect domestic changes in response to Europeanization, European policy in question must be ”inconvenient,” i.e., there must be some degree of ”misfit” or incompatibility between European-level processes, policies and institutions, on the one hand, and domestic-level processes, policies and institutions, on the other (Börzel and Risse, 2000: 5). This is only a precondition, but it should then initiate pressures for adaptation, which might consequently lead to a necessary change. Apart from this precondition, there must also be some facilitating factors – actors or institutions – responding to the pressures for adaptation (Börzel and Risse, 2000). There are several factors influencing or limiting EU's domestic impact like costs of adaptation, and the external push of the EU to comply with its requirements, mostly based on the consistent application of conditionality. Misfit and external push combine in the pressure for adaptation and its impact is mediated by domestic factors such as veto players, norm entrepreneurs and formal or informal institutions(Börzel, 2011).

In general, the state adopts EU rules if the benefits of EU rewards exceed the domestic adoption costs(Schimmelfennig & Sedelmeier, 2004).We assume that adoption is always costly – otherwise it would have taken place in the absence of conditionality. Adoption costs can have various sources, they may take the form of opportunity costs of forgoing alternative rewards offered by adopting rules other than EU rules, they may produce welfare or power costs for private and public actors. On the other hand, adoption costs are balanced by the benefits of EU rewards. As a result, adoption costs may become negative: they turn into net benefits for some or all domestic actors.

In the accession process, candidate countries experience a major process of external governance. Since it is always a desire of candidate countries to join the EU, in combination with the high volume and intrusiveness of the rules attached to its membership, it has allowed to the EU an unprecedented influence on the restructuring of domestic institutions and the entire range of public policies in these countries (Schimmelfennig and Sedelmeier, 2004).

However, the mere use of conditionality by the EU does not necessarily tell us much about the underlying mode of governance and the conditions under which EU rules are transferred to the candidate countries. EU conditionality might be encompassing, but it might not be effective in achieving rule transfer in certain issue-areas or countries (Schimmelfennig & Sedelmeier, 2004). EU conditionality mainly follows a strategy of reinforcement by reward. Under this strategy, the EU pays the reward if the target government complies with the conditions and withholds the reward if it fails to comply. It does not, however, intervene either coercively or supportively to change the cost-benefit assessment and subsequent behaviour (Schimmelfennig & Sedelmeier, 2004).

Expectations to promote successful Europeanization through accession conditionality had been indeed high, both among politicians and academics. Unlike in CEE countries though, democratization and economic transition in Western Balkans states have proceeded only slowly (Börzel, 2011).

Finally, there is also a challenge to keep the process of the Europeanization in candidate countries sustainable, as sustainable compliance with costly EU policies ultimately requires internalization with its own set of risks. While the EU introduced impressive reforms on paper, developments on the ground are sometimes very modest. The applicant countries formally adopted a massive amount of EU legislation, which, however, is often not properly applied and enforced and thus, has not changed actors' behaviour (Börzel, 2011).

Yet, empowering domestic reform coalitions is not enough if actors lack the necessary infrastructural capacities to introduce domestic change (Börzel, 2011), as the legal adoption and implementation of EU norms and rules requires significant state capacity. Therefore, we see in this article the Europeanization as a process, rather than as an outcome (Exadactylos & Radaelli, 2009; Radaelli, 2012). Such approach fits much better in the realms of this paper – as we would like to learn about the process that took place in a certain period.

That chronic lack of capacities, coupled with relative resistance to externally driven policy innovations lead to parallel models of governance. This article would also like to pinpoint specific differences that still exists between two concurrent models of governance – the Cohesion policy model integrated in the national system for the sole purpose of implementation of the Cohesion policy in the member state, and the “traditional” national model. Those two models do coexist in the same public sector, however the presumption is that the “European” model is influencing and is more or less systematically reshaping the

“traditional” national model. The changes in the national model therefore occur piecemeal and incrementally, as history is path dependent and current institutional setup and political behaviour depend not only on current conditions but also on the historical path (March & Olsen, 1998, p. 959).

