



**WILCO**

Welfare innovations  
at the local level  
in favour of cohesion

WORK PACKAGE 4

URBAN POLICY INNOVATIONS IN LOCAL WELFARE IN VARAŽIN, CROATIA

Gojko Bežovan, Jelena Matančević, Danijel Baturina,  
Faculty of Law, Zagreb

This report has not been checked for English

## CONTENTS

|  |    |
|--|----|
| Introduction .....   | 1  |
| 2. Welfare discourse in policy areas .....   | 3  |
| 2.1. Labour market policy .....  | 3  |
| 2.2. Child care .....  | 6  |
| 2.3. Housing .....   | 9  |
| DISCUSSION AND ANALYSIS: CHANGES AND SOCIAL INNOVATION IN THE LOCAL<br>WELFARE REGIME..... | 11 |
| Bibliography.....  | 13 |

## INTRODUCTION

In the city of Varazdin very few written documents can be found. The city of Varazdin as smaller town mostly don't have distinctly written political programs. Political directions are shown and guided by ad hoc programs prepared for elections that are not detailed but more structured in the form of promises and solutions offered to current issues. Political programs of the parties, in particular in regard to value orientations, mainly rely on election programs of parties at the national level and their value orientation. Also the structure of politicians, especially those on the city council makes values blurred and difficult to distinguish.

Therefore, it is difficult to talk about some distinctive value orientations. They are not perceived by the public and in our meetings with politicians it is difficult to ascertain the value orientations as guidelines for the action. As one respondent stated<sup>1</sup>, "Decisions are made randomly and without any plans and guidelines. Maybe politicians are working with some personal ideologies as guidelines, but this is totally unrecognizable in their activity. Neither leftists are leftists nor rightists are righties. Sometimes decisions of left orientated politicians fall under the right worldview in reverse"<sup>2</sup>

"The question of values have a role, but declaratory, not in practice. On some all subjects react equally, mostly before the local elections. In recent years, in which we are following situation, three political options changed at ruling position, however, the opposition and the government agree on policies "<sup>3</sup>

It is often the case that councillors on the town council and other politicians change parties. As one respondent stated, "As far as the city council-it is hard to find councillors who have not changed parties last few years. If someone is able to switch between two of three parties, then that person does not work for the city but primarily for its own benefit. ..." <sup>4</sup> Result of that is that, disproportionately to other cities in the Croatia, Varaždin appears to have more independent councillors and independent lists. They generally occur as a reaction to the situation in the ruling parties. Independent councillors can be concerned independent politicians or experts, or dissatisfied or expelled politicians from the ruling political parties who are trying to form a new coalition and take power. <sup>5</sup>

What can be noticed, in the case of unstable political structures and frequent transfers between parties and within / outside politics, is that individual benefit emerges as the biggest motivation for political action and the formation of coalitions of actors.

*There is more and more pragmatic action. Nepotism and corruption are the main values. In that it is easy to find like-minded people "...In the time of Cehok<sup>6</sup> there were some illusions of values, but that dissolved. In political parties you can't see the program or*

---

<sup>1</sup> a representative of the youth / civil society

<sup>2</sup> a representative of the youth / civil society

<sup>3</sup> opinion from focus group

<sup>4</sup> independent expert/journalist

<sup>5</sup> At the time of this writing Varaždin is in a period of a few weeks before the local elections. According to some information, the main candidate for the new mayor is an independent candidate with the support of one of the major political parties.

*management strategy...." Varazdin is a specific city from the first election. We are witnesses of broad coalitions as in saying, that all the heads stick together. That took off from 95th-96th, and then other mayors continued. Values were specified declaratively but all of them are in interest and financial ties.<sup>7</sup>*

Corruption and nepotism party often emerge as the antipodes of values that can be found at the city of Varazdin resulting populist approach of politicians in purpose to ensure the participation in city council. As stated:

*As far as value orientation, I believe that in the council there is no difference in orientation, populist approach is at main orientation, all of them are offering the same thing."<sup>8</sup>*

*There was a lot of political management of positions, people that came to the positions were without experience and competence. There is a little hard work in all this, a lot of politics.<sup>9</sup>*

*Opportunism is at work, there is a case of numerous political positioning without respecting competences for position, on political grounds first.<sup>10</sup>*

Distinct values orientations don't seem to have decisive role in policy decisions at the local level. The struggle for power, position and privileges seems to be main aspect that directs action. "Values don't have a role. The all listens to one and the same person. Whatever who is the mayor, they applaud him. When it changes, then applaud the new. Things just do not change. The mentality of government that makes the decisions is the same and I do not see any values that play a role and make a difference"<sup>11</sup>

Therefore, the local social politics are left out of the political game, and they receive little attention. They are not attractive enough to be under the scrutiny of the political personnel management are therefore are left to the experts in public administration who do their work conscientiously, within the limitations imposed by financial situation, which limits possibilities for action. Social politics is not particularly decided by values from political area and by strategic planning, operating things mostly depend on bricolage of public administration that works in the area.