From a point of view of different approaches to policy making in the EU, the Cohesion policy could be categorized in the “distributional mode” (Wallace, 2005). This mode is characterized by a high degree of centralization in the broader policy making process (represented by the Commission) and by a decentralized implementation on the national levels. This decentralized level is very interesting, as those can be national governments and other actors like local and regional authorities and civil society (Wallace, 2005). This policy mode generally allows for more direct contacts between the European and regional levels of government, nevertheless, national governments often remained in charge as “gatekeepers” (Allen, 2005). This remains to be the case in Croatia from the very beginning, as Croatian government opted for a fully centralized approach, in which the central Government took over all the competencies and responsibilities for the national implementation of the Cohesion policy.

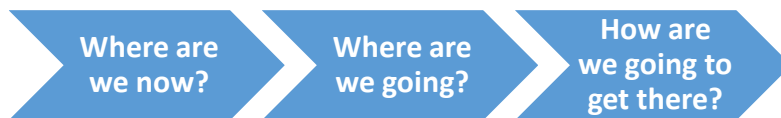
This paper focuses on those elements of the Europeanization process that have been directly introduced through the Cohesion policy instruments. At the beginning of the accession process in Croatia there was a strong divide between national administrative practices and those introduced by pre-accession EU funds. With time, two models converged to some extent, but not entirely. It is interesting to analyse the differences today and the progress of the convergence.

Certainly, in both EU member states and candidate countries, EU is using its financial instruments as a leverage to attain certain common goals and objectives and to extend the EU values, norms and standards. Specifically among the candidate countries, EU funds play important role – on the face value, they are here to assist the countries to design and implement political and economic reforms that are necessary for the future accession, they facilitate the preparations for the EU membership. In broad terms, pre-accession assistance focuses on public administration reform, rule of law, sustainable economy, people, agriculture and rural development. The EU often emphasizes that the accession process rests on clear but rigorous criteria and conditionality, and on the principle of own merits (European Commission, 2019a).

3. The strategic planning and policy evaluation

Strategic planning in the broad sense is the process of defining the strategy and direction of an organization that includes making decisions about the allocation of resources for the implementation of that strategy. A strategy generally involves setting goals, choosing adequate actions to achieve the goals, and mobilizing resources for implementation. A very important aspect of the strategy is also to assess the current situation and understand what is achievable and what is not (see Figure 1).

Figure 1: The elements of a Strategic plan



Source: Adapted from Olsen (2007)

The policy evaluation in this paper is analysed not as an isolated phase of the policy cycle, but rather as an integral and indispensable part of the strategic planning framework. For public sector purposes, we can define evaluation „as careful retrospective assessment of public-sector interventions, their organization, content, implementation and outputs or outcomes, which is intended to play a role in future practical situations“ (Vedung, 2010, p. 264). In this article, only ex-post evaluation is considered, as many authors do not agree with the proposition that the evaluation could be done ex-ante, as an appraisal of proposed and considered interventions, but only as the assessment of adopted, ongoing or finished policy interventions. Therefore, the emphasis is on policy results and outcomes and on the learning process for the purposes of future interventions (Versluis, van Keulen, & Stephenson, 2011).

In practice, evaluations are used to periodically assess the effectiveness, efficiency, sustainability and relevance of the program in relation to the identified goals and objective, and the focus is on the overall objective and purpose of the program (Versluis et al., 2011), it should be carried out as systematic and objective as possible (Mora Imas & Rist, 2009). At the EU level, most policy will be subject to evaluation. This is also true for many developed countries in the world, including many, if not most member states of the EU. Since the purpose of the evaluation is „to provide information to decision makers to enable them to make better decisions about projects, programs, or policies“ (Mora Imas & Rist, 2009) there is no doubt that it ultimately makes it an important part of the democratization process. This is not the sole purpose of evaluation, as it also provides with opportunity to report to citizens on

a policy implementation and on results have been achieved – for better accountability. It can also serve as a means to achieve a more rational distribution of financial and other resources for the future, and this is its educational aspect – a possibility to learn from previous experiences, but based on evidence.

4. Croatian experience with strategic planning

Strategic planning is used in the Croatian public sector for many years and with different purposes, however in 2009 it has been formally introduced for the first time as a compulsory process by the Budget Law³. Previously, budget users were using a range of tools typical for strategic planning such as preparing sectoral strategies with objectives, goals and respective measures. The Budget Law, however, brought about one important structural novelty - it introduced the obligation to link objectives with financial resources, i.e. strategic and budgetary planning, as well as a clear framework and methodology for the preparation and implementation of strategic plans. Strategic plans direct budgetary resources, i.e. all measures and projects requiring public funding need to be based and listed in a strategic document (Ministry of Finance, 2012).