*There are a lot of bright spots in social policy, other things like the economy and political affairs are a bigger problem. There is a good co-operation with civil society and the social politics and there is a lot of initiative from their side.<sup>12</sup>*

*I do not see any special social policies and their programs. No longer have works on the principle done it yourself<sup>13</sup>. Financial*

- 
- <sup>7</sup> An independent expert / journalist.
  - <sup>8</sup> An independent expert
  - <sup>9</sup> An independent expert/CES
  - <sup>10</sup> Representative of the youth / civil society.
  
  - <sup>11</sup> civil society representative
  - <sup>12</sup> representative of the youth / civil society
  - <sup>13</sup> civil society representative

*capacity cannot keep up the capacities of social policy. There's no money. I does not see social policy .<sup>14</sup>*

*Good and quality people here are excluded from streams, they are placed in the areas where is the great responsibility and small benefits, such as social....<sup>15</sup>*

It can be said, that in the local government, more technocratic approach is at work in social politics area. City administration is trying to act in the framework of possibilities. There is no special strategic planning because, as stated, politics is not too interested in such questions, and leaves them on the sidelines. Local politics, as can be seen in the lack of debate on social policy in the local city council, only determines the framework<sup>16</sup> and is indirectly participating in decisions in local social politics.

Expenditures on social welfare issues are often the subject of negotiations and concessions in a procedure of voting of the city budget. According to what we can observe from the minutes of city council, certain form of action that is recognizable. In budget proposal situation in the City Council opposition councillors often challenge the budget and ask additional money for social welfare. They are expressing concerns for people in particularly vulnerable position. But however they don't have too obstinate attitude. They submit amadmane that mayor understands as small trade-offs that need to be done in order for all to be satisfied and the budget can pass. Therefore, he agrees to certain concessions and smaller increasement of funds for social issues. That kind of situation leaves open the question in which amount the search for increasement of funding for social welfare in such conditions is specially value orientated towards strengthening local welfare or is it minor populist pressure on the mayor exploiting situation of voting on the budget.

## 2. WELFARE DISCOURSE IN POLICY AREAS

### 2.1. Labour market policy

City of Varazdin in 2010, according to Forbes magazine, was declared the nicest and most desirable city to live and to do business in Croatia. It has earned the title, as indicated,<sup>17</sup> primarily for Varazdin Free economic Zone, which remains the largest manufacturing, export-oriented greenfield investments in the country, Varazdin's low unemployment rate, one of the best faculty and good housing policy.

When we talk about the value orientations of the actors in the field of labor market lack of their visibility in existing political programs can be observed. One of the leading political parties in last decade, in the last election program for the Varazdin County, as the main issues stated supporting Guarantee Agency, a free entrepreneurial zone, technology park, and small enterprise zones. That is very illustrative example of orientations in that area. Mostly they are liberally orientated with notion to facilitate investment, development of new technologies and the provision of infrastructure for bringing capital that then should be the engine of development in the region. As stated

---

• <sup>14</sup> independent expert/journalist

<sup>15</sup> representative of the youth / civil society

<sup>16</sup> Especially in terms of finances

<sup>17</sup> <http://www.jutarnji.hr/forbes--najbolji-grad-za-zivot-i-posao-varazdin--split-nestao-s-liste/733810/>

*The city has gone in a positive direction. A lot has happened in the development of entrepreneurship, such as the development of free zones.*<sup>18</sup>

*City economic development programs are mostly concentrated on the free economic zones but today, in crisis, that kind of acting it is very difficult.*<sup>19</sup>

When you look at the minutes of the meetings of the city council in economy area questions most often are mentioned are those of entrepreneurial zone, the establishment of Technology Park and other aspects like founding Centre of excellence which should increase investment opportunities and development capacities of Varazdin. But we also notice that there is little discussion, as to say discussion practically do not exist.<sup>20</sup> So there are no disagreements over such issues. If there are some disagreements they are more about technical questions about how such projects should be undertaken and not about if they are needed. Therefore it can be concluded that there is in city council broader coalition of actors that supports entrepreneurial climate and is geared liberally towards opening of Varazdin for new investment and business.

However in recent times impact of the economic crisis have been felted, therefore, some of these issues to some extent are put on hold due to the difficult economic situation that affects Varazdin industry. As stated, "We cannot ignore the fact and do not want to ignore the fact that today part of Varaždin economy is in quite a serious condition, and even those which export revenues grows, are still in quite serious condition. This is of course a consequence of the global crisis, as well as our Croatian special conditions."<sup>21</sup>

Regarding political programs SDP HNS\_HSU<sup>22</sup>, before the last national election they made a plan for 21 Varazdin, modelled on Plan 21 at the Croatian level. This is only 2 pages long program in which items are just enumerated. One part is devoted to the economy. In it, the three items are listed. Varaždin - city of small and medium enterprises is one. Besides that, as a key part for the development of the economy, Establishment of Varazdin fund for economic development and entrepreneurship as the central instrument of economic policy had been listed.

One part of politics in the labour market area is centralized and national policies have an impact on the direction and the development of local policies. There is a clear need for decentralization, which would bring increased opportunities for action at the local level. As stated:

*There is a problem of discontinuity of policies at the national level. For example, all governments deliver its own employment policies, which is sometimes difficult to adapt to specific local conditions. So they remain on the declaratory level. Some things are infeasible at the local level, they are inapplicable and face obstacles in*

---

<sup>18</sup> Representative of city administration.

<sup>19</sup> independent expert/CES

<sup>20</sup> Based on insights from meetings of the city council in the past five years that were available to us

<sup>21</sup> Former mayor at one of the city council meetings

<sup>22</sup> very similar coalition as at national level (SDP- Social Democratic Party, HNS- Croatia Peoples Party, HSU- Croatia party of Retirees

*implementation process. It is necessary to decentralize decision-making.*<sup>23</sup>

The prevailing belief, that is very much driven by several political and judicial scandals in which officials from the city of Varaždin were or are currently involved, is that entrepreneurs and municipal governments are in the coalition that is primarily based on nepotism and corruption and is fuelled by personal gain.

As respondents state:

*In Varaždin there is coalition of politics and private enterprise oriented primarily to personal benefit. Main value there is opportunism. Maybe the same thing it exists elsewhere, but here is a very visible, primarily because of the scandals. Good and quality people here are excluded from streams, they are placed in the areas where is the great responsibility and small benefits, such as social, on the other hand the functions where there is small responsibility for a large variety of benefits, such as supervisory boards and similar positions are decided by political naming . It is known on which places which people go and there we can see coalition of private sector and politics.*<sup>24</sup>

As it is also stated "Generally there is bad climate in the city. Some people did not believe that the truth of this affair. They believed that there is more moral. Private entrepreneurs and politicians were in deal. This is like in saying, give the man the government and then you'll see what kind of person is he. There is no trust."<sup>25</sup> What stands out from this is that there was a coalition of actors who are profiled through the complicity of political and entrepreneurial sectors. This coalition is not a value-oriented, and if it have used values it have used it pragmatically in order to gain their own benefit.

That opinion is further articulated in the SWOT analysis, carried out as part of the strategy of economic development of the city in which in a weakness part under the Human Resources section is stated, "there is no connection to the true values of solidarity (people with knowledge)-nepotism". Also in part of the business climate and infrastructure section of a SWOT analysis as well as weakness is stated "no consent on ideas and attitudes on key issues crucial for the development (without calculating)," and "the inconsistency of the legal system-issue of compliance to the law."<sup>26</sup> These items certainly suggest what is already recognized that many decisions are made without the values and attitudes in the mind but in temporary coalitions of actors calculating their estimated benefits of coalitions and focusing on decisions in which they will have a personal or political gain. What comes handy in that kind of actions is that Varaždin is beyond the average developed Croatian city. Until economic crisis, that fact certainly diminished chances for escalation of dissatisfaction and diminished public interest in the political background of the decisions that were made.

Reviewing city official herald in the last 10 years any prominent debates in the field of economy and labour market cannot be found. Through interview that were made it can be concluded that the economic issues in the city council are passing and the decisions are made without any quality discussion more by mechanics of raising hands.