The Budget Law, together with Financial Management and Control (FMC) package were prepared and introduced as a part of the EU accession process. Originally, they were not an expression of domestic need for better and more responsible budgetary planning and public finances. Hence, current Croatian strategic planning framework represents only minimum requirements necessary for active participation in EU policies, especially within the Stability and Growth Pact and the European Semester. Two strategic documents emerge from these processes for each Member State, and they form the backbone of the Croatian model. Namely, the Republic of Croatia does not have a comprehensive national strategy, as an umbrella strategic document laying down and summarizing the vision and development direction of the entire society. The last such document was the Strategic Development Framework 2006-2013, which has long since lost its relevance because it predicted only one – the optimistic growth scenario, that crashed shortly after the outbreak of the great crisis of 2008 (Bajo & Ljepović, 2014).

There are likewise sectoral strategies, prepared for specific policies, the Republic of Croatia is preparing a number of sectoral strategies, however without a dedicated approach to planning,

³ Official Gazette No. 87/08, 136/12, 15/15.

as there are no guidelines, mandatory rules or minimal standards regarding the planning process. This, in turn reflects in very heterogeneous documents, often of a questionable quality, that leads to suboptimal policy outcomes. Sectoral strategies address either very broad or too narrow objectives, very often they are oblivious to implementation measures and to feasible monitoring mechanisms. They are likewise often the result of the Europeanization process, as many of them have been prepared directly as a precondition for the use of EU funds in the sector. Obviously, this is not the soundest motivation for preparation of a strategy, nevertheless it is positive step for the Croatian political system and today Croatia disposes of more than 40 different sectoral and multisector strategies (Bajo & Ljepović, 2014). The first step is always to include the strategic documents in the policy process, in the next steps the quality of the process and of those documents should follow suit finally the evaluation. Policy evaluation does not make much and is hardly feasible if the strategic planning is just a formal exercise without much content.

In the absence of an overarching national strategic document, the formal strategic planning process begins within ministries with the development of their strategic plans for a three-year period, based mostly on sectoral documents previously produced for the use of ESI funds. Ministries are then required to report semi-annually and annually on the implementation of their strategic plans. However, no dedicated monitoring tool is foreseen for the reporting or monitoring purposes, nor is there an administrative capacity that could possibly cope with this demanding role.

Figure 2: General strategic planning framework in Croatia



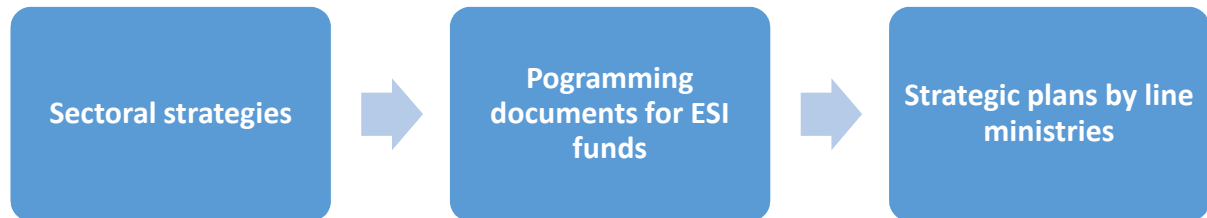
Source: Author, as defined by the Budget Law

Based on strategic plans, the Ministry of Regional Development and EU Funds, in cooperation with the ministries responsible for individual structural reforms, prepares a National Reform Programme (NRP) and the Ministry of Finance drafts a Convergence Program. These strategic documents were only included in the budgeting process of the Republic of Croatia in 2015 due to participation in the European Semester⁴. By incorporating

⁴Economic and fiscal policy guidelines for the three-year period have been adopted by the Government's strategy for the same period. The Government Programs Strategy identified the most important goals and

Convergence Programme and NRP into the budget cycle, the Strategy of Government programs has lost its meaning. Today, the strategic plans of ministries and other public bodies are the basis for the development of a national reform programme.

Figure 3: Strategic planning framework after taking in consideration ESI funds requirements



Source: Author

Here, one might notice a subtle difference – national budgetary planning is focused around budget users, not so much on policies, so ministries are preparing their own plans, whereas in the CP framework, strategies are sector oriented, meaning they cover specific policy sectors even when those include multiple ministries⁵. Figure 3 clearly shows that the ESI funds programming documents eventually precede the national documents. They are the ones that set the main objectives and strategy.

Figures 3 and 4 present a somewhat distorted picture of the real situation. In reality, the link between the Ministries' strategic plans and the NRP and the Convergence Programme is weak. This can be so for two reasons: (1) the task of drawing up strategic plans at the ministry level is still not taken seriously enough, as can be seen from the fact that these documents are rarely used as reference points in the implementation of a particular public policy; (2) NRP and CP are drafted in the context of the European Semester, which means - neither on a voluntary basis nor in favourable political circumstances, and the content of these documents is strongly influenced by the formal and informal requirements of the European Commission governing that is governing these processes. These documents are thus not primarily a reflection of national development considerations. Ultimately, the Convergence Programme aims to present the medium-term budgetary strategy of each Member State, namely how it intends to achieve a sound fiscal position in the medium term and in accordance with the requirements of the Stability and Growth Pact.

The National Reform Program, on the other hand, at least in theory, better resembles to a genuine development strategy, as it addresses the means and resources to achieve the

directions of action, and established a stronger link between economic and fiscal policy guidelines between the priorities identified in the strategy and the sources of funding, that is, the budget for a three-year period.

⁵ e.g. Smart Specialization Strategy (S3) covers multiple sectors and was prepared

strategic goals of the Europe 2020 strategy. Based on this strategy, Member States set their own national targets and set out measures to achieve those targets in their annual national reform programs.

Member States submit their NRP's to the European Commission to coordinate and evaluate them within the framework of the European Semester, which clearly indicates that in preparation of the document, the focus of the Croatian administration is first and foremost in meeting strict EU policy requirements and formally align with the Europe 2020 strategy, and to a much lesser extent or only marginally to create long-term developmental concepts for the country itself. This line of thinking is further attested considering how the document is drafted and enacted. The process is characterized by poor inclusivity and technocratic approach, lacking any public debate and possibility of public monitoring. The public is generally excluded from the process, and the EU institutions are the sole arbiter of its success or failure. Interestingly enough, even the Minister of Finance publicly stated on the occasion of the presentation of both strategic documents in the Croatian Parliament: "Although the NRP and the Convergence programme are documents that we prepare for the European Commission, these are reforms that must be implemented primarily for the benefit of Croatian citizens" (Croatian Parliament, 2016). This frank statement speaks volumes about the national ownership of those strategic documents, or rather about the lack of it.

One of the objectives of the most recent NRP 2019⁶ is a recurring theme of need for more capacity building in the strategic planning and development. The documents acknowledge what has been known many years, namely that „Poor coordination and insufficient capacity in policy formulation and implementation adversely affects the country's development potentials. The aim is to increase the efficiency of public management by introducing an integrated strategic planning and development management system, which includes long, medium and short-term strategic planning“ (Croatian Government, 2019, p. 34). In other words, the existing deficiencies regarding strategic planning capacities are very well noticed and understood.

Finally, on the basis of the NRP and the Convergence Programme, and the specific recommendations of the EU Council, the Ministry of Finance prepares economic and fiscal policy guidelines for a three-year period. The guidelines translate the medium-term fiscal strategy defined by the Convergence Program into the national budgetary methodology and

⁶ NRP for 2019 has been adopted by the Croatian Government in April 2019.

define the framework for budgetary plans of budgetary and extra-budgetary users(Croatian Government, 2018a).

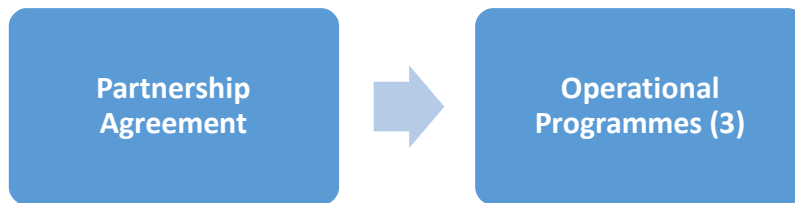
Unlike the Croatian strategic framework, the implementation of the Cohesion policy on the national level by means of ESI funds is far more regulated and is not just an administrative exercise. As a “distributional mode” policy (Wallace, 2005), Cohesion policy is characterized by a decentralized implementation on the national levels. The European Commission sets out the main framework, the principles and rules that all Member States must adhere to, after which member states decide on how to integrate ESI funds into the existing domestic system. Considering its overall complexity, the preparation process in Croatia has taken years – it has been more than a decade since 2005, when the decentralized implementation of pre-accession funds in Croatia has been formally introduced. The EU funds implementation system is still developing and growing as we speak. Even the quantity of administration is still growing in order to adequately accommodate all the principles and rules required by the CP.