---

<sup>23</sup> opinions from focus group

<sup>24</sup> civil society representative

<sup>25</sup> independent expert/CES

<sup>26</sup> Strategy of economic development of the city of Varaždin

So it can be concluded that labor market area is dominated by declarative liberal orientation, which primarily is reflected on tendencies towards the opening of free economic enterprise zones, which should enable the development and economic growth. Therefore, in this area certain steps are taken to facilitate private entrepreneurs and investors to come and work in Varazdin. However, these values are not articulated at the level of debate in the city council, and can't be deduced from an analysis of collections of available newspaper articles. As for the coalition of actors working in the field of labor market dominant coalition that can be observed is teaming of political authorities and private entrepreneurs but not in development function but rather to ensure personal gain through various forms of nepotism, corruption and preferential treatment that resulted in several political/economic affairs which epilogue will be determined by court proceedings.

## 2.2. Child care

The preschool care and education in Varaždin seems to be a policy filed of shared values, commitment to quality of services and public responsibility for preschool education, shared by all stakeholders. Analysis of the Council minutes shows no opposed standpoints based on values. There is a general agreement or a shared standpoint by all stakeholders that the preschool education and public support for it is important. They all express commitment and share the value of inclusion in preschool education.

Discussions were mainly boiling down to the issue of parents' fees and its increase. It was explained by the rise in costs of service. The local government and Mayor as proposers defended the rise in fees by the fact that it was still relatively low compared to some other cities and municipalities. The subsidy which amount 60 percent of the full price, according to the former Mayor, showed that the local government was socially sensible<sup>27</sup>. At the same time, the amount of the parents' fee was seen adequate, having in mind that "somebody feeds, take care of, and educate your child"<sup>28</sup>. Accordingly, education, including preschool education should not be free of charge for parents. According to the former Mayor, it reflects value- and priority system. As he stated in the Council: "...either we set a realistic price and acknowledge that education should be paid for, and therefore we will spend less on cigarettes, alcohol, mobile phones, and more on education, or we will admit: we are not interested in education"<sup>29</sup>.

However, some council members disapprove such increase in fees, having in mind worsened economic situation and increase in unemployment. Coupled with the negative demographic trends, the rise in parents' fees is seen as a threat.

The economic crisis has not resulted in cuts in benefits regarding the preschool programmes; however, it has noticeably resulted in fact that parents are forced to quit preschool programmes, or change to part-time programmes which are cheaper, which is related to their worsened economic situation and unemployment. The City administration seeks the solution to prevent dropping out of children from preschool programmes, since kindergartens fulfil different, important functions<sup>30</sup>. It is seen important for the future professional outcomes, those children reach better results. For the same reason, they work on how to include as many children as possible in preschool programmes. The economic crisis and current situation poses threat for on the one hand, individual parent's budgets and their purchasing power, and on the other, for the local budget.

---

<sup>27</sup> Council minutes from 13 February 2008

<sup>28</sup> Ibid.

<sup>29</sup> Council minutes from 30 September 2009

<sup>30</sup> Interview with public official from the Department of education



There is a notable emphasis, at least declaratory, on the professional values and a discourse on preschool education as social investment is strongly present in the discussions on child care in Varaždin. As stated by the Mayor, regardless the economic recession and overall situation, they planned to invest significantly in preschool care and education, since it was found investment with a guaranteed return and a basic prerequisite for development<sup>31</sup>. Preschool services are conceived holistically, as integral part of the vertical education system, from kindergartens to post-graduate and lifelong learning education. The Strategy for stimulating education from preschool to higher education in the City of Varaždin from 2008 also encompassed the idea to create a follow up and analysis of investment in education and its effects.

At the declaratory level<sup>32</sup>, the preschool policy of the City of Varaždin reflects a view of childcare services fulfilling several functions, thus exceeding a narrow view of child services in function of education and care of children of employed parents. Accordingly, diverse services and functions are foreseen, including introduction of different short-term programmes with the aim of developing different capacities and skills of children, according to the interest of children, integration of children with disabilities and integration of socio-economically deprived children into the regular programmes. Further, the Strategy for stimulating education emphasises the importance of good quality nutrition of children, investing in professional development and life-long learning of educators, as well as investing in facilities and supporting private initiatives.

The overall aim of the Strategy is to ensure a production of good quality human resources (human capital) for the needs of economy and public sector in Varaždin and its region. This Strategy aims at ensuring a good quality education, beyond the minimum standards set at the national level legislation. Here, investing in education encompass improving motivation for education and the conditions for and quality of education process. The foreseen measures are in function of creating a knowledge-based society, and improvement of human capital. This would contribute to improving the economic competitiveness and combating social exclusion in Varaždin. The city of Varaždin is already assessed as the leader in Croatia in its investment in education per capita, including the programmes which surpass the minimum pedagogical standards<sup>33</sup>.

In Varaždin, the issue of capacities of kindergartens do not seem to be a significant problem. The coverage of children in kindergartens is 65-70% percent. As noted by the city official, there are many kindergartens, having in mind the number of preschool children in Varaždin. The problem of placements is greater for the nursery groups. Furthermore, the local government seeks to include children who are not included in preschool programmes (approx. 35 percent) in programmes of their interest in the premises of the public kindergarten, after the working hours.

Furthermore, the local government supports private initiative in this field. For instance, those who register a private kindergarten can use certain benefits in local tax system, and especially are encouraged those who plan kindergartens in particular ('new') city districts, with young families, where the needs for childcare are greater.

In general, private initiative in this field is noticeable. The local government subsidizes fees in private kindergartens; however, not at the same level as in the public ones. As reported by the public official, they endeavour to have the same subsidies regardless the

---

<sup>31</sup> Council minutes from 29 December 2011

<sup>32</sup> According to the Strategy for stimulating education from preschool to higher education in the City of Varaždin

<sup>33</sup> According to the Mayor, Council minutes from 13 February 2008

founder in the future. At the moment, the difference in the parents' fees amounts approximately 13 Eur.

In 2010 there was an initiative from the local government for privatization of public kindergarten, i.e. to transfer the governance of the public kindergarten to its employees. This way, the collective agreement, which puts the employees in the public kindergarten in preferential status to the employees in the private ones, would be abolished and consequently the costs for salaries would be decreased. Salaries in the private kindergartens are lower, as well as some other benefits. This results in disproportion in the structure of costs between the private and public kindergartens. As noted by the former Mayor of Varaždin, the private kindergartens take care of approximately the same number of children as the public one, but at the same time, there is a great disproportion in financing their work from the local budget<sup>34</sup>.

As regards the stakeholders in this policy field, it seems that the role of the parents is becoming more and more important. They are becoming more involved in the activities of kindergartens and their running, such as organizing trips, small reparations, housekeeping and other joint activities. As noted by the public official, such activities are found important for building partnership, social cohesion, strengthening commitment and a sense of responsibility for common services and premises, and creating the atmosphere of "home" in kindergartens. Furthermore, they recognize the need to help parents in their parenthood, as well as their greater involvement in the preschool programmes and their active role in improving the system. There is an emphasis on partnership and joint responsibility for preschool services. As regards the role of CSOs, our interviewee recognizes the association "Our Children - Varaždin", as being visible and active in this field.

Varaždin seems to be characterized by a high level of solidarity with the children and their needs. For example, the Rotary club Varaždin organized a humanitarian action of collecting toys for the kindergartens in Varaždin, where the response from the citizens was very good. There were furthermore examples of other humanitarian actions for the children's needs, such as donations for financing the programme of assistants in classes.

As noted by the public official from the department of education, there is a strong dedication of the City of Varaždin in preschool care policy towards the children with disabilities and their integration. Improvements in this respect are notable. The City of Varaždin, i.e. an expert working group, has created a programme of education of assistants, which is at the moment in the process of verification by the Ministry of science, education and sports. They have also applied with this project to the EU IPA pre-accession funds. The parents of children with disabilities have a right to a reduced (the lowest) fee for kindergartens. There seems to be a consensus of all relevant stakeholders - the local government and city administration, directors of kindergartens, professional community - and their sensibility for children with disabilities. As stated by the public official, parents express satisfaction with the programmes.

One of the recent challenges in this field is expected with the accession to the EU, and has to do with the EU legislation, i.e. pedagogical standards, which would be challenging to meet. This includes the issues of space, professional capacities and other. Aligning with the new standards will pose additional burden on the kindergartners' and the City's budgets.

---

<sup>34</sup> Varaždinski tjednik, 8. lipnja 2010; Council meeting minutes, 24 May 2010

### 2.3. Housing

The City of Varaždin, with competent city administration, is a respected place in terms of housing standard and quality of life. Even during the period of directed housing policy in socialism and predominant construction of housing blocks, here, the city policy was to enable people to build settlements of family houses. City has remarkable cultural legacy and follows modernisations processes in different fields.