Current CP principles and rules are a result of year of experience of the EC in the policy implementation. The EC was steadily adjusting specific norms, in order to secure ever stronger role in the implementation process on the national level(Bache, 2015). Today, EC is able to exercise a strong influence on the final contents of main strategic documents Member states are preparing for the use of EU funds and is able to supervise national authorities through an elaborated audit system.

In this EU financial perspective, main documents that set up the EU funds framework in each Member State are the Partnership Agreement and operational programs. The design process and methodology evidently differs from that used for preparation of national strategic documents. Some of the principal features of strategic planning for ESI funds under European regulation are:

- obligatory partnership approach to programming and implementation,
- programme evaluation (during and after the implementation),
- clear monitoring indicators,
- linking objectives, measures and activities to indicators and financial allocation.

Figure 4: Hierarchy of strategic documents for the purpose of ESI funds



Source: Author

The planning, or programming process as it is called in the context of the CP, starts with the Partnership Agreement (PA), followed by as many operational programmes (OP) as member states chose (Figure 4). An OP usually covers specific thematic areas like in Croatia, but they could also use the regional approach. In this financial perspective there are three OP's in Croatia:

- Operational Program Competitiveness and Cohesion 2014-2020.
- Operational Program Effective Human Resources 2014-2020.
- Rural Development Program 2014-2020.

The Partnership Agreement determines national strategy for use of ESI funds, taking in consideration specific national context, it joins together European objectives and the national plan, and most importantly, it links those objectives with the EU budget allocated through the Multiannual Financial Framework 2014-2020. Specific measures are then further elaborated in OP's.

Both PA and OP's are being prepared in partnership at several levels. The Government establishes a Coordination Commission and dedicated Thematic Working Groups that represent the first level of the partnership principle. Partnership is a key aspect in the programming and management of ESI funds, needed to develop "relevant, realistic and applicable strategies for smart, sustainable and inclusive growth that achieve the desired results and impact" (Croatian Government, 2014, p. 97). The rules of the CP require active involvement of partners in every step of the programming cycle, in order to improve the quality of implementation. CP also provides additional financial resources to strengthen the role of civil society and social partners to become fair if not equal partners to the Government and to be adequately involved in the process of preparation, implementation, evaluation and monitoring of project implementation at all levels. Croatian experiences so far, especially from the pre-accession period shows that the social partners were initially unprepared for this sudden new role. Administration and social partners simply had no previous experience for

this kind of collaboration, and it took time and effort for both sides of the table to understand and accept their new roles.

Potential stakeholders, representatives of civil society organizations and other non-governmental organizations⁷ are involved in the work of the Thematic Working Groups. The partners were invited through an open call, and with members of the Civil Society Development Council deciding on the representatives (Croatian Government, 2014, p. 97). The partners also play an important role in program implementation, monitoring and evaluation, by participating in OP Monitoring Committees, in the preparation of strategic implementation progress reports for 2017 and 2019 and in the annual implementation reports for each program (Croatian Government, 2014, p. 100).

Another aspect of implementing the partnership principles were the partnership consultations. In the process of drafting programming documents, in 2013 and 2014, four rounds of public partner consultations⁸ were conducted and a series of open public events aimed at the general and professional public.

In conclusion, the national strategic framework has evolved significantly, goal-setting with measurable indicators and implementation measures has become a standard, and overall there is a link to the financial plan and sources of funding. Nevertheless, a partnership approach is still missing, as well as public consultations and independent policy evaluation. Monitoring of strategic documents is very limited and sporadic at the national level. Policy. It is striking to see that the existing strategic documents are focused on solving existing problems and, to a much lesser extent, on grappling with the country's development potentials.