City administration was committed from 1990s to learn from foreign experience in the field of housing and for exchange of their experiences with other cities. Although the government left housing, as not filed of priority, to the hands of local authorities with very limited funds generated from the public housing sale city of Varaždin was innovative and creative in local initiatives mostly not visible in other cities. These initiatives were related to the construction of limited number of social housing, housing for the victims of the war, small urban renewal projects, housing energy efficiency projects, certain partnership in the larger project of housing for elderly.

Behind the certain legacy related to the commitment of city to deal with housing issues and housing needs of different vulnerable social groups we might see here vested interests of political parties and other local stakeholders.

City of Varaždin, because of political reasons, has been very much involved in POS housing top-down government programme helping young families to buy first housing under favourable conditions. Even, Varaždin was a place of pilot project for this programme. Locally this programme was supported by the strong lobby of construction companies. Responsibilities of cities in this programme were to contribute by the 20 percent of the value of each flat in providing land and communal facilities. In the case of the city of Varaždin these contributions were very often topics on the City Council and separately related to the budget issues. Usually, parts of debates on the topic were loans of city to cover contribution for implementation of this programme. Council's minutes shows certain different standpoints of Council members based on values<sup>35</sup>. Majority of them support the programme and see the city of Varaždin as leading city in implementing this programme. Also, the point is that this programme, helping young professionally with families, is a part of strategic development of city. In that way, city ties competitive labour force for the future development. From other side, some of them are critical in term of capacity of the city budget to implement the programme according to the real needs of population. Also, several times questions related to the loans for purchase of needed land have been raised in circumstances where city is owner of land suitable for housing construction. Behind this critical point, by the member of Council from oppositional party, there is a sense of corruption.

According to the opinion of well informed member of City Council housing investment programme got almost unanimously support by representative of all political parties. During the implementation of the programme oppositional parties were more critical on financial arrangement and housing loans of the city.

From other side, major of the City made strong statement about the importance of POS programme for employment of local construction capacities and, in that way, for contribution in economic development end for the city budget.<sup>36</sup> According his statement city of Varaždin took very big share of 18 percent of total POS programme in country. Having in mind size of the city Varaždin is the leader in this programme.

---

<sup>35</sup> Council minutes from 19 November 2010.

<sup>36</sup> Ibidem

Oppositional party members do not accept waiting list of 700 families for POS programme, arguing that it was a list before the crisis and now in the new economic environment majority of these families can't afford housing loans to purchase flat. Also, they pointed out that POS programme, with reduced prices of unsold newly built housing on the housing market, isn't competitive anymore.

After establishment of non-profit housing organisation "*Gradski stanovi*" the city used the opportunity to invest in social housing from the POS programme. Again, as it was started in City Council minute<sup>37</sup> city of Varaždin is among leaders in implementation of this programme in country. From City Council minutes<sup>38</sup> there is clear point how social housing is recognised as crucial for social integration, "If there are no social housing, everything is useless. These people will make social problems because they don't have place to live,..."<sup>39</sup>

Introduction of new public rental programme in City of Varaždin, beside two programmes helping first buyer and social rental programme, in fact, wasn't topic of debated on sessions of City Council. Leaders of non-profit housing organisation got approval from city council to rent unsold flats and, after that, they created roles of eligibility and after public call they created the list of households. Leader of non-profit organisation, with respective experience to assess capacity of city Council to make viable contribution on that topic, counting on confidence of Board members of their organisation, took responsibility and made roles of eligibility for the programme as competence of the Board.

The most important changes in local social policy during last two decades are related to setting up local social programme in dialogue with other stakeholders and, from recently, crisis in city budget and limitation of social spending and, in that way, reduction of social rights of citizens. In such circumstances housing programme is under threat and well informed member of City Council see that city invested too much money in newly built housing but there is no demand for such production. The situation in city is marked by increase of unemployment, decrease of income of majority population and with economic instability.

Local media, newspapers Regional, cover these issues on more informative and less in analytical way.

It might be realistic to conclude that majority of local stakeholders are aware of importance and contribution of local housing programme to social and economic development of the city. It is evident that housing project from Varaždin influenced practice of POS programme implementation in other cities. Specially in these who also registered non-profit housing organisation in the scope of POS programme.

In fact, desirable evaluation of POS programme in Varaždin might give useful guidelines for national housing policy.

---

<sup>37</sup> Ibidem

<sup>38</sup> Council minutes from 29 December 2011.

<sup>39</sup> Ibidem

## DISCUSSION AND ANALYSIS: CHANGES AND SOCIAL INNOVATION IN THE LOCAL WELFARE REGIME

Question of values in local politics have some role, but declaratory, not in practice. As stated:<sup>40</sup> On some subjects they all react equally, mostly before the local elections. In recent years three political options have changed, however, the opposition and the government agrees on policies. There is lack of political will to make and implement decisions. Often populism is noted as main orientation in acting and distinctive values are hard to find. As stated:<sup>41</sup> “As far as value orientations, in the council there is no difference in orientations, populist approach is dominant, they are all offering the same. In the social policy area there is no opposing in the Council”. And also<sup>42</sup>: “Politics is always the same, no matter who has the power. All of them are venal and look only to themselves. We do not feel the impact of changes in the political structure. It's all the same. Values don't have role”.

People don't trust politics. As stated:<sup>43</sup> When you ask people you might see that there is no confidence in the government, politicians have no credibility. There is general problem connected with political and judicial affairs of politicians in Varaždin that is creating distrust and aversion of citizens towards local politics. Politicians are seen as corrupt and there are certain doubts they are often acting in their own interest, not in interest of the city and citizens. Politics is not open to citizens and people are detached from political process.

On the other hand city administration, or better to say, prominent professionals on different important position in administration, cooperates with civil society and is much more open to new initiatives. Politics is not close to citizens and is keeping the distance from the people that should represent. City administration operates more pragmatic and closer to the people in their activities. Citizens are willing to cooperate and are getting systematically involved. Their previous connections and built social capital are important for further actions. Fact that Varaždin is the smaller, provincial city facilitates their communication and cooperation.

It can be said that social policy of the City of Varaždin, especially its active measures, are dominantly conceived in function of economic development, through investment in human capital and thus making Varaždin economically competitive and progressive. This value orientation is noticeable in child care, but also housing policy. There is a dominant discourse on social policy as social investment.

It might be important to stress that respective local stakeholders with professionals from city administration bring more positive change then politicians can accept on public agenda. Generation on bridging social capital might force politicians to accept respective local stakeholders as a partners and in the way to support social change.

Social innovations as a driver of change and further development are poorly recognized among stakeholders. Although some of them are quite innovative and creative they do not express a sufficient understanding of the concept. It is completely new concept in Varaždin. In our interviews and focus groups we did not notice, even in case of innovative projects that, that they consider themselves as social innovative. In the approach to address issues of social inequality and promote social cohesion within the local social

---

<sup>40</sup> in focus group

<sup>41</sup> expert from developnet agency

<sup>42</sup> civil society representative

<sup>43</sup> civil society representative

policy, the question of sustainability of social innovation is raised regarding the structure and values of those who should recognize and validate social innovations. In the situation of poor knowledge about the concept, social innovation presents new challenges and opportunities for the system as a whole. City administration, particularly in the area of social politics demonstrates openness for the development of new solutions and supporting new good ideas. This is particularly true in their cooperation with civil society where they have built certain partnerships. Support of city administration is some sort of guarantee for further development of innovative programs. Also as stated<sup>44</sup> „there is increasing number of activities of civil society, especially since they have available EU pre-accession programs...It is noticeable that the young people are more engaged and willing to volunteer.” Greater involvement of civil society and willingness to volunteer can also be stimulus for developing social innovations. EU funds give new funding opportunities. Development agencies that exist in Varaždin, with their capacities and expertise could be important stakeholder in social and economic development of the Varaždin region, especially in developing and fostering social innovations.

---

<sup>44</sup> in focus group

## BIBLIOGRAPHY

Gradski vrtić u najam zaposlenicima? *Varaždinski tjednik*, 8. lipnja 2010.

Strategija poticanja obrazovanja od predškolskog odgoja do visokog obrazovanja na području Grada Varaždina. Official Gazette of the City of Varaždin, 1/2008.

Uspjela i druga akcija “Igračke u vrtiće”. *Varaždinske vijesti*, 9. siječnja 2013. Najbolji grad za život i posao Varaždin. Split nestao s liste, Jutarnji list, 2204.2010

The Council of Varaždin meetings minutes

Wilco interviews