5. Croatian experience with evaluation

Croatian experience with policy evaluation is very limited. It is predominantly associated again the use of EU funds, as it was used both in the pre-accession period and is understandably still very much used in the policy cycle of ESI funds. Policy evaluation is

⁷Representatives of the regions, bodies responsible for promoting social inclusion, gender equality and non-discrimination, trade unions, employers' associations, banking associations, chambers of commerce, town associations, rural development stakeholders, environmental partners and other relevant partner institutions

⁸Public consultation for preparation of strategic documents for the 2014-2020 programming period - June 6-7, 2013, Partnership Consultation: "Croatia and EU Funds 2014-2020: Investing in the Future" - December 4-6, 2013, 3. Presentation of the Partnership Agreement proposal and partnership consultation for the proposal Operational program in the field of competitiveness and cohesion for the financial period 2014-2020. - 29 May 2014 and the Fourth Partnership Consultation on the Proposal for the Operational Program Competitiveness and Cohesion for the 2014-2020 Financial Period - November 10, 2014 (Government of the Republic of Croatia, 2014).

therefore used regularly when assessing the effectiveness and efficiency of the interventions that are financed by the EU budget for the purpose of the development of the country, but policy evaluation is not used when same or similar measures are financed by the national budget. This brings us to a similar situation we have already noticed earlier – namely that there are two standards of doing things. In this case, it is even more obvious that we can compare those two models on their level of transparency and accountability. Thus, it seems that we have double standards here, a fact that should be inherently unacceptable, however there may be a positive side to it as well.

At the end of 2017, the Croatian Parliament passed the Law on Strategic Planning and Development Management of the Republic of Croatia (Strategic Planning Law)⁹, which, for the first time explicitly introduced the mandatory process of strategic planning and evaluation, in other words – policy evaluation at the national level. The Act explicitly promulgates the strategic planning system of the Republic of Croatia and the policy process, that is, the preparation, drafting, implementation, monitoring and evaluation of strategic planning documents. The law also defines the policy evaluation either as an independent assessment of the strategic planning process (ex-ante evaluation), of the policy implementation (mid-term evaluation) and of the achieved results and policy effects upon its completion (ex-post evaluation). Even the Law itself as a normative act is very important step towards full introduction of evaluation into the national policy and administrative system, or even as the first step in its institutionalization.

Unlike the Croatian model, evaluation is part of European strategic planning. Croatia, as a member state prepared its own evaluation strategy of the purpose of ESI funds (Croatian Government, 2018b) that further develops a serious approach to evaluation, establishing a single framework for all evaluation activities for ESI Funds and ensuring the consistency of evaluations within the governing bodies. Although Croatia is now in final years of the current EU financial perspective, ex-ante evaluations of strategic documents (with the exception of the Partnership Agreement) have been carried out so far, and a number of OP evolutions are currently underway.

All of this clearly indicates that relatively high standards of management and control are required for spending ESI funds, definitely higher standards than the regular Croatian governance framework. Apart from already discussed strategic planning, there is a prescribed

⁹ Official Gazette 123/17

monitoring system, strong inclusion of social partners in all policy process phases, and finally – there is also policy evaluation. Evaluation reports are then used mostly in process of reallocation of resources and in preparation of future strategic documents as lessons learned. Although it is not strictly required from the EU levels, policy evaluation is slowly but steadily spreading also on the national policies and interventions.

6. Conclusion

Although the implementation of the CP on the national level, as well as the use of ESI funds as its main instruments, does not necessarily mean it should have a direct spill-over effect on the national policy and administration system, this paper suggest that ESI funds might be pivotal in building necessary internal capacities and experience for the implementation of further policies required by the Europeanization process. Two analysed examples include the national strategic planning framework and capacity and the introduction of policy evaluation into the policy process. Both institutions of strategic planning and policy evaluation are by and large introduced in the Europeanization process, and both of them are still not fully integrated or institutionalized in the domestic system.

Strategic planning is inarguably implemented into the national system, however it seems that it is running “in two gears”. One part of the public administration is conducting strategic planning on a regular basis, taking care that most of its tenets are respected in the process: the objectives are clear, the measures to achieve those goals are developed, that there is a very strong link between the measures and financial resources that are allocated for every single measure, and finally that there is an action plan and a dedicated monitoring procedure with instructions for the future modifications of the plan.

Similar situation is with the policy evaluation, on the national level it has been recently formally introduced, but obviously the lack of experience and dedication results in evaluation being just a formal requirement that is hardly ever used.

All that suggests that EU funds do play important role in the Europeanization process, a role that is not always visible on the surface of processes. The Europeanization process is already very complex, some of its aspects occur directly via transfer of policies and other norms, some of them are not so obvious. Member states that did not have proper prior experience with those two institutions are expected to profit in the sense of internal capacity building that is taking place in the framework of the CP.

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